Overview of the South African tourism and hospitality sector

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T.U.R.P.
TRADE UNION RESEARCH PROJECT

University of Natal
Durban 4041

Tel: (031) 260 2438
Fax: (031) 260 1423
Email: turp@nu.ac.za
Web: http://www.und.ac.za/turp

CONTENTS

PREFACE

This report was written by Gary Phillips and Jay Govender for SACCAWU and COSATU as a part of the NALEDI Sector Job Summit Project.

The literature review was conducted by Judith Shier.

DEFINING TOURISM

Unfortunately, it is not easy to define “tourism”. This chapter covers some of the debates around defining tourism. It concludes with a summary of the main elements of a definition of tourism. Defining tourism is important, because – as will be shown below – the World Trade Organisation’s (WTO) definition of tourism is ideologically problematic.

Current literature refers to tourism as **the movement of people to places (other than where they live) as a traveler, tourist and visitor**. These terms mean different things to different people according to the purpose for visiting a destination.

> According to this view, tourism is “deemed to include any activity concerned with the temporary, short term movement of people to destinations outside the places they normally live and work, and their activities during their stay at those destinations”[1].

Another view of tourism sees a visit to a destination as a **temporary break from normal activities in order to gain some pleasure that people expect in a particular place**.

> This view sees the tourist as “a voluntary, temporary traveler, travelling in the expectation of pleasure from the novelty and change experienced on a relatively long and non-recurrent round-trip”. [2]

The World Tourism Organisation[3] prefers to categorise tourism according to the **purpose of visits to destinations as they are recorded in tourist statistics** of a particular country.

> Visitors stay over for a specified period of time depending on the purpose. These purposes include: holidays, business, health, study, meetings and missions, visit friends and relatives, religion, and sport. There are also visitors who stay over for shorter periods of time, such as crews, day visitors and cruise passengers. There are also other categories of people entering a country who are not considered as tourists. These include border workers, nomads, transit passengers, refugees, armed forces, diplomats and immigrants.

In summary, a definition of tourism should include the following aspects:

- ❑ It includes the movement of people, other than moving from home to work, and what people do during this movement
- ❑ It is the temporary movement of people
- ❑ It is a voluntary activity
- ❑ The purposes for the movement differ, although it is mostly for “pleasure”

WTO AND THE GATS DEFINITION OF TOURISM

Defining economic activities and placing them into different categories plays an important role in how a sector is regulated by governments and international trade agreements.

"Travel and tourism" has recently undergone re-classification and re-definition under global trade agreements. This has been brought about by the rapid growth in tourism, as the growth has important implications for all countries that are both promoting tourism and who are consumers in destination countries.

Before the General Agreement on Trade in Services (GATS) of the World Trade Organisation (WTO), "tourism" was considered as part of the broad services sector. Services accounted for the largest share of national income (called the "Gross Domestic Product", or GDP) in most countries.

In terms of output, the services sector in South Africa, for example, made up 65.1% of our economy in 1997, while the manufacturing share was 23% and the primary sector (such as mining and agriculture) made up only 11.9%[4].

Services are also becoming increasingly "tradable". This means services are increasingly being seen as a part of export business and a way for a government to earn foreign exchange.

Because of the above reasons, the WTO saw the need to re-classify growing sub-sectors within the services sector. Under the present GATS, "catering and accommodation" is a category on its own. This is important because there is now far greater scope for intervention and regulation. This means major implications for developing countries, and in particular South Africa, which is attempting to grow its tourist sector and spread ownership to the traditionally disadvantaged.

Catering and accommodation are two of the most lucrative areas of tourism and hospitality. Increasing trade in this area will facilitate increased presence of multinational ownership in our economy. Further implications are examined in a later chapter of the report.

EMPLOYMENT IN TOURISM AND HOSPITALITY

Tourism has been identified as one of the employment growth areas. Because of this, it was also selected by the Department of Labour as one of the pilot sectors for the implementation of the National Skills Development Strategy.

This section will first consider what the situation looks like now, especially with regard to employment and skills development. It will then consider employment growth areas and some discussion on job creation in the tourism and hospitality sector.

EMPLOYMENT

Statistics South Africa (StatsSA) does not keep statistics on 'tourism' employment. Rather, tourism related jobs are reported under "wholesale and retail trade" statistics, which include repair of motor vehicles, motor cycles and trade in personal and household goods and restaurants and hotels – in other words, the commercial sector. The Department of Environmental Affairs and Tourism (DEAT) reports tourism employment growth in its annual report under "trade, catering and accommodation" jobs [5].

Year	Retail	Motor trade	Whole-sale	Hotels	Total	Percentage growth for total sector
1994	374 700	115 100	203 100	37 105	730 005	
1995	381 600	118 300	205 100	46 629	751 629	3.0%
1996	390 900	117 100	203 700	45 775	757 475	0.8%
1997	402 200	115 100	201 600	45 262	764 162	0.9%
1998	Information not reported separately				801 149	4.8%
1999					877 256	9.5%
2000 (½)					878 543	0.1%

Growth in employment in the commercial sector, 1994 to end June 2000 [6]

The growth since 1997 is not reported separately by StatsSA, so tourism employment growth is not clear. But it the DEAT claims the 9.5% growth in 1999 was from growth in tourism. [7]

The reporting of tourism data within the broader commercial sector also leads the government to claim that tourism contributes around 8% to GDP. A paper by NIEP estimates that strictly "tourism" activities contribute more accurately about 4% to GDP – half of what the government claims[8]. This would suggest then, that strictly "tourism" employment is much less than what the commercial sector shows, although this cannot be verified from StatsSA data.

In inclusion of employment figures from the former TBVC states in March 1996 caused an increase in employment, but this was mainly for the hotels sub-sector since about 16% of hotel employment is located in these former independent homelands.

Statistics on hotels are highly problematic. Hotels report their employment and other data to SATOUR through the accommodation grading process. Because of unhappiness amongst the accommodation sector regarding the benefits they receive from the grading process, a number of hotel chains have stopped participating. As a result, many of the companies not report their employment data and in fact, the trade unions are perhaps a more reliable source of employment data.

The Tourism, Hospitality and Sport SETA (THETA) reports that there are approximately 600 000 employees in the tourism, hospitality and events management sector who work for approximately 42 000 employers. The table below gives the break down.

SIC CODE	CATEGORY	EMPLOYERS	EMPLOYEES
	Hospitality	***38 350***	***476 700***
64201/2	Restaurants or tearooms with or without liquor lic.	8 500	168 000
64101/4	All hotels, motels, boatels and inns	1 500	73 500
64023/5/6	Take-away counters, take-away restaurants, fast food establishments	8 000	53 000
84111	Timesharing (including resorts and parks, self-catering apartments and cottages)	2 300	51 000
64209	Other catering services (inc. pubs, taverns, nightclubs)	5 500	45 000
64103	Guesthouses and guest farms	3 600	24 500
64 105	Bed and breakfast	4 500	21 500
64 204	Caterers (including private clinics)	550	21 000
Undefined	Game lodges	800	14 500
64102	Caravan parks and camping sites	450	3 300
96195	Operation and management of convention centres	150	2 500
	Gambling and lotteries	***850***	***20 500***
	Travel and tourism services	***2 870***	***38 600***
74140	Travel agency and related activities	1 300	17 000
Undefined	Tourism marketing, tourism authorities, tourism associations and tourism information centres	700	10 000
71222/ 81550	Safaris and sightseeing bus tours, renting of land transport equipment (inc. inbound tour operators and outbound tour operators)	550	7 200
8899A	Event and conference management	250	3 000
73002	Inbound international flights	50	2 500
	Sport and recreation	***1 560***	***34 400***
96411/2	Operation of sporting facilities and clubs, sport and game schools	720	18 000
96416	Operation and management of recreation	250	9 900

	parks and beaches, fairs and shows and recreational transport activities		
96410	Sporting activities	140	3 800
96000	Recreational, cultural and sporting activities	370	2 200
96413	Promotion of sporting events and activities	60	400
96415	Operation of horse racing events and clubs	15	100
	Conservation and leisure	***900***	***30 300***
96333/ 11520	Game parks (inc. wildlife parks, zoological or animal parks and botanical gardens), hunting, trapping, including related services	880	30 000
96334	Activities of conservation bodies	20	300
	Estimated total for the sector	***42 000***	***600 000***

Estimated employment within the THETA scope [9]

The THETA is, however, forced to limit its scope by government gazette order. Substantial parts of the tourism industry are excluded through this reduced scope, in particular transport and airport activities are excluded. Tourism employment, then, would surely by higher than that considered by the THETA.

SATOUR, on the other hand, using the satellite accounting method from the World Tourism and Travel Council estimates that tourism-related employment is much higher. More about the satellite accounting system is covered later in the report. SATOUR estimates that over 800 000 “job opportunities” have been created in tourism and that this has been growing at an average rate of 9.8% per year since 1994.

YEAR	JOB OPPORTUNITIES	PERCENTAGE GROWTH
1994	470 000	
1995	550 000	17%
1996	605 000	10%
1997	665 500	10%
1998	737 600	10.8%
1999	774 824 (estimate)	5.1%
2000	820 325 (estimate)	5.9%

Direct and indirect job opportunities created by tourism, 1994 to 2000 [10]

It is difficult to know, from official sources, how many people are employed in tourism. Employment appears to lie somewhere between 650 000 and 850 000 people. The use of official statistics by government departments in making claims about the level and growth of tourism employment is problematic and does not acknowledge the problems in defining tourism employment.

Employment by occupation and designated group

This section relies heavily on research conducted by the THETA in the development of its sector skills plan. Only 140 workplace skills plans out of a potential 21 000 were used in the development of this profile.

Instead, research by tourism consultants Grant Thornton Kessel Feinstein was instrumental in the development of the profile (through the interviewing of 600 employers).

A basic occupational analysis reveals the following:

Standard Occupational Category	Est. number	Percentage of total
Senior officials and managers	111 900	18.7%
Professionals	16 240	2.7%
Technicians and associate professionals	106 200	17.6%
Clerks	42 700	7.1%
Service, and shop and market sales workers	63 700	10.6%
Craft and related trade workers	9 500	1.6%
Labourers and related workers	249 970	41.5%

Estimated employment by standard occupational category in THETA scope, 2000 [11]

The occupational structures of the different aspects of the THETA differ slightly. Below is a summary of the occupational groups which each make up over 5% of the total occupational structure for each sub-sector of the THETA.

Occupational sub-category	Estimated No	% of total jobs
Hospitality		
Kitchen hand	83 300	17.5%
Waiter/waitress	75 400	15.8%
Maid/cleaner	47 300	9.9%
Supervisor Manager	38 700	8.1%
Labourer/gardener	33 200	7.0%
Chef	30 000	6.3%
Travel and tourism services		
Part-time assistance with functions	12 000	31.2%
Supervisor Manager	4 200	11.0%
Travel consultant/organiser	3 800	9.8%
Bookkeeper/administrator	2 100	5.3%
Chairperson/CEO/MD	1 900	5.0%
Conservation and leisure		
Labourer/gardener	6 600	21.7%
Maid/cleaner	2 700	8.9%
Supervisor Manager	1 900	6.4%
Department Manager	1 700	5.5%
Gambling and lotteries		
Sales and marketing	7 300	35.9%

Technician	2 500	12.3%
Ticket sellers/game controller	1 700	8.5%
Waiter/waitress	1 600	8.0%
Croupier/bookmaker	1 300	6.4%
Sport and recreation		
Professional athlete	11 600	33.9%
Labourer/gardener	4 000	11.6%
Coach	2 600	7.5%
General Manager	2 100	6.1%
Secretary/typist	1 900	5.5%
Chairperson/CEO/MD	1 800	5.2%
Supervisor Manager	1 800	5.2%

Main occupational sub-categories by each THETA sub-sector, 2000 [12]

The dominance of these occupational or job categories is reflective of the type of work organisation used. Generally, managerial skill and low skill work is seen, reflecting a typical Taylorist approach to skills. The presence of “general manager” and “chairperson/CEO/MD” is perhaps reflective of the high presence of small businesses in the sub-sectors.

Looking at the occupational pattern by race, gender and disability, it is clear that white men dominate many of higher skill position in the sub-sectors. A more detailed list of the employment equity profile is contained in an appendix at the end of the report. This list is summarised in discussion below.

- 75% of all managers in hospitality are white – this makes up 37% of all white people in the sub-sector. Black employees account for 72% of the sub-sector, while designated groups in total make up 85-90% of the sub-sector. White men, on the other hand account for only 12% of sub-sector employment. Less than 1% of employees are physically disabled (this is also estimated for each of the other sub-sectors).
- More than 40% of the managers in the travel and tourism services sub-sector are white men – black women account for 20% of all managers, while they only make up 19% of the total sub-sector. Tour guiding is dominated by white people while unskilled labour is dominated by black people.
- The conservation and leisure sub-sector management level is made up mostly of men (75%); half of all managers are white men. Black employees make up 65% of the sub-sector’s total employment. All trackers are black men and nearly 75% of game wardens/managers are black men.
- Approximately 75% of managers in the gambling and lotteries sub-sector are male, and about half of the managers are white men. This sub-sector has the highest proportion of black employees (80%), with more than 50% of these being black women.
- Black men account for almost 75% of managers in the sport and recreation sub-sector and for 70% of all black employees. Only 11% of those employed in this sub-sector are black women. [13]

Sub-sector	Male	Female
Hospitality	47%	53%
Travel and tourism services	49%	46%
Conservation and leisure	68%	32%
Gambling and lotteries	48%	52%
Sport and recreation	77%	23%

Employment proportions in the THETA sub-sectors by gender [14]

In summary, designated groups are not proportionately represented throughout all occupational sub-categories. White men dominate senior positions even when they are a relatively minor grouping within the sub-sector. Of interest, however, is the high proportion of black men within senior positions in the sport and recreation sub-sector. Men consistently dominate senior positions above women.

Extent of non-permanent employment

The THETA reports that the sector is characterized by a "high proportion of part-time and casual employees and, it must be said, substantial numbers of cash-in-hand, informal, hidden employees". [15]

The table below summarises the extent of non-permanent employment in the sector.

Sub-sector	Type of employment	Percentage of total employment
Hospitality	Permanent, full-time	84%
	Permanent, part-time	9%
	Casual	7%
Travel and tourism services	Permanent, full-time	70%
	Permanent, part-time	11%
	Casual	19%
Conservation and leisure	Permanent, full-time	81%
	Permanent, part-time	8%
	Casual	10%
Gambling and lotteries	Permanent, full-time	99%
	Permanent, part-time	1%
	Casual	0%
Sport and recreation	Permanent, full-time	71%
	Permanent, part-time	2%
	Casual	27%

Extent of non-permanent employment in the THETA sub-sectors [16]

The strong seasonal fluctuations is given as reason for the high proportion of casual labour in the sport and recreation sub-sector. In addition, it is estimated that there are 8 000 sport and recreation volunteers operate in the sub-sector.

Outsourcing

Outsourcing is a widespread practice. Research conducted for the THETA on outsourcing showed the following patterns in the different sub-sectors:

- 33% of hospitality establishments make use of outsourcing. The main forms of outsourcing included maintenance/repairs, security, accounting, cleaning/housekeeping, vehicle maintenance/repairs, laundry and waitering functions.
- 54% of tourism and travel companies make use of outsourcing. The main forms of outsourcing included brochure distribution, tour guides/excursions, accounting services, computer cleaning, maintenance, function co-ordination, diving sites, tax returns, accommodation, congresses and marketing.
- Very little outsourcing was taking place in gambling companies. About 62% of gambling companies outsourced their accounting services.
- 40% of conservation and leisure companies make use of outsourcing. The main forms of outsourcing include technical services, catering services, security, accounting services, tour guides and cleaning services. [17]

Future prospects for employment growth

Of the 140 workplace skills plans submitted to the THETA, 26 reported that they would be expanding their employment, by each sub-sector this translated to:

- 14 out of 55 hospitality companies
- 7 out of 11 travel and tourism services companies
- 4 out of 5 gambling companies
- 1 out of 2 sport and recreation companies

This suggests that most employment growth would be concentrated outside of the hospitality sector. This view is backed up by analysis in a later chapter of this report.

Overall, tourism employment growth is popularly accepted to be high, and growth rates have been provided earlier in this report. The extent to which the growth can be accurately determined, however, is questionable.

The government generally uses the measure that with the arrival of 8 tourists, 1 new job is created. There are however major problems in this thinking. For example, using this measure, Tourism KwaZulu-Natal (the provincial tourism authority) projected that approximately 200 000 people were employed in tourism, directly and indirectly.

More recently, however, they have preferred a more accurate measurement that states that for every R1 million of direct tourism expenditure, 17 jobs are created or sustained, and approximately 18% of these jobs are “high level jobs”. This has caused them to revise their estimation of provincial tourism employment down to approximately 130 000. (More on calculating tourism employment is given later in the report).

Grant Thornton Kessel Feinstein also claim that the “satellite accounting method” used by SATOUR to calculate job growth has overestimated the rate of growth. They have been recorded as saying: “There is talk of tourism creating 100 000 jobs per year but if we are doing well then 30 000 would be a good average” [18]. The satellite accounting system is currently under investigation by Grant Thornton Kessel Feinstein.

The THETA reports the following reasons given by industry on what could improve job creation possibilities

- Growth in arrivals of international tourists.
- Growth in South Africa’s middle class, with growing disposable income.
- The ‘formalisation’ of certain tourism activities, in particular shebeens.
- The development of new game reserves and game lodges.
- The introduction of new legal casinos.
- The introduction of limited payout machines in gambling establishments could create jobs.
- South Africa’s return to international sport has created many sporting opportunities. Sports tourism draws massive interest.

On the other hand, employment growth could be hampered by the following:

- The international “tourism boom” is lower, and of a shorter life span, than expected.
- The accommodation sector has struggled to fill the capacity which it has created.
- Although bed and breakfast establishments grew rapidly, they are now believed to
- Tourism employment growth is geographically specific and benefits mainly the Western Cape.
- The introduction of new casino licences has led to the closure of many illegal casinos.
- Restaurants claim that their sub-sector’s growth is hampered by lack of skills.

SKILLS DEVELOPMENT

This section also draws from the THETA skills plan.

The hospitality sub-sector has the least number of “employer recognised qualifications” per employee. In contrast, the conservation and leisure and gambling sub-sector tend to have the highest.

The former Hospitality Industries Training Board (HITB) developed a number of national qualifications in the early 1990s. By July 2000, about 8 000 employees had achieved about 9 500 national qualifications. More specifically, this translated to:

- 2-3% of employees in accommodation services having achieved a national qualification.
- 3-5% of employees in food preparation jobs having achieved a national qualification
- 3-5% of food and drink employees having achieved a nationa qualification. [19]

In terms of employers identifying skills required, the THETA reports the following:

Occupational sub-category	Estimated % requiring training	Employer-identified skills / training required
Tour broker	168.4% *	Work pride, travel and tourism, tour guiding, cultural diversity, marketing, communication skills
IR/HR professional	153.8%	Labour Relations Act, cross cultural training, computer skills, people skills, communication and basic language skills
Public relations	142.9%	Communication skills, public relations, computer skills, tourism, marketing, presentation skills, work ethics
Front of house service	100%	Hygiene, communication skills, literacy, first aid, service skills, people skills, public relations, tourism, basic business principles
Tracker	88.7%	Disaster management, wildlife training, tracking skills, literacy, communication
Switchboard operator	81%	Telephone technique/language/ communication, public relations, customer service, work ethics
Host/hostess	68%	People skills, basic language, service training,
Game warden/ manager	63.1%	Disaster management, communication skills, wildlife training, dealing with tourists, tour operation, cultural

* The percentage figure is calculated by the THETA through dividing the total number of requested training programmes by the total number of employees in each occupational sub-category.

		diversity, tracking skills
Tour guide	60.6%	Cultural diversity, work pride, service skills, communication skills, advanced travel and tourism, tour/field guide
Receptionist	52.9%	Client service, language skills, cross cultural training, computer skills, public relations, dealing with tourists
Field ranger	49.6%	Wildlife training, disaster management, communication skills, dealing with tourists
Travel consultant/ organizer	45.7%	Client service, language skills, cultural training, computer skills, travel and tourism, marketing, presentation skills
Messenger	41.7%	Literacy, work ethic
Sales and marketing	37.9%	Public relations, people skills, language enrichment, communication skills, cross-cultural training, computer skills, travel and tourism
Department manager	29%	Computer skills, cultural diversity training, presentation skills, communication skills, basic language skills, marketing, management training, disaster management, Labour Relations Act, people skills, business practice
Housekeeper	22.7%	Literacy, hygiene, housekeeping, customer service, communication skills, first aid, supervisory skills
Secretary/typist	22%	Computer skills, language/writing skills, reception skills, people skills
Supervisor manager	20.9%	Computer skills, language/communication skills, cross cultural training and people skills, management training, public relations, dealing with tourists, disaster management, Labour Relations Act
Watchman/porter/ doorkeeper	20.9%	Basic language skills, writing/literacy
Accountant	16.1%	Computer skills, Labour Relations Act, management training

Top twenty occupational groups identified as priority training areas by employers to the THETA [20]

A comment on the above identification of skills needs is very necessary. Identifying skills needs is a highly political process. Clearly, the skills identified by employers above are designed around improving the experience of the tourist, which is a strong customer focus.

It is doubtful whether employees would put forward the same training needs priorities. In addition, while "labourers and related workers" make up 41% of the workforce, their training needs are not identified as priority under a strong customer focus.

The identification of training needs has to be linked to a process of:

- Identifying the root causes of "poor service". Purely addressing this through training programmes aimed at "work pride" and "work ethic" assumes that the attitude of workers is to blame for poor service. At a recent workshop facilitated by TURP, for example, hospitality workers complained that a harsh management style in their companies was having a negative impact on service levels. Other problems may include constant retrenchments and casualisation, poor supply of materials used in service, etc.
- Understanding the nature of work organisation within tourism and hospitality operations. Currently, the high proportion of unskilled work is as a result of Taylorist practices. Training programmes under such work practices would result in higher levels being favoured above workers at lower levels.

COSATU vision for skills development

A COSATU approach to skills development is instead one in which:

- All companies have career paths for employees;
- Learning pathways will exist which set out skill development routes for workers;
- Improved skills improve democracy in the workplace and enable workers to participate in the planning and management of work;
- Workers receive quality education and training which relate to them as people and not just cogs in a production cycle;
- Assessment systems are based on national standards and can recognise informal learning; and,
- All qualifications are based on national standards – these will lead to qualifications that relate to practical abilities, knowledge and understanding to ensure that workers occupy quality jobs in their workplaces;
- Workers' skills are recognised in different sectors and different workplaces;
- All learning is recognised on the National Qualifications Framework. [21]

Further, COSATU argues that "strategic skills development" can be used as a tool for transformation and could result in:

- The removal of discrimination at the workplace and in learning institutions, and better access to opportunities for black people, women and the disabled;

- The skills and knowledge that workers have acquired through work experience and workplace training programmes is recognised;
- Access to education and training programmes, particularly ABET, is improved, enabling workers to progress up learning pathways;
- Grading systems which recognise skills and knowledge are implemented; and,
- The workplace is transformed for a 'high wage, high skill' economy that leads to a reduced wage gap between workers and management. [22]

The Tourism Learnership Project

Given tourism's job creation potential, it became a key sector for the government to pilot its skills development strategy in. In particular, the learnership machinery was to be tested in the tourism sector.

The Tourism Learnership Project (TLP) is an initiative of the Business Trust and is designed to create and implement learnerships for 10 000 people (5 000 employed, 5 000 unemployed) over a four year period. The Business Trust is contributing R80 billion to the project. The project will deliver 35 national qualifications, registered on the National Qualifications Framework. [23]

There has been some concern expressed with the TLP. Two noteworthy concerns are:

- Learnerships require that the learner undergoes work experience through a placement at a company. The problem is that employers are not willing to take on unemployed learners for their work experience. The TLP pilot in KwaZulu-Natal suffered severely because of this with the result that the Department of Labour is now developing learnerships for self employment, or SMME development. [24]
- During the Tourism Collaborative Action Process, trade unionists from SACCAWU and HIAWU (the NACTU hospitality industry affiliate) expressed concern that learnerships would be used to casualise permanent jobs.

TOURISM POLICY IN SOUTH AFRICA

Tourism did not enjoy a high priority under Apartheid government. In fact, the Apartheid was designed to restrict rather than encourage the travel of the majority of South Africans. International sanctions against South Africa and the global anti-Apartheid campaign, ensured that the country attracted few foreign tourists.

By 1990, efforts were underway to transform the tourism sector. A major motivation for this was that tourism could provide employment and generate income for South Africa where other sectors were seen to be failing.

From the beginning, the focus was on the restructuring of tourism institutions, particularly the South African Tourism Board (now called "South Africa Tourism", SATOUR), so that they could facilitate the development of the sector.

More recently, since the 1994 democratic elections, the issues of black economic empowerment and development have been added onto the transformation agenda. The early 1990 initiatives for transforming the sector were taken over by new government policy. Since then, tourism has increased in its profile and priority.

LABOUR AND TOURISM POLICY DEVELOPMENT

Very little attention was given by the democratic movement to tourism in its attempts to develop a 'post-apartheid' economic policy. Except for a working paper by the Economic Trends Research Group [25] (a research project initiated by COSATU in 1987) on tourism released in 1993, and a paper by Julian Baskin of NALEDI in 1994 [26], no other significant tourism policy papers were written by the democratic movement.

The COSATU-initiated Industrial Strategy Project (ISP) focused mainly on manufacturing, while the ANC-Alliance's Reconstruction and Development Programme (RDP) mentioned little role for tourism in developing South Africa.

The absence of COSATU voice in tourism policy continued throughout the decade with the 1996 Tourism White Paper being released without comment from the COSATU Parliamentary Office and with minor Labour participation in the 1998 Presidential Jobs Summit resolutions on building tourism.

More recently, tourism policy development has been located within the Tourism Forum. This is a public-private partnership forum which is governed by a legal agreement between the government and the Tourism Business Council of South Africa (TBCSA). It consists of 8 government representatives and 8 business representatives and is chaired by the DEAT Minister.

During the 1999 Tourism Collaborative Action Process, the TBCSA claimed that Labour should find its representation at the Tourism Forum through the

TBCSA and not as an independent stakeholder [27]. Similarly, Labour is not represented on the SATOUR board.

Labour was most actively involved in the Tourism Collaborative Action Process which, although it did not lead to significant policy or sector development, was an important learning experience for trade unions involved in tourism policy development. In particular, Labour's experience was the following:

- **Lack of clear objectives and vision** for the process from the different stakeholders, including Labour, proved problematic. In particular, Labour found it difficult to participate in the process when "some parties set particular objectives / visions because it was politically correct to do so, or they were the mantras of the times, or because they did not want to offend other parties".
- **Misunderstanding of the role of trade unions** was frustrating. Labour's main contribution was seen as that of bringing tourism investment through union investment companies and not of representing the interests of workers and the poor.
- **Trade unions were reluctant to release people** to participate in the process because they could not see a direct and immediate benefit for their members. This was problematic because tourism naturally requires multi-union input because it stretches into hospitality, transport, municipal, finance and agricultural sectors.
- **Trade unions have a structural limitation** in that they do not have separate departments for bargaining and policy work, but rather those senior worker leaders and officials involved in policy processes have equal, if not greater, commitments in bargaining work for their union. With bargaining pressures, trade unionists could often not justify attending policy process meetings.
- **The reliance on consultants, and not the social partners, to drive the process** is highly problematic. This was especially so because the role, function and responsibilities of the consultants were not clearly defined or monitored. Labour noted that "it is one thing for consultants to hold their clients' hands; it is another thing when they become the hands, feet and sometimes the head of the clients.
- **Future plans, beyond the contract of the consultants, were not considered** which meant that the momentum of the process dipped substantially once the consultants' contracts ended. [28]

It is hoped that this report and other initiatives by labour would present a fresh opportunity for labour to consolidate its position on tourism development in South Africa. The Job Sector Summit is also an opportunity for labour to clearly present its views to business and government.

PRE-1994 TOURISM POLICY DEVELOPMENT

Three important documents shaped policy development in the early 1990s. These were:

- "Investigation into the South African Tourist Industry" by the Board of Trade and Industry (BTI; later changed to the Board of Trade and Tariffs) in October 1990.
- "A strategic framework for tourist development in South and Southern Africa" by SATOUR and the Development Bank of South Africa (DBSA) in June, 1991.
- White Paper on Tourism, released by the Ministry for Administration and Tourism in 1992.

The White Paper was based on the policy recommendations from the BTI and SATOUR/DBSA studies. In the White Paper, the government identified four benefits from promoting tourism:

- Job creation in all sectors of tourism with a multiplier effect to other industries;
- A source of foreign exchange;
- An opportunity to provide structured training to the workforce; and,
- Upliftment of underdeveloped areas.

The White Paper's main concern was to address the contradiction that South Africa was well poised to attract substantial numbers of tourists but "has been able to attract only 0.2 per cent of the international tourism market and… the growth rate has been slower than the growth rate in world tourism over the past decade". [29]

The objectives put forward by the 1992 White Paper included:

- To create a favourable environment for the private sector in which it could "maximize the development of the industry";
- To eliminate factors which prevent the development of tourism;
- To deregulate the industry;
- To eliminate duplication of effort by public and private bodies and to improve planning and co-ordination;
- To ensure that all government departments are aware of the government's "tourism drive";
- To optimize the industry's contribution to national income, employment and the balance of payments;
- To ensure that South Africa's natural environment, fauna and flora (its "unique selling features") are protected and developed quickly to their full potential;
- To ensure that any development is in harmony with its environment;
- To preserve the country's cultural heritage;
- To co-operate with other Southern African countries and to jointly promote tourism for the region;
- To market South Africa internationally as a tourist destination;
- To promote equal access to tourism business opportunities and thereby promote entrepreneurial activity;

- To encourage participation in the tourism development process at the local level to stimulate development, especially in underdeveloped areas;
- To see the establishment of a single tourism training authority;
- To reach a higher capacity utilization of tourist facilities outside of tourist seasons;
- To urge international air carriers to create competitive tariff structures for long haul flights to South Africa;
- To promote a high standard of service in all areas of the tourism industry;
- To encourage investment by both local and foreign sources in new tourism facilities and the upgrading of existing tourism infrastructure;
- To ensure that where the public sector engages in entrepreneurial activity is done in accordance with “sound business principles”;
- To access cheaper capital through existing development institutions (such as the IDC) to encourage investment in tourism plant; and,
- To maintain and develop South Africa’s existing infrastructure. [30]

Two important points need to be made about the 1992 tourism policy. First, it was based on existing “best practice” concepts for building tourism. Most of the policy proposals are general strategies. Second, it has no analysis of the tourism sector as it stood or the structural and political problems that plagued its development.

The government would implement the plan through a range of departments, but would make tourism policy a function of the Department of Trade and Industry (DTI) through creating a tourism directorate within the DTI.

TOURISM POLICY UNDER THE DEMOCRATIC GOVERNMENT

Under the democratic government, tourism was shifted to the Department of Environmental Affairs and Tourism and the Ministry for Administration and Tourism was dissolved.

The 1995 Tourism Green Paper

The new government wasted no time in preparing new legislation and policy for tourism. In 1994, an Interim Tourism Task Team was established to draft a Tourism Green Paper. The release of the Green Paper signaled the first attempt to use tourism for economic development means. The Preamble of the Green Paper states that:

> The achievement of political democracy through the first democratic election in April 1994, signaled dramatic transformation of South African society. The improvement of life of all South Africans, particularly the previously disadvantaged groups, has become the stated priority of the new government. The process of formulating a tourism policy for South Africa is occurring within this context. The profound political and social transformation has touched every single aspect of the lives of South Africans. As a result of these changes public interest in the potential of tourism increases by the day. Information is continuously sought about the nature of tourism and the potential effects of well-planned tourism on South Africa. Because of the present commitment to improve the quality of life of all South Africans and erase existing social inequalities, the

> process of policy formulation and appropriate ways of governing the country are under constant scrutiny. A new tourism policy for South Africa is therefore required to reflect recent political developments explicitly. [31]

The Green Paper describes at length how tourism would be used to ensure that the objectives of the RDP will be met through developing the sector. It has a strong focus on **process** – the 'how' of developing tourism policy and the tourism sector.

As a part of this focus on process, the Green Paper details the need for better tourism planning, claiming that poor planning has led to:

- countries being at the mercy of seasonal booms and slumps leading to "rapid human degeneration" and "a sense of insecurity";
- environmental degradation;
- countries missing out on the foreign exchange benefits from tourism, with most of these going to foreign companies through special concessions, franchise and package tour arrangements and other forms of transfer pricing;
- increased income inequality;
- the use of contract and seasonal labour at the expense of permanent employment;
- the exploitation of local communities and cultures; and,
- moral degradation and a "skewing of job creation towards prostitution and vice industries".

The Green Paper saw a stronger role for government in developing tourism. It outlined the roles of national, provincial and local government.

The 1996 Tourism White Paper

A year later, the Department of Environmental Affairs and Tourism (DEAT) released the **White Paper for the Development and Promotion of Tourism in South Africa**. The development of the 1996 White Paper was done with the technical assistance of the European Union, which included the appointment of international tourism specialists to assist in the drafting of the White Paper.

The White Paper was more concerned with the development of South Africa's tourism **product**. It also complained of tourism being "a missed opportunity" in South Africa and identified the following "key constraints" in seeing tourism built:

- Tourism has been inadequately resourced and funded;
- Short-sighted private sector;
- Limited integration of local communities and previously neglected groups into tourism;
- Inadequate tourism education, training and awareness;
- Inadequate protection of the environment;

- Poor service;
- Lack of infrastructure, particularly in rural areas;
- A ground transportation sector not geared towards tourists;
- Lack of inclusive, effective national, provincial and local structures for the development, management and promotion of the tourism sector; and,
- Tourism security. [32]

The White Paper states that tourism can create sustainability to the RDP if it is well managed and is "responsible tourism". The White Paper then sets out the following "guiding principles" for the development of "responsible tourism":

- Tourism will be private sector driven;
- Government will provide the enabling framework for the industry to flourish;
- Effective community involvement will form the basis of tourism growth;
- Tourism development will be underpinned by sustainable environmental practices;
- Tourism development is dependent on the establishment of co-operation and close partnerships among key stakeholders;
- Tourism will be used as a development tool for the empowerment of the previously neglected communities, and focus on the empowerment of women in these communities;
- Tourism development will take place in close co-operation with other Southern African countries; and,
- Tourism development will support the economic, social and environmental goals and policies of the government. [33]

The White Paper proposes a policy mix that includes measures to ensure tourism growth, the generation of foreign exchange and the creation of sustainable employment opportunities. The focus areas for "igniting the engine of tourism growth" were:

- Safety and security;
- Education and training;
- Financing tourism and access to finance;
- Investment incentives;
- Foreign investment;
- Environmental management;
- Product development;
- Cultural resource management;
- Transportation – air and ground;
- Infrastructure;
- Marketing and promotion;
- Product quality and standards;
- Regional co-operation; and,

- Youth development.

Importantly, a plan for the restructuring of SATOUR was outlined in the White Paper. This led to the restructuring of SATOUR through an amendment to the SATOUR Act later that year.

Tourism in GEAR

A further significant policy development was the release of **Tourism in GEAR** by DEAT in 1998. The aim of the document was to outline a short-term strategy for implementing some of the policy proposals of the White Paper. **Tourism in GEAR** is filled with objectives, specific projects, actions, roles, targets and priorities.

Importantly, the **Tourism in GEAR** document placed the development of tourism within the Growth, Employment and Redistribution (GEAR) macro-economic strategy and claimed that the White Paper “strongly compliments the GEAR Strategy”. The White Paper would assist GEAR achieving its targets through:

- The comparative advantage offered by South Africa’s natural and cultural resource base;
- The fact that our tourism attractions compliment current global market trends;
- The ability of the sector to attract substantial private sector investment;
- The ability of the sector to accommodate SMME development;
- The labour-intensive nature of the sector;
- The potential for tourism to act as a major infrastructure investment catalyst;
- The ability of tourism to stimulate the development of the tradeable goods sector; and,
- Tourism’s value as a non-primary export earner. [34]

Tourism in GEAR was the first attempt to define who (which market) the country should target to ensure that tourism worked. This is a step known as ‘market segmentation’. The document set a market segmentation for “high-yield international tourists” who spend on average R9000 (1996 prices) per visit and the “emerging, domestic market”. The market segmentations are summarised on the next page.

With its focus on international tourism, this important policy document can be said to have a **customer** focus. **Tourism in GEAR** also introduced the first real display of market segmentation, an attempt at targeting resources to attracting particular types of tourists.

High-yield, international tourists			
Travel mode	Geography	Activity	Demography
Scheduled flights	Western Europe and Scandinavia	Ecotourism	Retired – wealthy and mobile

Pre-arranged coach, rail and minibus tours FIT car rentals	North America South East Asia South America	Cultural tourism Adventure tourism Sports tourism Conferences, meetings and company incentives Business travel Special interest groups	Upward mobile professionals (individuals and families) Youth market - backpackers

Emerging domestic tourists
General sight seeing and visitation of sights of domestic importance Nature tourism Beach and coastal tourism Holiday recreation, entertainment and festivals Sports participation and spectatorship Educational and youth tourism

Market segmentation provided in "Tourism in GEAR" [35]

More recently, policy initiatives have focused on three areas: the development of a national tourism strategy, the development of an international tourism marketing plan for SATOUR and the DEAT Law Reform Programme (DLRP).

The national tourism strategy was initially to be developed through a facilitated process called the National Tourism Collaborative Action Process, or "Tourism Clustering Process". The process, costing the government R6 million, was considered by the media as one of the "most expensive facilitation exercises ever" [36]. Inspite of its high profile beginning, it was not considered a priority project by DEAT Minister, Valli Moosa, who became minister towards the end of the process. As a result it does not even receive mention in any of the DEAT's annual reports. Subsequently, the DEAT released a tender requesting a consultant to develop a national tourism strategy for R60 000 [37].

The development of SATOUR's international marketing plan was more successful. The plan, entitled the "Tourism Action Plan" and is claimed to "start a new chapter in the marketing of South Africa as a world-class tourist destination". The "Tourism Action Plan" is also significant since it is the first major public-private co-operation project in the tourism sector. The Plan was developed in the Tourism Forum, an institution including business and government. The Plan shows how approximately R165 million would be spent on marketing South Africa to the country's top six markets: the United Kingdom, the USA, Germany, Italy, the Netherlands and France, between 1999 and 2001. Other significant markets include India, Africa and China. More discussion on the government's marketing policy is provided below.

The DLRP is designed to run from 1999 to 2001/2 and aims to develop the necessary legislation to give support to policy development and implementation. The DLRP goes much wider than tourism but includes the following initiatives of interest to tourism:

- World heritage site management legislation;
- A Tourism Amendment Bill;
- The consideration of a new framework law on tourism;
- Amendments to the coastal management regulations of the Marine Living Resources Act (No 111 of 1998) which includes regulations relating to marine eco-tourism such as boat-based whale watching and dolphin watching and shark-cage diving. [38]

MARKETING AND MARKET SEGMENTATION POLICY

The Tourism Action Plan presents the top six countries of origin for the years 1998 to 2002 as follows: (Growth rate is based on the average growth rate achieved in the period 1994 - 1998).

Market	**Visitors 1998 (000's)**	**Growth rate 1999 Expected**	**Visitors 1999 (000's)**	**Growth rate 200-2002 (expected)**	**Visitors 2002 (000's)**
UK	321	5%	337	10%	450
Germany	196	5%	206	10%	273
USA	166	10%	183	20%	316
France	73	10%	80	20%	139
Italy	37	10%	41	20%	71
Netherlands	83	12%	93	20%	161
Total top 6	**877**	**7.2%**	**940**	**14%**	**1.409**
Rest of world	552	5%	579	10%	771
Total overseas	**1.428**	**6.4%**	**1.519**	**13%**	**2.180**
Africa	4.303	10%	4.734	10%	6.300
Total visitors	**5.731**	9.1%	**6.253**	**11%**	**8.481**

Expected growth rates in tourist arrivals according to SATOUR [39]

South Africa's future economic progress in the last four years has been placed at the door of travel and tourism. This thinking has been articulated in the 1996 Tourism White Paper and further revealed in the "Tourism in Gear" strategic framework. This position was further consolidated at the Tourism Summit in 1998 with the participation of the Department of Environmental Affairs and Tourism (DEAT), the Tourism Business Council of South Africa (TBCSA), and the labour movement, which also represented communities. This Summit put together the strategy to market South African tourism.

The marketing strategy consists of a campaign described as "above the line" activities and "below the line" activities targeted at six top tourism markets, i.e. UK, Germany, USA, Italy, Netherlands, France, and lastly a small contingency fund was provided for. The timing of the campaigns is designed around the main buying/booking moments in the different market segments. The strategy takes into account that the long haul market (long distance travel) depends on the performance of source market economies. The strategy goes no further, except to predict the number of possible job opportunities.

Critiquing the Tourism Action Plan

The absence of a rationale makes the marketing strategy highly questionable, especially so that the project planned to spend a total of R 165.4 million in 1999 – 2000 (a further R200 million has been allocated in the 2001/2002 budget). Several concerns emerge:

- The emphasis on economic growth with tourism acting as the main generator of foreign income does not correlate with the relatively small planned expenditure of R 165.4 million;
- The strategy is hopeful of attracting tourists in the six markets, so long as their economies perform well;
- The arrival rates show that a total of 877 000 from the six European markets visited South Africa in 1998, as opposed to 4 303 000 from the African continent[40]. The marketing strategy completely ignores this fact and no expenditures are allocated for marketing in African countries;
- The Tourism Action Plan is aware of the fact that a large share of income from the international tourism is taken by multinational tour operators and wholesalers before the tourists come to South Africa, yet the plan makes no attempt to challenge or reduce this loss. All it hopes is for the internet at some stage to be the medium for marketing and bookings;
- The only shift in strategy appears to be that the focus will be from price and product based to customer orientation. There is no plan for tour operators in the country to make this shift, neither is there an awareness campaign for the population that it hopes to involve in the role of tourism service providers;
- There is also an absence of a communication strategy. The vague reference to the internet as a tool to market tourism is one communication tool but it will not meet the needs of tourists and does not explain the

changing nature of world tourism. Communication needs to consist not only of the message, but also a whole host of previous experiences, ideas, attitudes, beliefs, opinions, motivations and goals. Communication is critical to international exchanges and communication must take into account human factors. Marketing simply puts out a selling message and does not take into account the travel itinerary; exchanges in the host country; perceptions and attitudes; and the influence on cultural systems. These considerations give meaning and content to international exchanges.

"Fordist tourism" versus "super-segmentation tourism"

The present tourism policy follows an international "mass tourist market" approach, also called "Fordist tourism". The aim is to increase the numbers of tourists and to maximize total tourism revenues in order to contribute to:

- the stability of the balance of payments;
- improvement of income levels, and
- creation of employment.

The Tourism Green paper identified the need for strategic planning in order to avoid potential pitfalls. It took into account the following:

- poor planning left some countries at the mercy of seasonal variations.
- Inadequate planning led to environmental degradation in many countries.
- The benefits of tourism have not always accrued to the host country. Some countries encountered leakage to foreign consortiums and interests, therefore not generating the potential foreign exchange that is part of its attractiveness.
- In some countries, tourism has not had a redistributory effect, but has instead led to increased urban/rural polarisation.
- Inappropriate tourism planning has often led to the use of seasonal and contract labour at the expense of permanent workers.
- Tourism has in the past led to the exploitation of local cultures and community groups. Tourism could therefore be viewed negatively as a result.
- Poor planning may also lead to moral degradation and a skewing of job creation towards prostitution and vice industries.

On the other hand, tourism in the White Paper is seen as contributing to economic development. However, the link between development and revenues of the private sector is unclear. Developmental approaches are also highly contested and establishing the 'correct' or approach for our context is the challenge.

The above marketing approach is also geared for "standardized" tourism products serving a generally similar demand. The reality is that international tourism has evolved into a 'super-segmentation' of demand. This means that tourism demand is changing and that different types of tourists demand different types of experiences and marketing needs to cater for these.

South Africa's strongest motivation at this time is that it is new entrant in world tourism. Its central weakness that it lacks an outlook of what competitive advantage exists in South Africa compared to the rest of the world.

This clearly calls for government and other stakeholders to develop more effective strategies. Such a strategy must address the competitive aspects of tourism enterprises and regions and more importantly, meeting social, economic and environmental objectives. In other words, the approach should be to develop the conditions for tourism – the base for tourism – (investment in our natural resources; tourist institutions and people), as opposed to the quick fix, numbers chase for tourists.

Mass tourism further, lacks two important aspects:

- the idea of sustainable tourism; and
- an understanding of the changing role of the tourist (as discussed below).

Fayos-Sola of the University of Valencia in Spain[41] proposes a new concept called the New Age of Tourism in opposition to Fordist tourism. While the Fordist model was based on marketing identical tourist services for undifferentiated groups of customers. The economies of scale and standardisation were the keystones of mass tourism. However the eighties and the nineties was characterised by the supersegmentation of demand.

Therefore, in order to meet these new demands, Fayous-Sola suggests that there is need for flexibility of demand and distribution. In order to achieve profitability, economies of scale become inappropriate. The author proposes profitability through a system of integration of products, services and values. In other words, the tourism sector must offer products adapted to the increasingly complex and diverse needs of demand, while being competitive with the old standardised products. This suggests a multi-faceted, multi-owned approach of government, business, civil society and local communities. Such an approach will cancel out the privatization of tourism policy and narrow business interests.

If policy informs the marketing strategy, the concerns above suggest that the 1996 White Paper on tourism and Tourism in GEAR are weak.

South African policy making has not incorporated the experiences of other countries and is not in line with the changing tourist environment. There is also the danger of over dependence on tourism as an export. Cassim[42] points out that the importance of tourism differs from country to country. For countries dependent on primary exports, tourism could provide more stable earnings. However, for more diversified developing countries foreign tourism, relative to manufacturing, is also a highly unstable export since it is subject to strong seasonal variations and is vulnerable to unpredictable influences from external forces.

This is a difficult challenge for South Africa since mass international tourism potentially can create more jobs.

Market segmentation

There is a debate around the relative importance of international versus domestic tourists. At present domestic tourism income exceeds international tourism income by nearly 50%[43].

International tourism is the faster growing of the two sources of tourism. In 1989, an estimated 60% of tourist income is generated from domestic tourism and an estimated 10 million South Africans went on holiday locally, spending in the region of R2.8 billion.[44] In 1996, however, total tourist expenditure was approximately R26.8 billion, of which domestic and international and tourism contributed approximately R14.8 billion and R12 billion respectively.[45]

The problem is that while international tourism is growing at a faster rate, domestic tourism is losing attention despite it being very large. Currently, domestic tourism exceeds international tourism by 50%[46]. Government and business organisations appear to rely on the growing feature of international tourism and project that international tourism will outgrow domestic tourism in the next five years. However, by ignoring South Africans in the tourism loop, government and business are ignoring important moral and economic issues. The Green Paper on Tourism, for example, sees tourism as a basic need of all people, in so far as tourism is an activity of leisure, culture, education and travel.[47] On the economic side, the domestic market has been largely untapped, especially since income levels have on the rise.

The prediction that international tourism will outgrow domestic tourism in five years does not justify neglecting the domestic market. It must be noted further that this spending originated largely from the high-income White tourist market. With greater access and in earning power in the population, the majority of the population is better placed to engage in tourist activities. Therefore , the growth of the black tourism market holds substantial earning potential for the country.

Segmentation in the international tourist market is based on the spending power of the different categories of tourists. The “per day” and “per trip” spending by visitors to South Africa is relatively higher than VFR (“visiting friends and relatives”) travelers.[48] The length of stay in the country further increases the overall expenditure.

It has been noted that expenditure by VRF tourists and those on leisure holidays is typically in the same range because of the long stay period of the former. Highest per day spending levels are recorded by USA and Japanese travelers. The expenditure by the business traveler is recorded as the highest overall.

The trends in market segmentation has led to a strategy focussed on the highest spending visitor per day, per trip, with a particular focus on the top six countries. This particular segment is the business visitor. This rationale then, has led the establishment or strengthening marketing efforts in these source countries and by the presence of tourism offices. However, there exists sufficient reason to explore other methods of marketing South Africa to other source countries by other means vis a vis technological innovation. The strategy should also include those countries that have shown promise as a result of increases in tourism experienced in 1999, for example, within Asia, India (21%) and Japan (3%)[49]. A further consideration should be regional marketing as research shows that neighboring countries have a high rate of visits to South Africa. However this market should include a political element in order to promote regional co-operation.

EVALUATING GOVERNMENT POLICY, 1994 - 2001

In short, the development of tourism policy in South Africa since the 1994 elections, can be understood as being a shift from a process focus, to a product development focus and finally a customer-based focus. This is summarized in the table below:

Policy focus	***Time period***	***Policies developed***	***Simplistic character of policies***
Process focus	1994 to 1996	Tourism Green Paper	Use tourism to implement RDP Planning and institutions given priority
Product focus	1996 to 1998	Tourism White Paper SATOUR Act amended	Creating the SA product Overcoming problems in SA industry
Customer focus	1998 to 2001	Tourism in GEAR Tourism Action Plan	Use tourism to implement GEAR Marketing SA as world class Focusing on international tourism

Summary of government tourism policy development shifts, 1994 to 2001

Tourism policy is now focused around strategies to attract foreign tourists to South Africa. Linked to this marketing drive, is the initiative to attract massive multinational tour operators to South African tourism products – a form of foreign direct investment.

The foreign exchange earnings are enormous and so are the potential employment prospects. The concern is, however, in the frenzy to strike it rich, the South African government is de-prioritising development issues. The prioritising of international tourism and foreign exchange generation is evident in the following extract from the Tourism Action Plan:

> South Africans should acknowledge the importance of international visitors to our nation and economy. Some communities have been included in delivering the tourism offering to foreign and domestic visitors. However, the majority of the population was excluded from this process. This is an unfortunate situation, which presents a compelling reason to involve the entire nation into becoming a 40-million strong team of tourism service providers. [50]

This is a far cry from the developmental perspective of the **Tourism Green Paper** which stated that

> The Reconstruction and Development Programme (RDP) has as its main objective the improvement of the quality of life of all people through the stimulation of economic growth and redistribution of wealth. The RDP requires the generation of foreign exchange, stimulation of job creation and domestic fixed investment, effective management of human, cultural, and environmental resources, growth in infrastructure and social services as well as the democratisation of social and economic life. Tourism has the potential to play a vital role in fulfilling these requirements. It is an activity that can promote well-being and pride, as well as an industry that can promote economic growth, job creation and redistribution. [51]

A paper by the National Institute for Economic Policy (NIEP) provides further critique of the government's tourism policy. The NIEP suggests that although government policy has objectives that address growth, unemployment, poverty, small business and environmental concerns, some of these objectives are in conflict, for example:

- The government has both social and economic objectives in its tourism policy, but if narrow sector interests dominate tourism growth and unemployment, poverty and small business development is not addressed, then tourism policy will lead to social conflict;
- The government also has both environmental protection and economic development objectives but the need for rapid tourism development and "aggressive tourism promotion" may lead to environmental destruction and social conflict;
- The government's commitment to private sector led tourism growth appears to be in conflict with its commitment to ensuring community participation and ensuring the meaningful participation of black entrepreneurs. This is because active government involvement is seen as necessary to ensure that these latter two objectives are met; and,
- Tourism's contribution to growth, employment and foreign exchange earnings depends on how well planned and guided it is. International experience shows that government policy intervention is especially important for ensuring that tourism benefits lower income groups. [52]

The NIEP paper concludes that "it needs to be emphasized that tourism development, if left to market forces, will be limited in its ability to respond to urgent socio-economic needs. [53]

DEAT RESPONSE TO 2001 STATE OF NATION ADDRESS

Shortly after President Thabo Mbeki's State of the Nation Address, DEAT Minister Valli Moosa, released his department's programme for the year at a parliamentary briefing. He said that a national consensus on the importance of tourism had been established, and quoted the 400% increase in the tourism promotion and marketing budget since 1998, to R200 million, as evidence of this.

The elements of his programme for the year included:

- **Marketing and promotion:** the budget has been increased to R225 million (R150 million from government, R50 million from the Business Trust and R25 million from the hospitality industry)
- **The International Marketing Assistance Scheme:** a fund which assists small businesses to market themselves overseas. This year, 50 black entrepreneurs will be funded to attend the annual tourism Indaba.
- **The SA Welcome Campaign:** the THETA will rework the "Ubuntu – We Care" service campaign to include the objectives of the Welcome Campaign.
- **Indaba (the national tourism exhibition):** will be outsourced this year to an events management company, to take place on 21-24 April in Durban.
- **Transformation of the tourism industry:** tourism is still perceived as a white industry, a number of tourism awareness programmes will be initiated to counter this.
- **Poverty relief funds:** About R130 million has been allocated for tourism-related job creation projects. These projects are expected to create 8800 jobs throughout the country.
- **Education and skills development:** three initiatives are underway – the learnership programme (annual targets: 20 training providers trained, 15 qualifications registered, 1250 employees acquiring unit standards, 500 unemployed and 3000 employed acquiring hospitality unit standards), the enterprise programme (training of SMMEs) and the South African Tourism Institute (a national training body)
- **Unblocking obstacles to tourism growth:** foreign affairs officials to be trained in Welcome Customer Skills, foreign affairs offices to have Welcome Campaign signs, Business Against Crime to develop a tourism safety strategy, some of the "key LRA requirements" have been relaxed for the hospitality and travel industry, Business Against Crime and SAA and the CSIR provide assistance to tourists who have become victims of crime.
- **Quality assurance:** a consultation process for a new framework for grading hospitality establishments has started.
- **Transfronteir conservation areas:** the Kgalagadi Transfrontier park has been established, the Lubombo Transfrontier park is being negotiated with Swaziland and Mozambique, the Ais-Richtersveld transfronteir park is being negotiated with Namibia and the Maluti-Drakensberg transfronteir park is being negotiated with Lesotho.
- **Future heritage sites:** protection of rock art sites, registering the Mapungubwe area as a heritage site and creating a museum and Hector Peterson Memorial in Soweto (using R16 million from poverty relief funds) [54]

The Minister's response is multi-faceted and includes new campaigns; increased expenditures for marketing and development of heritage sites; education, training and skills development; unblocking obstacles to tourism; specific poverty relief funds to boost job creation; and the general transformation of the tourism sector. The Minister's approach is characterised by a sense urgency, based on a national consensus that tourism is the keystone of economic growth. The approach is also an investment for future gains.

TWO MAIN POLICIES AFFECTING THE FUTURE

The influence of two policy initiatives, in particular, will shape the future of policy development. These include developments in the GATS, and the implementation of the 1996 Tourism White Paper.

Globalisation and the GATS

A new set of WTO trade talks and negotiations on global trade in "service" began in February 2000. The so-called General Agreement of Trade in Services (GATS) has important implications on wide range of public services and citizens rights all over the world. South Africa's part in GATS will also have a direct bearing on the tourism sector. The GATS covers all services in sectors that effect the environment, transportation services, postal delivery, drinking water, health care, education, social security and a variety of municipal services.

New guidelines or restrictions on government measures and regulations affecting trade in services will be placed on the GATS agenda. There will be major implications for labour laws, subsidies and grants, licencing standards and qualifications, limits to access to markets and economic needs tests.

Opponents of the GATS argue that the new round of talks are designed to further facilitate the private takeover of public services. It seeks to limit the amount of government funds for public works and social programmes; and accelerating the process of providing corporate services providers with guaranteed access to domestic markets in all sectors of the economy. A "necessity test" will be required for governments to provide proof that their countries are the "least trade restrictive".

The GATS negotiations needs a complete assessment of the impact and implications for the South African economy, in particular on international travel and tourism services. A further area of investigation is the structure of foreign ownership of tourism facilities such as hotels, resorts, travel agencies, etc. in the interests of promoting local ownership.

White Paper on Tourism and Tourism in GEAR

Tourism has not been fully integrated into national economic policy. The white paper on tourism attempts to integrate a disjuncted sector from mainly a potential point of view. A major weakness of the white paper is that it is solely government driven. While it is conscious of other stakeholders, a plan to implement policy guidelines is only envisaged with the co-operation of provincial governments. The approach is a mixture of a reliance on foreign investment to increase competition, create employment and facilitate growth, while at the same time attempting to improve the entry of local small businesses.

The White paper strongly compliments the GEAR strategy and acknowledges the potential of the tourism sector to become a major GEAR stimulus. The Tourism in Gear document envisages tourism to be government led and private sector driven, while being community based. This calls for a complex set of cross linkages between government, labour, business, civil society and the community. These linkages need further elucidation and new agreements will be needed in the face of existing tensions between the different role players. The success of partnerships will be played out by how co-operation occurs over the protection of partisan interests. The issues involved are highly complex and include ideology, process and capacity to act as equals.

THE TOURISM SECTOR STRUCTURE

Tourism is difficult to define and the tourism industry structure is equally difficult to lay out in a report. This is mainly because there is no tourism industry as such but a collection of operations directly, and very importantly, indirectly involved in tourism.

This sector structure analysis will consider the “tourism value chain” – that is, the main economic activities included from when the tourist first starts their tour until they are finished.

ECONOMIC ACTIVITIES IN TOURISM AND HOSPITALITY

The tourism sector defined in terms of the Standard Industrial Classification (SIC) system includes the following economic activities:

SIC Code	Economic activities covered
11520	Hunting, trapping, including related services
64101	Hotels, motels, boatels, and inns registered with SATOUR
64102	Caravan parks and camping sites
64103	Guest houses and guest farms
64104	Hotels, motels, boatels, and inns **not** registered with SATOUR
64105	Bed and breakfast
64201	Restaurants and tea rooms with liquor licence
64202	Restaurants and tea rooms **without** liquor licence
64203	Take-away counters
64204	Caterers
64205	Take-away restaurants
64206	Fast food establishments
64209	Other catering services not elsewhere cited
71222	Safaris and sightseeing bus tours
73002	Inbound international flights
74140	Travel agency and related activities
84111	Time sharing
85110	Renting of land transport equipment
8899A	Event and conference management
96000	Recreational, cultural and sporting activities
96191	Beaches and amusement facilities and fairs
96195	Operation and management of convention centers
96320	Museum activities and preservation of historical sites and buildings
96322	Provision and operation of monuments and historical sites
96331	Parks and gardens
96332	Zoos
96333	Game parks
96334	Activities of conservation bodies
96410	Sporting activities

96411	Operation of sporting facilities and clubs
96413	Promotion of sporting events and clubs
96415	Operation of horse racing events and clubs
96491	Operation and management of recreation parks and beaches, fairs
96494	Gambling, licenced casinos and the national lottery

Standard Industrial Classification of tourism related activities [55]

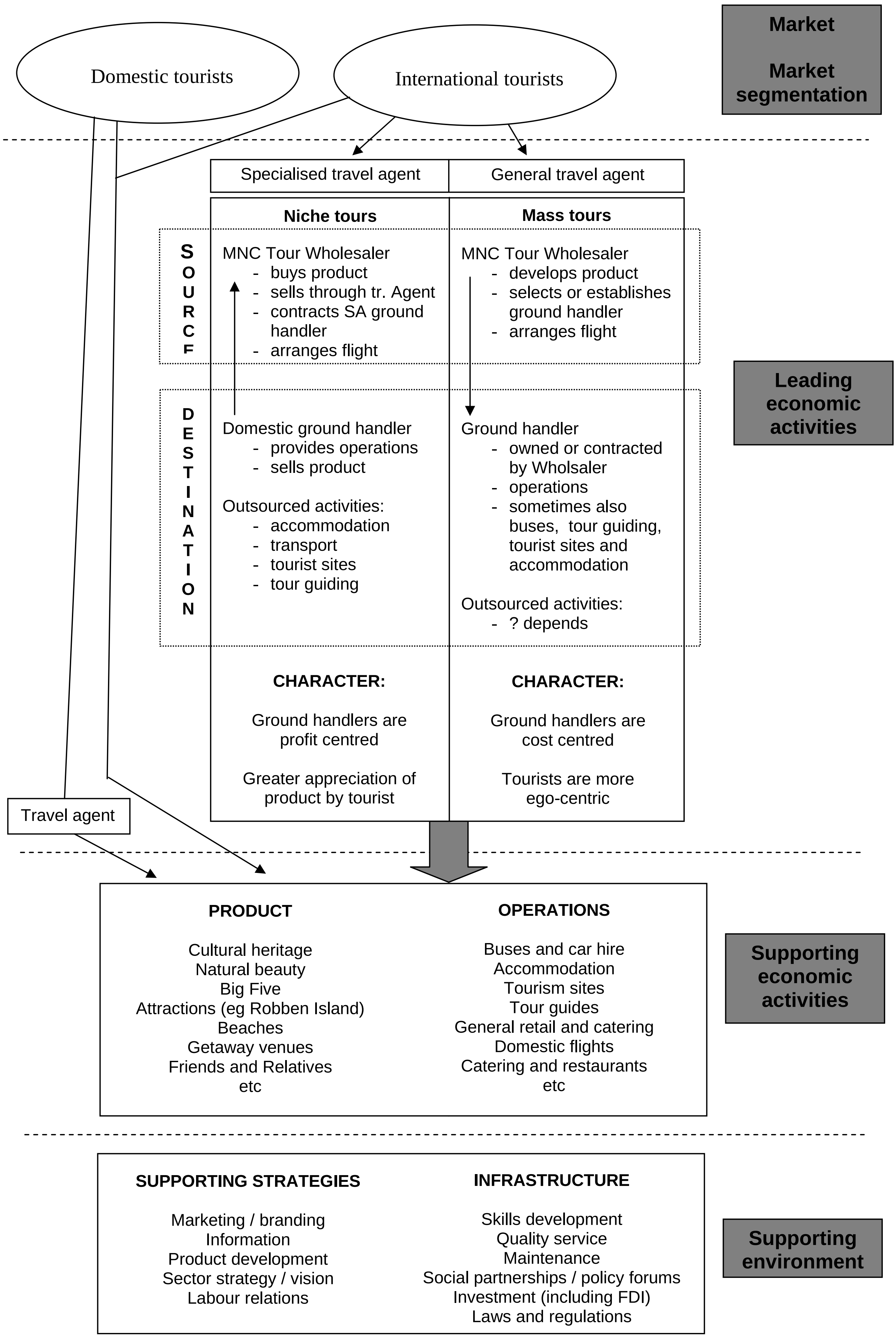
There are quite substantial links with retail activities, particularly restaurants, in tourism activities. These retail operations will, for the most part, not be considered in this report.

Tourism economic activities based in South Africa are mainly centred on the following:

- Accommodation services
- Tourism sites
- Tour operators (also called “ground handlers”)
- Transport activities
- Travel agencies [56]

A very important link, however, particularly for the international tourist market is the role of multinational tour wholesalers. These companies, which operate from “source countries”, mainly in Europe and the USA, play an incredibly powerful role in the functioning and development of the tourism sector in South Africa.

A graphic analysis of the tourism industry is provided on the next page: [57]


Market
Market segmentation
Domestic tourists
International tourists
Specialised travel agent
General travel agent
Niche tours
Mass tours
SOURCE
MNC Tour Wholesaler
- buys product
- sells through tr. Agent
- contracts SA ground handler
- arranges flight
MNC Tour Wholesaler
- develops product
- selects or establishes ground handler
- arranges flight
Leading economic activities
DESTINATION
Domestic ground handler
- provides operations
- sells product
Outsourced activities:
- accommodation
- transport
- tourist sites
- tour guiding
Ground handler
- owned or contracted by Wholsaler
- operations
- sometimes also buses, tour guiding, tourist sites and accommodation
Outsourced activities:
- ? depends
CHARACTER:
Ground handlers are profit centred
Greater appreciation of product by tourist
CHARACTER:
Ground handlers are cost centred
Tourists are more ego-centric
Travel agent
PRODUCT
Cultural heritage
Natural beauty
Big Five
Attractions (eg Robben Island)
Beaches
Getaway venues
Friends and Relatives
etc
OPERATIONS
Buses and car hire
Accommodation
Tourism sites
Tour guides
General retail and catering
Domestic flights
Catering and restaurants
etc
Supporting economic activities
SUPPORTING STRATEGIES
Marketing / branding
Information
Product development
Sector strategy / vision
Labour relations
INFRASTRUCTURE
Skills development
Quality service
Maintenance
Social partnerships / policy forums
Investment (including FDI)
Laws and regulations
Supporting environment

TOURISM AND HOSPITALITY MARKET STRUCTURE

The tourism industry market can be divided into two broad groups: international tourism and domestic tourism. Both these forms of tourism happen for a host of reasons from leisure to business and visiting friends and relatives. Reasons for travel, or what is referred to as "market segmentation", will be discussed later. International and domestic tourists either arrange their trips through travel agents or on their own. Typically, in South Africa, more international tourists arrange their holidays through travel agents than do domestic tourists, although The Cluster Consortium claims that a large percentage of international tourists also prefer to arrange their visits without travel agents [58].

Source country tour wholesalers

Tour wholesalers operate in two alternative ways:

- South African tour operators (or "ground handlers") develop tour packages with costings and sell these to the source country tour wholesalers. The wholesalers then market these tours through travel agents (who are essentially tour retailers). Depending on the nature of the tour, the wholesalers will market them through specialized travel agents or through general travel agents. The ground handlers are then contracted to run the tours on behalf of the wholesaler. Generally, the ground handler will contract tour guides, bus companies, accommodation venues and tourist sites, the costs of which are passed onto the wholesaler. In this way, the ground handler is the initiator of the contact and plays an operational management and product development role. The ground handler is an independent profit-making concern.
- Some wholesalers have their own product development managers. These managers would, through visiting countries or other research, develop tours and calculate costings. They then either establish their own ground handlers in the destination country or contract independent ground handlers (those who offer the best price and quality in their operational services). These ground handlers will run the tours developed by the wholesaler. Often, the wholsaler will also buy their own buses and sometimes even their own accommodation venues for the tours. Where the wholesaler owns the ground handler and the other operational aspects such as buses and accommodation, these are merely cost centers and not profit making concerns.

The wholesalers can play a very powerful role in the determining the number of tourists that come to South Africa, what these tourists see in South Africa and how South Africa gets marketed. The potentially dangerous role they can play if they exercise control over the development of our tourism industry, is reflected in this comment by SATOUR:

> Tour operators present a step in the entire value chain of tourism, where economies of scale almost naturally drive towards concentration. Ultimately, the more nations offer their destinations through more and more concentrated tour operators and booking agents, the more value they will be able to extract, through intensifying the competition

> among the offering countries. Intermediary agents should enhance their understanding of the end consumers, and respond with relevant product offerings to satisfy these needs. They must update their strategic technologies through a close following of developments in the information technological environment, which may provide a future channel the Internet provides for most simple products such as books, music and information. We personally have to exploit these opportunities, and thus avoid commoditising our destination. [59]

SATOUR's concern is that international marketing left purely in the hands of multinational wholesalers will result in "commoditising our destination" and cause much of the financial benefits from increased tourism to remain in the hands of source country companies.

CASE STUDY: PREUSSAG GROUP [60]

The German Preussag Group is the largest tourism coporation in the world. Its tourism subsidiaries generate sales of Euro 12 billion (about R88 billion). The Group has aimed for "integrated tourism services" to ensure that it can "customize and control the quality standards for the whole holiday from beginning to end for the benefit of its customers".

The Group owns the following tourism operations:

- 32 000 travel agencies in 13 countries which stock tours developed by the Group's tour wholesalers.
- 61 tour operator (wholesaler) brands targeting 80% of the European market and including mass tour operators Thomson Tours and specialist tour operators Special Holiday.
- 76 aircraft operating under two airlines, Britannia Airways and Hapag-Lloyd Flug.
- 21 ground handlers and tour guides based in 70 destination countries.
- Over 200 hotel chains with a total of about 100 000 beds (mainly in the Mediterranean) operating under the Riu, Grecotel, Iberotel, Grupotel, Dorfhotel and Robinson brands in 19 countries.

Preussag employs 48 536 people in its tourism operations, 60% of which are based outside of Germany. This is expected to increase as the Group explores new markets.

Travel agencies

The travel agency industry used to be heavily regulated. In the early 1990s, however, most regulations were removed. There are approximately 1300 travel agencies in South Africa belonging to either the International Air Travel Association (IATA) or Association of South African Travel Agencies (ASATA). About 65% of travel agencies belong to IATA, although many are members of both.

Travel agencies are tour retailers. They offer tour packages and tourist products developed by tour wholesalers. The second role they play is meeting the needs of individual tourists who are creating their own tours or holidays. Travel agents would find accommodation, transport, tourist sites, etc.

On a general level, there is very little difference in the products offered and there is little that the travel agents add on to the value of the products. As a result competitive advantage lies mainly in the quality of service offered or in the contacts they have developed (when finding accommodation etc, for individual tourists). As such, there is a high degree of competition in the sub-sector.

Some travel agents offer generic or “mass” tours which appeal to larger numbers of tourists. They are more mainstream and take tourists to the main “touristy places”. Other travel agents specialise in niche tours where they offer particular tours for particular needs. As an example, here are a selection of specialised travel agents found on Ananzi.com:

- Cloud 9 Honeymoon Destinations – a travel agent specializing in romantic honeymoon destinations
- Exploring Freedom – a Pretoria travel agent personalised in tours for young people to the United Kingdom
- Israeli Tailored Tours cc – a travel agent specializing in tours to Israel and the surrounding Middle Eastern countries

Many travel agents operate under the franchise of a bigger travel agency brand. Some of the big brands include Rennies Travel (owned by Bidvest), Sure Travel Centre and Thompsons Travel (owned by Cullinans Holding Ltd).

Through the internet, the process of arranging tours is changing substantially. Potential tourists are now able to do their own searching and are less reliant on travel agents and even tour operators (see next section).

Domestic tour operators (“ground handlers”)

There are between 450 and 500 tour operators in South Africa [61]. Some of these would operate as ground handlers to foreign tour wholesalers while smaller operators would also do tours for individual tourists or as sub-contractors to ground handlers. The operators offer “group tours”, “tailor-made tours” or “scheduled tours”.

There are 15 tour operators/ground handlers that dominate the market in South Africa. These include Thompsons Tours and Travel (owned by the South African company, Cullinan Holdings Ltd) and Springbok Atlas.

As with foreign-based tour wholesalers, customer loyalty is a strong driver of growth for domestic tour operators. The Cluster Consortium also established that personalised tour packages are much more likely to lead to return visits than when tourists develop their own tours individually. [62]

Generally, the tour operators will outsource the tour guiding function to independent tour guides (also known as “field guides”). There are approximately 2 500 registered tour guides in the country [63]

It has been estimated that because of increased marketing of tourism products through the internet, 40% of tour operators will cease to exist in three years. [64]

Hospitality and accommodation

THETA estimates that the hospitality sector employs about 476 700, or 79.4%, of the people working in the tourism sector. Of these, nearly 74 000 are said to be in hotels, motels, boatels and inns [65]. See below:

Hospitality SIC activity	Estimated number of employees	Estimated number of operations	Average number of employees per operation
All hotels, motels, boatels and inns (registered or not)	73 500	1 500	49
Caterers (including private clinics)	21 000	550	38.2
Timesharing (inc. resorts, parks and self-catering accommodation)	51 000	2 300	22.2
All restaurants and team rooms	168 000	8 500	19.8
Game lodges	14 000	800	17.5
Operation and management of convention centers	2 500	150	16.7
Other catering activities (including pubs, taverns and nightclubs)	45 000	5 500	8.2
Caravan parks and camping sites	3 300	450	7.3
Guesthouses and guest farms	24 500	3 600	6.8
Take-away counters, take-away restaurants, fast food establishments	53 000	8 000	6.6

Bed and breakfast	21 500	4 500	4.8

Estimated average number of employees per operation in the hospitality sub-sector, 2000 [66]

Those hospitality operations which tend to have an average employee count of less than 10 are more dominated by small businesses. From the above table, it can be seen that camping and caravan parks, guesthouses and guest farms and bed and breakfasts are mainly small businesses.

The main forms of accommodation within hospitality include:

- hotels
- timeshare
- guest houses, bed and breakfasts (B&Bs) and hostels
- game lodges and game reserves
- Self-catering holiday resorts [67]

Historically, hotels were the main source of accommodation. More recently, however, the other forms of accommodation have been growing in use.

(a) Hotels

The hotel industry is by far the biggest aspect of the tourism and hospitality sector. There is very little international ownership of hotels with most of the hotel chains being owned by South African conglomerates. The main hotel chains are shown in the table below:

Hotel Chain	Brands include…	Ownership	Employment	Annual revenue
Three Cities Group	Royal Hotel, Gold Reef City Casino Hotel, Cape Milner Hotel	Private		Unknown – private company
Sun International	Sun City, Lost City, Wildcoast Sun	Sun International Holdings, controlled by SA Mutual via Safren	10 000 (1998)	R2 610 million (1998)
Southern Sun	Holiday Inn	SA Breweries	3 830 (Southern Africa)	R 2 104 million (2000)
Hilton Hotels Corporation	The Hilton	USA		Unknown – private company

Protea Hotels	Protea Gardens	Protea Hospitality Corporation (60%) and Commonwealth Development Corporation (40%)		Unknown – private company
The Don Group	Don Suite Hotels, Don Executive Apartment Hotels, Trafalgar Court	Ellerine Brothers (26%), San Syndicate (15%), control lies with directors		R44.5 million (2000)
City Lodge Hotels	City Lodge, Town Lodge, Road Lodge	Kersaf Investments, controlled by SA Mutual		R91.5 million (2000)

Main hotel chains in South Africa

It is not exactly known how many beds are in South Africa's hotel industry. In 1990, the Board of Trade and Industry (BTI, now the Board of Trade and Tariffs) estimated that there were approximately 92 000 [68].

For the most part, the hotels rely on business travel from domestic tourists and holiday travel from international tourists.

Between the 1970s and the 1990s, the hotel industry was considered to be in a structural crisis because of:

- Particularly since the Soweto uprising of 1976 but also because of subsequent political turmoil in South Africa, hotels ran at an average of 50% occupancy;
- Apartheid laws reserved hotels for white South Africans meaning that the hotel industry's domestic market was severely limited;
- Labour costs in the 1970s for 3-star, 4-star and 5-star hotels were 20-25%, but by the early 1990s, these had risen to 40% without a corresponding rise in room rates;
- Very little investment in the hotel industry after the withdrawal of two important tax incentives, introduced in the 1970s: one was an incentive which allowed luxury hotels to write off their building costs over 10 years and 1-star hotels could write off their building costs in 25 years; and, the other was that hotels marketing overseas received a tax allowance;
- Larger hotel groups started to buy up smaller (some bankrupt) hotels to consolidate their market position causing an increase in ownership concentration in the sector. [69]

The hotel sector has grown rapidly since the early 1990s, especially in the higher value end of the market. More recently, however, hotels have experienced financial strain, mainly from over-investment and growing competition from other forms of accommodation, and have embarked on a rationalizing process. Hotel investment in other SADC countries, however, has been increasing.

The restructuring of the hotel industry is said to have been started through the introduction of “limited service hotels” by the City Lodge Hotels group. The limited service hotels offer fewer services, employ fewer people and are able to offer lower room rates that enable them to compete with bed and breakfasts and guest houses. Since City Lodge Hotels introduce limited service hotels, the other major groups have also done so.

The stress in the industry reached a climax when European Movenpick Hotels and Resorts liquidated the Karos Hotels group and pulled out of South Africa. The Don Group was also facing liquidation during 2000, complaining that the upswing in the economy did not help the hotel industry. The Don Group’s chairman was quoted saying: “We are still losing money. Though the economy has turned up, the hotel industry is about six months behind the trend. Our losses are much the same as a year ago.” [70]

Hotel occupancy rates have continued to show signs of decline through 1999 and 2000. For example, the number of visitors into KwaZulu-Natal and the Eastern Cape over the December 2000 holidays was up from the previous year but hotel occupancy rates did not increase. [71]

(b) Timeshare

This form of accommodation grew in popularity with hotel developers as an innovative way to fund new investments. Holiday makers pay upfront to the developer which guarantees them an annual holiday at a timeshare resort and assuring the developer of income to build and develop the resort.

The timeshare industry is dominated by Resort Condominium International (RCI), which was bought by the car rental company, Avis, in 1998. The industry has seen massive growth. Between 1987 and 1996, RCI’s turnover increased 100 times. During that time RCI’s timeshare resorts increased from four to 158 and the number of “timeshare exchanges” (clients buying into timeshare) increased from 2000 to 160 000 [72]. During 1997, the industry experienced growth of 26%.[73]

Timeshare is mainly focused on the domestic market but also includes international tourists. It has grown through partly through the deteriorating value of the Rand, making conventional international holidays too expensive. As such, it is focused on the higher end of the market.

(c) B&Bs and guest houses

Although bed and breakfasts (B&Bs) have to register with local authorites, reliable statistics are difficult to find. There is general agreement, however, that this has been the fastest growing accommodation sector. The Cluster Consortium estimated its growth in 1997 to be 20% [74] but put no further estimation on its growth. The Bed and Breakfast Association of South Africa (BABASA), established to “unite the industry nationwide” estimates the B&B

operations increased from 300 in 1993 to an estimated 9000 in 1997; an increase of 3000%.

An unacknowledged contributor to the growth of this section of tourism accommodation has been the decline in the agricultural sector. Many farms positioned either near tourist attractions such as the KwaZulu-Natal Drakensberg or the Kruger National Park have undertaken accommodation investments to supplement their income. These operations have been growing rapidly and their income is often included as a part of the farm's income, causing it not to be counted as tourism income.

(d) Game lodges and game reserves

There are three types of wildlife protection zones in South Africa: nature parks, private game reserves and national game reserves (called 'national parks'). The private game reserves tend to focus on catering for international tourists, while only 22% of the visitors to the national parks are international tourists [75]. Nature parks tend not to include animals and focus on protecting the natural environment. The services offered are mainly those around hiking, camping and nature trails.

Africa tourism website, **Africa Guide**, describes the character of private game reserves as follows:

> The highly personalized service offered ensures the best of game viewing opportunities – while the ambience in the lodges and camps, often furnished to luxurious standards, is relaxed and enjoyable. Game drives in open-topped vehicles are operated by experienced rangers who take guests "off the beaten track" and into the bush. Walking safaris may also be offered. Many have swimming pools, where guests can cool off during the day, and most have well-stocked bars. Meals, morning coffee and afternoon tea are provided while evening braais (barbecues) often take place around a camp fire and an open, circular, reed enclosure called a "boma". [76]

Private game reserves tend to provide tour guides throughout the visit. Most private game reserves are situated on the eastern half of South Africa: the western border of the Kruger National Park, northern KwaZulu-Natal and the Eastern Cape.

In 1998, it was estimated that there were over 300 private game reserves, the largest of which is the CCAfrica Group [77].

CASE STUDY: CCAFRICA GROUP [78]

The group was established out of a merger between CCAfrica Safari Destinations, Afro Ventures and Into Africa. The new vertically integrated group has three divisions: large trip and mobile safari division (Afro Ventures), the destination management division (Into Africa) and the lodge operating division (CCAfrica Safari Destinations).

The Group has offices in Johannesburg, Cape Town, Maun (Botswana), Swakopmund (Namibia), Nairobi (Kenya), Arusha (Tanzania), Harare

(Zimbabwe) and Victoria Falls (Zimbabwe). These offices offer management, reservations, tour-operations, guest and administration services.

The Group has 26 luxury lodges in 6 African countries and is Africa's largest eco-tourism company. It employs 3000 people.

Organised game drives are not a major feature of national game reserves and most game viewing happens through individuals driving through the parks in their cars, or on tour buses (so called "self-drive tourists"). The self-drive tourists contribute to 84% of national parks' income. [79]

National park	Location	Estimated size	Catering and accommodation
Addo Elephant Park	Eastern Cape, 70km north of Port Elizabeth	80 700 ha	Camping sites, rondavels, self-catering
Agulhas National Park	Western Cape, near Cape Agulhas	7 500 ha (extending to 20 000 ha)	None
Augrabies Falls National Park	Northern Cape, 120km north of Upington	13 700 ha	Camping, self-contained chalets
Bontebok National Park	Western Cape, 6km south of Swellendam	2 800 ha	Caravan and camping facilities
Cape Peninsula National Park	Western Cape, South of Cape Town	14 500 ha	3 restaurants, no accommodation
Golden Gate Highlands National Park	Free State, near Bethlehem	11 600 ha	2 rest camps, 1 hotel and camping
Kalahari Gemsbok National Park (now Kgalagadi Transfronteir Park)	Northern Cape, between the Namibia and Botswana borders	3.6 million ha (only 1 million in SA)	Three rest camps with fully equipped cottages and camping facilities
Karoo National Park	Western Cape, 10km from Beaufort West	33 000 hectares	Caravan Parks and two-person chalets, camping
Knysna National Lake Area	Eastern Cape, 300km from Port Elizabeth	15 000 ha	No accommodation
Kruger National Park	Northern Province and Mpumalanga, on the eastern side.	1.95 million ha	11 large rest camps, 5 bushveld camps, 9 bush lodges, also catering for day visitors, caravan and camping facilities
Marakele National Park		49 000 ha	
Mountain Zebra National Park	Northern Cape, 70km from Cradock	16 000 ha	Camping and cottage facilities
Namaqua National Park	Northern Cape, 500km from Cape Town		No accommodation
Richtersveld National Park	Northern Cape, close to Springbok	162 500 ha	3 self-catering cottages and camping
Tsitsikamma National Park	Eastern Cape, 165km from Port Elizabeth	60 000 ha	2 rest camps and camping
Twankwa-Karoo National Park		27 000 ha	
Vaalbos National Park	Northern Cape, 52km from Kimberley	23 000 ha	Self-catering cottages
Vhembe/Dongola National Park		1842 ha	

West Coast National Park	Western Cape, 100km north of Cape Town	25 000 ha	Tea gardens, no accommodation
Wilderness National Park	Western Cape, 15km from George	11 000 ha	Two rest camps and camping
Wilderness National Lake Area		10 000 ha	
Total size		**3 514 142 ha**	

South Africa's national parks [80]

The national parks have a total of 8000 beds. South African National Parks (SANP) has embarked on a "commercialisation". This will allow "private investors to take over or build and operate tourism facilities within the National Parks, under long-term concession contracts" [81]. This will cause a shift in the SANP's mandate from direct management of commercial operations in the national parks to "regulating the provision of services by the private sector" [82]. The SANP commercialisation programme has a strong focus on black empowerment (20% quota).

The commercialisation programme will see the outsourcing of activities such as:

- 9 lodge sites in the Kruger National Park (at the Jakkelsbessie, Boulders, Nwanetsi, Jock of the Bushveld, Mpanamana, Lwakahle, Mutlumuvi, Mluwati and Letaba camps)
- 2 lodge sites at the Addo Elephant National Park (at the Kabouga and Nyathi camps)
- The Brandwag Hotel and chalets in the Golden Gate National Park
- All SANP owned restaurants and retail shops in all national parks
- All lodges in the South African quarter of the Kgalagadi Transfronteir Park. [83]

The International Finance Corporation (IFC) is assisting SANP with the concession programme. The IFC is a member of the World Bank Group and specialies in providing loans for the private sector in developing countries and provides advice to ensure that private sector development projects become profitable.

Some of the bidders for concessions included companies such as Conservation Corporation Africa, Protea Hotels, Orient Express Hotels, SA Express Airways (owned by SAA) and the Singita private game reserve. [84]

The commercialisation programme will also position SANP to focus on its 'core' business: nature conservation. In addition to the outsourcing, the SANP strategy includes rapid expansion. More national parks have been created between 1994 and 2000 than in any period in South Africa's history. The expansion is to increase the land SANP covers from 6% of South Africa to 10% (which is the international norm). The SANP plans to establish another 11 national parks. [85]

(e) Self-catering holiday resorts

In 1999, the self-catering holiday resort industry association had 143 members [86]. The largest and most important resort is Aventura. Aventura has 17 resorts, 6 of which are positioned next to nature parks. The majority of the resorts are situated in the north eastern part of South Africa.

Aventura is a government owned company that historically used to provide cheap holidays to white, Afrikaner middle and working class people. Aventura, then called the Overvaal Resorts was identified for commercialisation and eventually privatisation in 1993 and new management were introduced to make preparations. Overvaal Resorts was commercialised shortly thereafter and renamed Aventura Ltd.

Between 1994 and 1999, staff numbers were reduced from 2100 to 1600 through "two rightsizing exercises" to "align the staff compliment to industry norms" [87].

	1994	1995	1996	1997	1998
Turnover	R 89 600	R 109 586	R 123 746	R 137 461	R 146 236
Net Profit	- R 8 357	- R6 772	R 1 978	- R 1 853	- R 8 230

Aventura Ltd turnover and net profit/loss, 1994 to 1998 (in R millions) [88]

The government sought out an equity partner which would be the first step towards total privatisation. In 1998 the COSATU investment company, Kopano ke Matla attempted to buy a 51% at a price of R93 million rand. The attempt failed as Kopano was unable to raise the capital in time. Currently, Aventura is operated by Protea Hotels and full privatisation is planned in the next few years [89]

Transport activities

There are five main forms of tourist travel: air, bus, car hire, rail and cruise ships. Linked to the different modes of transport there are two important aspects which also have to be considered: airports and road quality. Two main forms of road transport are considered here: tour buses and car hire. Most domestic tourism occurs through own transport and through scheduled buses (dominated by Greyhound, Translux and InterCape), and very little through tour buses or car hire. Most international tourism takes place through tour buses but an increasing amount is through car hire.

(a) Air travel

Air travel in South Africa is dominated by South African Airways (SAA). Until 1 April 1999, SAA was a division of the government-owned Transnet. Since then it has been corporatised and renamed South African Airways (Pty) Ltd, a company independent of Transnet. SwissAir owns about 20% under this new arrangement. This is considered to be the first step towards SAA's complete privatisation.

SAA is upgrading its fleet with the ordering of 21 157-seater aircraft and is still considering the further buying of another 20 similar sized airplanes.

Aircraft model	Number in fleet	Number of seats	Routes used on
Boeing 747-400	8	343 each = 2744	Major international cities
Boeing 747-300	4	333 each = 1332	International destinations
Boeing 747-200	5	291 each = 1455	International destinations
Boeing 747-SP	3	300? Each = 900?	International destinations
Boeing 767	3	182 each = 546	Domestic and SADC
Boeing 737-800	6	157 each = 942	
Boeing 737-200	11	107 each = 1177	Domestic and SADC
Airbus A300	7	263 each = 1841	Domestic and SADC
Airbus A320	7	143 each = 1001	Domestic and SADC
Totals	**54**	**11 938**	

Total SAA fleet by number of aircraft and number of seats [90]

Other major domestic airlines include:

- Comair – which operates as a franchise of British Airways
- Nationwide – which operates as a franchise for Tap Portugal, Virgin Atlantic, North West Airlines and Sabena
- SA Express Airways – a partner company to SAA, owned by Transnet
- SA Airlink – a partner company to SAA
- Intensive Air – a new airline, very small

A large number of international airlines land at South Africa's international airports. SAA, however, has a strong market share. Some concern has been expressed that SAA is deliberately reducing the number of international arrivals so as to protect its own market share(see table *** under the next section). This view is held particularly by SAA's competitors.

Another way that SAA protects its market share is through ticket price cuts. Comair and Nationwide took SAA to the Competition Board in 1998 for SAA's severe price cuts.

The liquidation of Sun Air in 1998 caused relief in the sector. There were some suspicions that SAA had caused Sun Air's failure to improve its own financial performance. In 1994, Flitestar, an independent domestic carrier, also blamed SAA for “unfair competition” leading to its liquidation. SAA paid Flitestar R90 million to “withdraw from the market cleanly”. [91]

Allegations of collusion around the domestic market also came out during a government investigation into the liquidation of Sun Air, the official airline of the former Bophuthatswana. Comair claimed that SAA had approached it for a deal around “horizontal capacity collusion” – in other words, the airlines would carve up the domestic market to end the fierce 1998 price war in the domestic market. [92]

Besides the scheduled flights sub-sector, another important form of air transport is the “non-scheduled commercial aviation” or “chartered flights” sub-sector. The business market for chartered flights has become significantly reduced over the past few years. This is because of corporate restructuring and unbundling leading to less money available for flight chartering and because many charter companies cannot meet the new demand for flights into SADC countries, where business flight growth has been highest. It is estimated that there are 250 potential corporate clients in South Africa for flight charters. [93]

(b) Airports

The Airports Company of South Africa (ACSA) is the largest airport operator in the country. ACSA focuses on three main activities in running these airports:

- Providing and maintaining runways, taxi-ways, aprons, terminal facilities, fire and rescue services and security
- Providing space and infrastructure for independent retail operations
- Operating as “commercial landlords” for parking spaces and other rented property (to banks, magazine stores, etc)

All other activities are outsourced including, in-flight catering, perimeter and navigational security, customs, quarantine, taxis, immigration and meteorology. ACSA employs 1737 people. This is up from 1589 in 1996.

Airport	Annual passenger capacity	Recent investment
Johannesburg International	11 million	
Cape Town International	4 million	R1.5 billion
Durban International	2.5 million	R90 million
Port Elizabeth	875 000	
East London	345 948	
George	250 000	
Bloemfontein	219 000	
Kimberley	79 000	
Upington		
Pilanesberg International		

Airports managed by ACSA, 2001 [94]

Until recently, ACSA was completely state-owned. In 1998, 20% of the company was sold to Aeroporti de Roma and about 9% was sold to employees as a part of its privatisation process. Further ownership is expected to be sold to black-empowerment groups and the National Empowerment Fund. [95]

	2000	1999	1998	1997	1996
Turnover	R 966 918	R 844 215	R 710 388	R 577 570	R 455 103
Operating profit	R 425 689	R 374 996	R 281 327	R 224 137	R 182 735
Net profit	R 292 409	R 277 971	R 227 920	R 174 086	R 133 943
Dividends declared	R 68 000	R 6 000 044	R 50 036	R 300	
Earnings per share	58.5c	55.6c	45.6c	34.8c	26.8c

ACSA financial performance, 1996 – 2000 (in R millions) [96]

The increase in the number of international tourists is reflected in the table below which shows a 41.2% increase in international arrivals at ACSA's airports. Most notable, too, is the 84% increase in arrivals from SADC countries.

Source	% change 1996 – 2000	2000	1999	1998	1997	1996
International	41.2%	19 715	19428	18 088	16 559	13 959
Domestic	19.5%	112 346	115 755	113 804	110 472	94 052
SADC	84.4%	10 124	8 424	7 625	6 802	5 489
Non-scheduled	17.8%	49 832	43 816	46 807	38 399	42 308

Aircraft landings at ACSA airports, 1996 – 2000 [97]

The increase in international arrivals is coupled, however, with a decrease in the number of airlines landing at ACSA airports. SAA has benefited substantially from this new development and has raised their international travel by 17%. [98]

Ownership	% change 1996 – 2000	2000	1999	1998	1997	1996
International	-16.9%	49	47	54	63	59
Domestic	- 8.3%	11	13	12	12	12

Airlines serviced by ACSA airports, 1996 – 2000 [99]

(c) Car hire

The car rental industry is dominated by four companies: Imperial Car Rental and Tourism, Avis Rent-a-Car, Budget Rent-a-Car and Hertz. In 1999, they accounted for 85-90% of the car rental market [100]. More recently, Europcar, National Car Rental and Alamo have been increasing their presence in the market.

Imperial also has a presence in the car rental market through Tempest Car Hire, Europcar, Swans Car Hire and Khaya Car Hire. Besides the top four companies, up to 35 small car hire operators participate in the industry.

Company	Ownership	Size of fleet	Utilisation	Location
Avis Rent-a-Car	Avis SA	7905 (inc. Namibia)	72.1%	RSA, Namibia, Lesotho, Swaziland, Mozambique, Norway and Sweden
Imperial Car Rental and Tourism	Imperial Holdings	9000	72%	RSA, Namibia, Lesotho, Swaziland, Mozambique, Zambia, Zimbabwe and Australia
Budget Rent-a-Car	McCarthy Retail	4500	70%	SA, Namibia, Mozambique, Botswana
Hertz (SA)	NAIL			
National Car Rental	Combined Motor Holdings			

Major car rental companies in South Africa, 2000 [101]

A price war started in 1997 with the return of Hertz (SA), which had disinvested in the 1980s. This increased competition, together with rising fuel costs has put a squeeze on profit margins in the industry. Further pressure has come on the industry with the arrival of the world's second car rental brands after Hertz: National Car Rental and Alamo. [102]

The response of the industry is to increase rates for private, individual clients while keeping those for corporate clients down. Avis, for example, increased their private rates by 8-10% last year. Many of the companies see relief from market pressures coming through increased numbers of international tourists to South Africa, mainly because tourists hire cars for longer periods than corporate clients do.

(d) Tour buses

The tour bus sub-sector is dominated by Springbok Atlas. Increasingly, tour wholesalers are considering investing in their own bus fleets.

(e) Rail and sea travel

The Cluster Consortium reports the following on rail and sea travel:

- Rail is focused mainly on freight travel. Three organisations control the rail industry: Spoornet, South African Commuter Corporation and Metrorail. Two train operations are of relevance to South Africa: the luxury Spoornet-owned Blue Train and Rovos Rail, a private rail company that takes tourists to exclusive destinations.
- Ocean travel is said to have an annual growth rate of 10%, although little of it is experienced by South Africans.

Tourism sites

The tourist attractions cannot be ignored. South Africa's main tourist attractions are its natural beauty and its cultural heritage. The first of these has been considered. This section then will consider three important forms of tourist attractions: cultural heritage, gambling and casinos and conferences.

(a) Cultural heritage

Cultural heritage is used extensively in marketing and branding South Africa. While our political history is a part of this cultural heritage, the main income earners are the display of African cultures in their pre-1900 settings.

Cultural tourism is also an important job creator. In its input to the Presidential Jobs Summit, the Department of Arts, Culture, Science and Technology (DACST) claimed that it was 20 times cheaper to create a job in cultural tourism than it was to create a job in light industry. Cultural industries were, DACST claimed, also the third fastest growing industries in the world.

A study by the DACST investigate how cultural tourism was being used in South Africa and what the impact on African cultures was. In particular, the study considered cultural tourism in Spatial Development Initiative (SDI) areas. The report noted that cultural tourism, internationally, had the tendency to:

- exploit and distort cultures if it was private sector driven
- be a drain on the economy if state-owned
- work best if the tourism was controlled and owned by local communities [103]

In contrast, the study considered 16 South African case studies and reached the following conclusions:

- Some community driven projects were stagnant and seemed to have "the most stereotyped examples of local culture".

- Some private sector projects had the most dynamic and most authentic displays of culture.
- At least one state-owned and operated facility had high visitor rates, authentic display of culture and efficiency. [104]

For community-owned cultural tourism projects to really work, the report stated that the following was necessary:

- Properly trained and "capacitated" staff.
- Well-trained and enthusiastic tour guides.
- A strong and reliable research base about cultural activities to ensure authenticity.
- Professional support. [105]

(b) Gambling and casinos

Gambling and casinos have only recently been legalized in South Africa. Under apartheid casinos operated either from the independent states of Bophuthatswana, Transkei, Ciskei and Venda or illegally. It is estimated that there were up to 300 000 illegal casinos operating in South Africa before 1994.[106]

By February 2001, 10 casino operators had been granted casino licences. These included:

- Sun International (10 casinos)
- Tsogo Sun (3 casinos)
- Gold Reef Casino Resorts (2 casinos)
- London Club International (1 casino)
- Caesars Global Resorts (1 casino)
- Balela Leisure (1 casino)
- Global Resorts (1 casino)
- Kairo Management (1 casino)
- Tusk Group (2 casinos)
- Century Casinos (1 casino) [107]

A further 17 casinos are in the pipeline. Including the new national lottery, the gambling industry is expected to take up R9 billion of disposable income in 2001 (this is 0.5% of total disposable income). The legalisation of gambling, although taking away disposable income from consumers, it providing income to commercial businesses:

- There are currently about 7 000 lottery stalls. Each business gets 5% of earnings from a lottery stall on their premises.

- About 50 000 limited payout machines will be introduced into to South Africa. These are put up in clubs and bars and become a source of income for these establishments.
- Casinos pay a 3% gambling tax on top of their company tax, bringing income to the government (including horse racing, tax from gambling provided the government with R577 million last year). [108]

Province	**Existing casinos**	**Planned casinos**
Eastern Cape	2	3
Free State	2	2
Gauteng	5	1
KwaZulu-Natal	1	4
Mpumalanga	3	1
Northern Province	1	2
Northern Cape	1	2
North West	5	0
Western Cape	3	2
Total	**23**	**17**

Existing and planned casinos, 2001 [109]

(c) Conferences

This is also known as the meetings, incentive, conference and exhibition (MICE) sub-sector. It is a major cause of business tourist activity. Recent report suggest its contribution includes:

- R20 billion towards national income each year
- R19 billion of this expenditure was from domestic spending
- MICE activities represent 32% of the total tourist market
- Includes a total of 101 000 events attended by 11 million participants
- Claims to generate 246 000 jobs
- Represents more than 56% of the total MICE sub-sector for Africa [110]

TOURISM INFRASTRUCTURE

In 1999, the DEAT commissioned a study to review infrastructure relevant to international and domestic tourism development. A strong idea behind the report [111] was to establish infrastructure for a "tourism without frontiers" approach – that is, an approach that went beyond political borders. The study, conducted by KPMG with support from the Development Bank of Southern Africa (DBSA), saw the need for government to embark on infrastructure investment in the following areas:

- Upgrading of the **harbours** at Durban, Maputo, Port Elizabeth, Lamberts Bay, Mossel Bay, Sodwana Bay and Kalk Bay;

- Upgrading of **airports** at Johannesburg International, Cape Town International, Durban International, Durban International, Maputo, Pietersberg, Port Elizabeth, Nelspruit, Hoedspruit and Pilanesburg;
- Upgrading of **rail** between Johannesburg and Durban, Johannesburg and Nelspruit and Maputo, and Cape Town and Stellenbosch;
- Upgrading **public bus transport infrastructure** on the following routes: Johannesburg-Durban, Johannesburg-Nelspruit-Maputo, Johannesburg-Pretoria-Pietersberg-Harare, Johannesburg-Zeerust-Gabarone, Johannesburg-Kuruman-Upington-Kimberley, Durban-Maputo and within the following cities: Johannesburg Metro, Durban Metro and Cape Town Metro
- Upgrading **coach (scheduled and tour buses)** tourism infrastructure on the following routes: Johannesburg-Durban, Johannesburg-Nelspruit-Maputo, Johannesburg-Pretoria-Pietersberg-Harare, Johannesburg-Zeerust-Gabarone, Johannesburg-Kuruman-Upington-Kimberley, Durban-Maputo

The report also identified the following tourist routes as requiring infrastructure investment:

- Johannesburg International Airport to Johannesburg
- Johannesburg to Soweto
- Madikwe area – Johannesburg to Madikwe Game Reserve
- Maluti area – Johannesburg to Clarens (Free State)
- Pietersberg to Phalaborwa (Northern Province)
- Louis Trichardt to Punda Maria (Northern Province)
- Lowveld area – Phalaborwa to Nelspruit (Mpumalanga)
- Badplaas/Baberton/Malelane area – Nelspruit to Maputo (Mozambique)
- Northern KwaZulu-Natal/Lebombo area – Maputo to Lower Umfolozi game reserve
- Durban hinterland/Zululand area – Durban to Lower Umfolozi game reserve
- KwaZulu-Natal North/Midlands – the battlefields region
- Durban – gateway to KwaZulu-Natal province
- Wild Coast-Durban-Port St Johns
- Wild Coast-Durban-Port St Johns-East London (Eastern Cape)
- Central Eastern Cape/Amatola Area – East London to Queenstown, Eastern Cape
- Sunshine Coast – East London to Port Elizabeth
- Port Elizabeth to hinterland – Port Elizabeth/Addo game reserve
- Kalahari Triangle – Kimberley, Kuruman and Upington
- Cape Town area – building a centre of excellence

INVESTMENT IN TOURISM

BusinessMap[112] report a record of investment over the past five years. Investments were recorded in accommodation, tourist attractions, leisure complexes, gaming facilities, tourist-related service and infrastructure (especially airports). The year 1997 received the highest investment of close to R70 000 million. The decline in investments in 1998 fell as a result of liquidations in the accommodation sub-sector and the failure of the 2004 Olympic bid, as well negative perceptions of crime and violence in South Africa.

With respect to domestic investments, the two significant areas of investment were in the Western Cape, especially the Cape Town waterfront, and support infrastructure for business travel (centering around Sandton, Midrand and Pretoria).

There is a substantial amount mooted for investments in gaming, amounting to about R25 billion. This figure may not eventually not materialise.

Public spending consisted of R50 million allocated in the 1999 budget for the promotion of tourism.

Investments in tourism requires specialised attention with particular attention to strategies for encouraging investment inline with accepted policy options. The debate for labour as a matter of importance on tourism investment would be to decide about priorities among three main investment areas:

- investment that creates the conditions for increased tourism (reducing crime and security risks; improving competitiveness; poverty reducing strategies that enable communities to participate in the industry; and so on)
- investment in tourism infrastructure that create jobs; and
- investment mainly for marketing South African tourism overseas.

KEY TOURISM DEVELOPMENT ISSUES FOR LABOUR

This chapter will consider some important issues that require Labour's policy attention. There are many important issues in tourism, but at a policy level, these are very important.

SOUTH AFRICA'S TOURISM PRODUCT

It is necessary to make a comment on the complex nature of tourism as a product.

One view of tourism emphasises the **choices** made by the visitor and the **voluntary** nature of tourism. In other words, tourism is not a necessary or essential activity. Due to the wide range of purposes, tourism cannot be viewed as a single product to be exchanged. It is rather multi-dimensional and cuts across various industries. This has consequences for policy, marketing, information gathering, infrastructure, and the hospitality side of tourism.

Most definitions also emphasise tourism as an **international activity**, while ignoring localised or domestic tourism. A further problem is that some people believe that is no *tourist industry* as such. The reason for this is that there are many different industries involved in providing goods and services to tourists. These include food and beverages, banking, accommodation, transport, communications, entertainment, etc. This certainly makes the tourist sector a complex field to study.

At the moment, there is a strong belief that tourism will contribute towards economic development. This raises serious questions around political economy, government policy, processes and culture. It also means that further monitoring and study is needed in the following areas:

- the impact of tourist income on developmental needs of the country;
- the role of large transnational companies as opposed to promoting SMME's
- policy influences by international interests as opposed to local needs; and
- the influence (negative and positive) of cultural imperialism on the destination country and its institutions by Northern multinational tourism corporations.

These questions are not being tackled because of a blind belief that tourism will automatically benefit all.

TOURIST INFORMATION

There is widespread agreed that the tourism sector is suffering from a lack of reliable information. A report to the Cabinet by the Minister of Environmental Affairs and Tourism[113], concluded that government must address the need for quality tourism information for marketing, development planning and decision-making so as to maximise tourism growth and job creation. This is a critical point because otherwise it will be impossible to assess the impact of tourism on the economy. It will also leave room for claims on the tourism sector to be abused for political gain.

The main collectors of official information on the tourism sector include:

- Statistics South Africa (Stats SA)
- World Tourism and Travel Council (WTTC)
- South African Reserve Bank
- South African Tourism (SATOUR)
- Department of Home Affairs
- The nine provincial tourism authorities

Statistics South Africa (StatsSA) appears to have large time gaps in drawing data from the Department of Home Affairs database. Boarder posts data have also proved to be are unreliable and are considered over-inflated. Other deficiencies include[114]:

- **Lack of sub-sector data on employment.** Data on casino and bed and breakfast subs-sector employment, for example, is not available mainly because hotel operators are reluctant to share this information with the relevant industry association.
- **Lack of domestic tourist forecast.** Both government and private sector planners require professional forecast of visitor and tourist arrivals for planning purposes.
- **Lack of a credible market segmentation analysis.** Such an analysis lends to effective marketing of South Africa's tourist resources to the wider population. In most instances the targeted segments are the middle to high-income groups. Low-income groups find themselves least encouraged to participate in tourist activities. More discussion on “market segmentation” can be found later in this report.

The SATOUR Tourism Action Plan, released in 1999, sets out for the first time a detailed plan for information gathering. The main sources of quantitative (information on numbers of tourists) and qualitative (information on attitudes and feelings of tourists) information are listed in the table below:

Quantitative Data	**Institution responsible for information**
Overseas arrival in SA	Statistics SA
South Africa’s market share	World Tourism Organisation
Visitor exports	SA tourism exit surveys
Job creation	Satellite accounting system
Return on investment	Satellite accounting system
Contribution to GDP	SA Reserve Bank

SATOUR's plan for tourist quantitative tourist information gathering [115]

SATOUR is the organisation responsible for measuring the following:

- statistics of overseas arrivals, the main source being South African Airways (SAA)
- success indicators of marketing initiatives
- effectiveness indicators of advertising
- general progress
- travel and expenditure patterns of tourists
- impressions of visitors
- success of strategic alliances
- jobs created by the industry
- returns on investment of the marketing expenditure (to measure the socio-economic success of the marketing strategy)
- contribution to the GDP
- activity in markets
- exit surveys
- market research of brand building in target markets

South African Tourism will also have to oversee "satellite accounting measures" (see below, this involves a local firm gathering information). The satellite accounting will include the following:

- domestic supply of tourism products
- use of products as intermediate inputs and final demand
- capital formation and employment by tourism (employment creation is derived from an input and output framework)

CALCULATION OF JOB CREATION

A technique called "satellite accounting" has been developed by the World Travel and Tourism Council (WTTC). Satellite accounting assesses the number of "direct jobs" and "total tourism jobs" created in relation to the number of visitors. From the satellite accounting analysis, the following data is made available:

Year	Total Visitors	Direct Jobs	Total Jobs
1995	4 488 272	220 329	550 451
1996	4 944 430	243 600	627 912
1997	4 976 340	263 013	627 860
1998	5 732 039	287 150	737 617
Projections			
Year	**Total expected**	**Total direct jobs expected**	**Total jobs expected**
1999	6 253 452	314 439	801 852
2000	6 918 496	347 880	887 127

2001	7 657 984	385 063	981 949
2002	8 480 947	426 444	1 087 474

Satellite accounting estimate of total number of visitors to South Africa by year and job creation impact [116]

The above table gives an impressive account of job creation between the years 1995 - 1998. However, the information is yet to be tested or verified.

The projection for the year 2002 is that 426 444 direct jobs and total jobs of 1 087 474 will be created. Such a situation would indeed rapidly undo the unemployment problem in South Africa. However, more clarity is required on what method the satellite accounting system uses.

The WTTC model gives the impression that new jobs are created on each occasion of a visitor arriving in the country. This is misleading. Also, there is no account of the size of the existing workforce in the tourism sector. Finally, there is no analysis of casual versus quality job creation. Instead, government has popularised a model that every 8 tourists visiting South Africa creates 1 job. This method of calculating job creation must be examined for validity, especially since other sectors prefer the formula that every R1 million investment creates a certain number of jobs. This method is widely accepted since accurate cost factors have been achieved in manufacturing and other sectors.

ASSESSING THE IMPACT OF THE "TOURIST DOLLAR"

There are massive difficulties in measuring the costs and benefits in tourism. The costs include a series of economic, environmental and social impacts [117]. Hence, economic benefits may be outweighed by environmental or social costs. Most often the environmental and social costs are not included in calculations of benefits from tourism. The cultural impact is also a major problem if the creation of cultural villages is not well planned and instead exploit our local cultures.

Economically, tourism can play an important role in income generation. This is especially through strong links with other sectors of the economy and through the creation of government revenue. The impact on the economy occurs through three specific areas:

- ❑ the multiplier effect,
- ❑ the employment effect, and
- ❑ the foreign exchange effect [118]

The "tourist multiplier" was developed in the 1930's. It refers to the process whereby tourist spending filters throughout the economy and stimulates other sectors. For example, when tourists hire cars, they spend money at fuel stations and therefore tourism can stimulate the fuel retail industry.

Technically, the multiplier can be defined as **a number by which tourist expenditure must be multiplied in order to obtain the cumulative income effect for a specified time** [119].

This means: for every R1 that the tourist spends by being on holiday in a particular area, how much income is generated elsewhere. If a tourist goes to the beach in Ballito, north of Durban, how much do they stimulate the local non-tourist economy?

Direct spending by tourists triggers a process leading to indirect spending. Types of tourist multiplier include:

- the sales multiplier which measures the increase in business sales created by tourist expenditure (for example, increased tourism could cause an increase in the number of head ache pills being sold at pharmacies);
- the output multiplier which measures the increase in both sales and changes in the levels of inventories (for example, increased tourism could cause an increase in the number of shoes produced); and
- the employment multiplier which refers to the ratio of direct and secondary employment generated by additional tourist expenditure.

The multiplier is a useful tool to assess impact, especially because of the multi-faceted nature of the industry. They play an important role in short term planning as well as guiding the formulation of tourist policy. It could also identify areas of weakness and strengths in the economy.

However, benefits can be exaggerated and could actually undermine policy implementation. This is because incorrect information could lead to an incorrect allocation of state resources and priorities.

The multiplier effect may also lead to difficulties in measuring the net effect of tourism on the balance of payments. While currency inflows from foreign visitors may be less of a problem to measure, issues such as indirect expenditures stimulated by tourist activities are very hard to measure. Measuring impacts is therefore inherently problematic and requires further attention.

The employment multiplier effect has been used by the South African government. The government claims that for every 8 tourists that visit South Africa, 1 job is created. It is not clear how they arrived at this figure and labour should have this clarified.

CONCLUSION

This section gives a brief background to tourism in South Africa. It first examines our position in the global tourism sector, our accepted "strengths" and "weaknesses" as a tourism destination, and what the "drivers" of South African tourism growth are considered to be.

THE NEED FOR A POLITICAL/HISTORICAL ANALYSIS OF TOURISM

Before continuing with statistics, it is important to remark on the nature of tourism growth. There is not a lot of literature on South Africa's position in global tourism. Apartheid had a negative effect on tourism in general and in particular, on the development of knowledge about tourism. The result is that very little is known in South Africa about the state of tourism in other parts of the world and how South Africa features in the global context. One observation is that South Africa is losing the initiative on its own ground to American and European multinational corporations. However since the early 1990's there were earnest efforts to develop tourism as a lead sector within the national economic strategy.

The current importance of "travel and tourism" is limited to economic and financial concerns, and local community development. Since tourism has become the single largest contributor to international trade, its development ignores the historically exploitative relationship between countries. Tourism by definition does not reveal this historical context, (both conflict and co-operation) which has shaped present international relations. This prevents us from being able to understand the more subtle forms of domination and exploitation through tourist activities.

Tourism activities in destination countries, especially by developing countries, is in a sense thought of as a reversal of the past relations. There is a specialised and highly developed world market for tourism. It is highly competitive among previously exploited countries who try to attract tourists from countries of origin that they were previously bonded to.

SOUTH AFRICA'S ACCEPTED STRENGTHS AND WEAKNESSES

The tourist travels for many different reasons. The role of the tourist changes and has a direct bearing on the strength and weaknesses of the tourist landscape in any country. Particular classifications of the tourist have emerged. The tourist can be part of the "mass" travelling and interacting only with a false fantasy world created for her/him by specialised agencies. Or, the tourist can be drifter or part of a niche, travelling individually or in small groups, observing or experiencing first hand the true culture of the host country. Hence, their needs are seen as egocentric (in the case of the former) and, allocentric (in the case of the latter).

Based on the reasons for travelling, Mowlana[120], suggests several threats to tourism:

- Sources of travel information are not necessarily objective and unbiased. Travel magazines and literature are promotional rather than factual.
- Actors in the host country play an important role in satisfying the fantasies of tourists. Those employed by the tourism industry may not necessarily interact with the tourist according to set or agreed to norms. On the other hand, the people that come into contact with the tourist may show a somewhat different face to tourists and may even be hostile. So the tourist may not necessarily get an accurate reflection of people and culture through their interactions.
- An important consideration is the effectiveness of the corporations and individuals that make up the industry itself i.e. the travel and tour agencies, travel publications, airlines and transportation services, hotels, restaurants, shops, and all their personnel, function independently of each other. These are the people that design, package and sell the complete experience that forms the fantasy for the tourist. While they may successfully sell the fantasy, they may not have success with making this reality come true. There is neither a co-ordinated effort, nor a collective agreement about norms and standards of conduct/performance. A single negative experience in the long chain of service providers can ruin the total experience of the tourist.
- The role of government as regulator and participant may be a source of either hindrance or facilitator. Regulation sometimes serve to protect the host and limit tourism. Some countries practice strict controls by limiting visas, specifying travel modes, routes and destinations. There may also be highly prescriptive currency regulations.
- The difference in life orientation of people in developed and developing countries is often overlooked by host countries. It is argued according to Maslow's *"hierarchy of needs"* that people from industrialised countries have met their basic physiological and social requirements and are now wish to satisfy their self-realisation needs. Wealth and leisure patterns enable them develop their own potential, seeking aesthetic stimulation and building their character. These tourists therefore look to relaxation, pleasure, education and culture. While these reasons are commonly cited for the mass tourist market, there is a deeper reasoning on the part of individuals with an escapist orientation. Their needs may be overlooked in favour of a mass tourist approach. South Africa's history; locus in the African context; its abundance of natural, archeological, and scenic sites clearly provide enormous opportunities. Certain overseas anthropological studies support the view that there is a relationship between the type of tourist and their motivations o visit a particular country. Similar studies must be encouraged in South Africa.
- The performance by government and high profile decision makers to issues in the African context play an important role in their counterparts' overall impression of the continent. Remnants of the old thinking about Africa still prevail and play into the hands of those ever willing to blanket the continent as the proverbial basket case.

Some immediate weakness include:

- Crime and violence create the obvious negative perceptions of South Africa. However, this is a perceived notion. There are no specific studies that have measured the impact of crime and violence on tourism. There is the added threat from impressionable countries and people about regional stability which invariably affect South Africa's promotional efforts overseas.
- The claim that workers lack adequate skills to enhance tourism may be true, but equally so for management capacity. The tourist industry is no different from other profiles in other sectors.
- Funding and funding mechanisms to market South Africa as a destination need further examination. An appropriate mix of government and business intervention must be developed.
- An audit of tourist infrastructure needs to be undertaken. Where they are required, these must be developed, but not at the expense of the country's poor. Developmental needs must be combined with any up-grading and provision of infrastructure. Long term social infrastructure (health, education, etc.) should also form an important of part in policy as it has a direct effect on interactions between tourism and local populations.
- Tourism development is reflected as a missed opportunity in the white paper on tourism. This rings true for the articulation between business and government. The veils of suspicion needs to be dropped in favour of rapid strengthening of policy and long-term strategic direction for tourism.
- Old schools in the tourist institutions, the civil service and business also need attention in order to create a new ethos that serves the national interest. The restrictive nature of government owned monopolies such as SAA, also needs examination.
- There are many problems related to inter-governmental co-operation, with provincial government being special targets. An added dimension is the distribution of political power which lend to diverse interventions on matters of common interest. Tourism has not escaped this loop and the evidence can be seen in inter provincial competition and how they are branding and marketing them selves. This may create the space for conflict and confusion among and between the provinces and the overall impression as destination. There are however, similar experiences in federal countries such as India, Australia, etc. from which South Africa can draw lessons.
- Perhaps as a last remark, the Cluster Consortium's[121] captures South Africa's underlying weakness as "the functioning of and lack of alignment in the country's basic economic foundations – in human resources, technology, capital, physical infrastructure, regulatory environment, and quality of life – impose constraints to tourism growth."

There are also several weaknesses relating to domestic tourism which are identified in the white paper for tourism:

- Tourism is perceived as the domain of predominantly white upper and middle class as opposed to also being within the reach of the previously disadvantaged. There is also a lack of knowledge and understanding about tourism. Hence many opportunities go unappreciated.

- The majority of South Africans have not been meaningfully exposed to the tourist industry. Communities have been excluded from the decision making process.
- There is widespread suspicion and mistrust as a result of past injustices where people have been displaced. The exclusion of local people in some projects has led to contests of various kinds, mostly that benefits do not reach locals.
- Lack of finance has prevented entrepreneurial opportunities.
- Past inequalities have led to the exploitation of certain communities.
- The dominance of English in tourism has acted as a barrier to other groups.
- There are attitudes of negativity and inferiority of products and services of the majority of the population.
- Local communities lack access to the tourism market as visitors are kept within certain ‘sanitised’ places (hotels and resorts).
- Tourism is controlled by large companies and corporate structures.

In report to cabinet (Unblocking Delivery on Tourism)[122], the Minister of Environmental Affairs and Tourism, highlighted the following challenges facing South Africa:

- the need for political stability and an end to conflict, particularly in Angola and the Congo
- gaps in infrastructure, a lack of capacity and the need for major investment in facilities
- the need for re-investment in facilities
- the need for re-investment in war-torn Angola and Mozambique
- too much red tape for companies doing business in southern Africa and for tourists wanting to visit
- the need to introduce uniform systems which make travel as smooth as possible and the removal of practices that block the movement of tourists

The historic and natural resources of the country are being seen as a major strength in the future of South African tourism and its impact on the economy. Government appears to be alluding to tourism as a solution to the objectives of the RDP. The gains so far (albeit not substantial) is also seen as contributing to national resources that would both broaden the tourist market and spur on economic growth. While the RDP is in the first instance consumptive, government is claiming that tourism will “create the legs for it (the RDP) to stand on”[123]. A more recent tendency appears to be saying that tourism will replace the GEAR strategy with respect to economic growth. These are bold positions without a rigorous economic foundation.

Considered strengths of South African tourism include:

- Government and business are pointing to the saturation factor in other destinations, which places South Africa as a preferred destination among developing countries.

- South Africa's tourism attractiveness lies in its diversity. Some features include: accessible wildlife, an assortment of impressive scenery, unspoiled wilderness areas, diverse cultures, appealing weather, and a host of special interest activities. There are also unique archaeological sites, excellent conference and exhibition facilities, a wide range of sporting facilities, good communication and medical services and several internationally known attractions. The country is also a springboard to reach other internationally know attractions further north.
- Financial, with respect to currency values, South Africa is placed at an advantage to attract foreign tourists. This advantage is being seen in terms of aligning the country towards export orientation in the short term. This narrow perspective is however elusive and ignores the broader macro-economic landscape. Some economists believe that long-term capital and social investments are an appropriate approach to spur growth and development, thereby eradicating poverty. A further look needs to be undertaken to establish the real benefits to such short-term measures.

The establishment of the new democracy is being perceived as a miracle by the rest of the world – that the country enjoys a tranquil socio-political scenario. This perception is useful to perpetuate for the benefit of attracting tourists. However, the danger is that government may suppress the democratic process within the country in order to continue presenting a favourable face to the outside world. If government does not create the space for democratic intercourse, the likelihood of brewing instability is indeed high. The decision of the government to exclude the hospitality and travel industries from certain key provisions of the Labour Relations Act (LRA) is an example of this.

South Africa is considered by other countries as an emerging nation. Its key concerns are development, economic growth, job creation and poverty eradication. The current literature seems to point to the potential for tourism to boost the economy. On the other hand tourism is experiencing substantial growth worldwide. In South Africa the number of overseas visitors grew from 700 000 in 1994 to 1.4 million in 1998. The apparent weakness of the South African currency against many of the countries of Europe is also being used to argue that there is enormous potential in promoting tourism. This means that tourists from Britain, for example, will enjoy visiting the country at a bargain as currently R 10.50 makes $1-00. This scenario is created by macroeconomic policy positions in order to attract foreign capital. While this may be good for foreign tourists and meeting foreign exchange balance of payments, there are implications for the local population in terms of their weaker positioning in the world economy.

International tourism is seen as the fastest growing and the biggest single industry worldwide. While Southern Africa, lags behind in international trends, governments in this region see international tourism as a major contributor to economic growth in the region. How South Africa deals with the complex array of themes, policy issues and strategies would be determine its competitiveness in world tourism. The main aim of tourism being the engine of development will be long and challenging.

Appendix A: Employment equity profile

The employment equity profile is provided for each sub-sector. This is taken directly from the THETA Skills Plan.

Profile for Hospitality sub-sector

Occupational sub-category	Female		Male	
	Black	White	Black	White
Chairperson/CEO/MD	1%	38%	5%	56%
General Manager	2%	43%	8%	47%
Department Manager	15%	55%	12%	18%
Supervisor Manager	19%	22%	30%	29%
Accountant	0%	25%	13%	63%
Bookkeeper/Administrator	22%	51%	23%	4%
IR/HR Professional	40%	0%	20%	40%
Technician	6%	1%	83%	9%
Secretary/Typist	14%	86%	0%	0%
Cashier	52%	16%	26%	6%
Receptionist	24%	63%	10%	3%
Switchboard operator	11%	17%	72%	0%
Security/Surveillance	0%	0%	91%	9%
Sales and Marketing	21%	59%	9%	12%
Driver	8%	0%	87%	5%
Messenger	100%	0%	0%	0%
Janitor/Cleaner	2%	0%	96%	2%
Labourer/Gardener	35%	0%	64%	0%
Housekeeper	63%	12%	25%	0%
Chambermaid	87%	0%	13%	0%
Maid/Cleaner	82%	1%	17%	0%
Host/Hostess	52%	36%	0%	12%
Nutritionist	75%	0%	25%	0%
Chef	25%	7%	59%	9%
Bakery/Pastry Chef	32%	6%	54%	8%
Kitchen hand	65%	1%	32%	2%
Caterer	72%	28%	0%	0%
Waiter/Waitress	20%	31%	33%	16%
Bar/tavern/shebeen operator	6%	14%	51%	29%
Cellar person/wine steward	39%	2%	59%	0%
Watchman/porter/doorkeeper	2%	0%	98%	0%
Front of house service	0%	100%	0%	0%
Scientist	37%	58%	0%	5%
Field ranger	15%	0%	23%	69%

Profile of travel and tourism services sub-sector

Occupational sub-category	Female		Male	
	Black	White	Black	White
Chairperson/CEO/MD	0%	23%	7%	69%
General Manager	6%	30%	8%	56%
Department Manager	18%	34%	23%	26%
Supervisor Manager	16%	11%	9%	63%
Accountant	0%	90%	0%	10%
Bookkeeper/Administrator	32%	63%	0%	5%
IR/HR Professional	0%	64%	0%	36%
Technician	0%	0%	62%	38%
Secretary/Typist	23%	77%	0%	0%
Cashier	37%	16%	47%	0%
Receptionist	43%	57%	0%	0%
Switchboard operator	34%	62%	0%	3%
Security/Surveillance	0%	0%	100%	0%
Public Relations	33%	53%	0%	13%
Sales and Marketing	38%	12%	3%	43%
Driver	0%	0%	84%	16%
Messenger	42%	0%	58%	0%
Janitor/Cleaner	0%	0%	100%	0%
Tour broker	68%	32%	0%	0%
Travel consultant/organizer	20%	72%	1%	8%
Tour guide	6%	48%	8%	38%
Maid/Cleaner	70%	2%	28%	0%
Part-time functions assistance	19%	32%	49%	0%

Profile of Conservation and leisure sub-sector

Occupational sub-category	Female		Male	
	Black	White	Black	White
Chairperson/CEO/MD	0%	13%	8%	80%
General Manager	2%	23%	21%	55%
Department Manager	12%	22%	17%	50%
Supervisor Manager	12%	19%	54%	15%
Accountant	48%	5%	5%	43%
Bookkeeper/Administrator	28%	44%	23%	5%
IR/HR Professional	42%	17%	8%	33%
Technician	0%	0%	67%	33%
Secretary/Typist	23%	73%	3%	0%

Cashier	60%	0%	20%	0%
Receptionist	31%	69%	0%	0%
Switchboard operator	25%	75%	0%	0%
Security/Surveillance	0%	0%	98%	2%
Public Relations	20%	80%	0%	0%
Sales and Marketing	19%	19%	0%	61%
Driver	0%	0%	91%	9%
Messenger	0%	0%	100%	0%
Janitor/Cleaner	18%	0%	82%	0%
Labourer/gardener	0%	0%	100%	0%
Housekeeper	98%	0%	2%	0%
Maid/Cleaner	88%	0%	12%	0%
Chef	38%	7%	44%	11%
Waiter/waitress	87%	0%	13%	0%
Scientist	17%	0%	0%	83%
Field Ranger	0%	5%	28%	67%
Game warden/manager	4%	6%	64%	26%
Tracker	0%	0%	100%	0%

Profile of Gambling and lotteries sub-sector

Occupational sub-category	Female		Male	
	Black	**White**	**Black**	**White**
Chairperson/CEO/MD	0%	0%	25%	75%
General Manager	10%	28%	24%	38%
Department Manager	0%	0%	33%	67%
Supervisor Manager	24%	39%	12%	24%
Accountant	0%	0%	33%	67%
Bookkeeper/Administrator	74%	19%	6%	0%
IR/HR Professional	0%	0%	80%	20%
Technician	0%	0%	61%	39%
Secretary/Typist	58%	42%	0%	0%
Cashier	36%	41%	23%	0%
Receptionist	38%	31%	31%	0%
Switchboard operator	50%	50%	0%	0%
Security/Surveillance	26%	11%	53%	11%
Public Relations	50%	50%	0%	0%
Sales and Marketing	55%	1%	43%	1%
Labourer/gardener	0%	0%	100%	0%
Maid/Cleaner	63%	0%	37%	0%
Kitchen hand	74%	0%	26%	0%
Caterer	25%	0%	25%	50%
Waiter/waitress	76%	24%	0%	0%
Watchman/porter/doorkeeper	0%	0%	100%	0%
Croupier/bookmaker	49%	13%	23%	14%
Ticket sellers/game controller	71%	9%	14%	7%

Profile of Sport and recreation sub-sector

Occupational sub-category	Female		Male	
	Black	White	Black	White
Chairperson/CEO/MD	8%	24%	17%	51%
General Manager	6%	12%	32%	51%
Department Manager	9%	22%	25%	44%
Supervisor Manager	0%	14%	19%	67%
Accountant	19%	56%	13%	31%
Bookkeeper/Administrator	58%	39%	0%	3%
IR/HR Professional	0%	33%	33%	33%
Technician	0%	0%	100%	0%
Secretary/Typist	24%	66%	5%	5%
Cashier	33%	33%	33%	0%
Receptionist	50%	50%	0%	0%
Switchboard operator	100%	0%	0%	0%
Security/Surveillance	0%	0%	100%	0%
Public Relations	41%	36%	18%	5%
Sales and Marketing	15%	31%	15%	38%
Driver	0%	0%	100%	0%
Messenger	0%	0%	100%	0%
Janitor/Cleaner	27%	0%	68%	5%
Labourer/gardener	4%	0%	95%	2%
Coach	1%	0%	66%	33%
Referee	0%	0%	33%	67%
Professional athlete	0%	0%	37%	63%
Instructor	71%	0%	14%	14%
Trainer	6%	29%	15%	50%
Kitchen hand	73%	0%	3%	23%
Scientist	8%	31%	31%	31%

APPENDIX B: WHO IS THE TOURIST?

The current debate in South Africa is the relative importance of international versus domestic tourists. SATOUR reports that while domestic tourism presently exceeds international tourism by 50%, the rapid growth in international tourism would outgrow domestic tourism in the next five years.

There are two important concluding impressions in this report. The first is that domestic tourism is not receiving a high degree of attention by South African tourism authorities as compared to international tourism. The Tourism Cluster Report[124] says that an important missing piece of information is tourist's needs in the domestic and regional market. The report indicates further, that is little or no research conducted to establish current and future needs and wishes of these customers that constitute a captive market for South Africa.

The second, is the misconception in South African tourist data about African visitors to the country. Many African visitors are in fact migrant workers. An IDASA publication[125] has found that about 1.6 million visitors in 1999 were from Lesotho alone, the bulk of whom could not be categorised as tourists.

On the other hand, a very interesting and profitable asoect of the pattern of African tourism is that a high proportion of cross-boarder visitors are really shoppers. They come here to buy consumer goods like fridges and television sets that they cannot obtain at comparable prices in their own countries. The importance of African visitors can be seen in the difference in spending patterns when compared to European tourists. The European tourist spends just under R600 compared to over R 1 200 per day[126].

FLOW OF VISITORS TO SOUTH AFRICA

Arrival figures reveal that the tourism industry is on a growth path. Since 1994 there has been a 37% increase in foreign tourist arrivals to South Africa. In 1999, 5 890 507 foreign tourists visited South Africa, representing an increase of 2.8% over 1998. The table below shows the progressive growth in foreign arrivals.

Year	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**
Foreign Arrivals	3669850	4488270	4944430	4976340	5732039	5890507

Total Foreign Tourist Arrivals to South Africa[127]

African Arrivals to South Africa

Overseas arrivals totaled 1 491 057 compared to African arrivals of 4 272 153[128]. African arrivals represents 72% and the overseas arrivals, 28% of the total international tourists. In the African market there were increases from Mozambique (24%), Botswana (12%) and Swaziland (3%). The previously dominant African markets, Zimbabwe and Lesotho experienced declines, by 6% and 3% respectively. A breakdown of African arrivals by country is shown in the table below.

Country	**1999**	**1998**	**% Increase/Decrease**
Angola	29309	32046	-8.5%
Botswana	549818	490275	12.1%
Egypt	2864	3193	-10.3%
Kenya	1468	16623	-11.7%
Lesotho	1582401	1634690	-3.2%
Malawi	69411	65822	5.5%
Mozambique	422203	341051	23.8%
Namibia	200982	199854	0.6%
Swaziland	777472	754999	3.0%
DRC	4757	4406	8.0%
Zambia	67017	61844	8.4%
Zimbabwe	491533	523301	-6.1%
Other	59701	55776	7.0%
TOTAL	**4 272 153**	**4 183 880**	**2.1%**

African Arrivals to South Africa in 1999 and 1998[129]

Total Visitor Arrivals to South Africa

South Africa has been able to sustain the dominant markets in Europe in 1999. The country also experienced growth in the Asian and Middle-East markets. This means that these are potential markets in the future. The table below gives a comphrensive picture of arrivals to South Africa.

Source Country	**1999**	**1998**	**%Increase/Decrease**
EUROPE			
Austria	23655	24906	-5%
Belgium	36148	35248	2.6%
Denmark	15782	14970	5.4%
Finland	5094	5467	-6.8%
France	84460	72994	15.7%
Germany	205955	195878	5.1%
Greece	6744	6484	4%
Ireland	18470	17714	4.3%
Italy	38757	37204	4.2%
Netherlands	85586	83022	3.1%
Norway	10175	9604	5.9%
Poland	5642	4404	28.1%
Portugal	27974	25403	10.1%
Russia	4860	5351	-9.2%

Spain	20005	15007	33.3%
Sweden	20890	20869	0.1%
Switzerland	35183	36754	-4.3%
UK	334226	321281	4%
Other	18606	17705	5.1%
SUB-TOTAL	**998212**	**950265**	**5%**
NORTH AMERICA			
Canada	26989	27544	-2%
USA	166236	166071	0.1%
SUB-TOTAL	**193225**	**193615**	**-0.2%**
CENTRAL & SOUTH AMERICA			
Argentina	15667	14749	6.2%
Brazil	14469	18385	-21.3%
Chile	2706	3581	-24.4%
Other	9442	8682	8.8%
SUB-TOTAL	**42284**	**45397**	**-6.7%**

AUSTRALASIA			
Australia	55186	5559	-0.7%
New Zealand	12260	12150	0.9%
Other	1019	776	31.3%
SUB-TOTAL	**68465**	**68485**	**0.0%**
ASIA			
Hong Kong	11959	14351	-16.7%
India	25212	20904	20.6%
Japan	23137	22178	4.3%
Korea	6895	5734	20.2%
Malaysia	7681	7014	9.5%
Philippines	7237	7186	0.7%
Singapore	7627	6466	18.0%
Taiwan	18607	18531	0.4%
Thailand	5346	3221	66%
Other	33707	24613	36.9%
SUBTOTAL	**147408**	**130198**	**13.2%**
MIDDLE EAST			
Israel	15253	14346	6.3%
Other	13253	13039	1.6%
SUB-TOTAL	28506	27385	4.1%
INDIAN OCEAN ISLANDS			
Mauritius	10864	10698	1.6%
Reunion	933	1220	-23.5%
Seychelles	1162	1138	2.1%
SUB-TOTAL	12959	13056	-0.7%
AFRICA*			
SUB-TOTAL	**4272153**	**4183880**	**2.1%**
UNSPECIFIED	127295	119758	6.3%
GRAND TOTAL	**5890507**	**5732039**	**2.8%**

*See table above for African arrivals breakdown by country

International Arrivals to South Africa for 1998 and 1999[130]

APPENDIX C: TOURISM LITERATURE REVIEW

Completed by Judith Shier for TURP.

Introduction

The references are arranged under the following headings:

- General – tourism, international
- General Industrial policy -SA
- Government Documents (national, provincial, metropolitan)
- Local studies
- Marketing
- Types of tourism: heritage, community, cultural etc
- Tourism and hospitality training
- Hospitality
- Statistics
- Websites

Note that this is not a comprehensive bibliography. It comprises a starting point for further research. In particular material on tourism in the Provincial and Metropolitan sectors was difficult to obtain, with the exception of KwaZulu Natal. Hospitality is also not as well researched as tourism, and therefore less seems to exist on its own as hospitality.

Non-South African material was considered outside the scope of this search, but where material was obtained that looked valuable it was included.

An attempt to search for the location of all the material listed here could not be made in the time available. Where the location could be obtained it is indicated in the list. Everything available in TURP is indicated as being here.

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www.gov.za
www.environment.gov.za
www.satour.com (for news on tourism, institutions and initiatives eg Tourism Business Council of SA)
www.dti.gov.za
www.world-tourism.org
www.ecotourism.org
www.idc.co.za (for info on financing of tourism)
www.parks-sa.co.za
www.up.ac.za/academic/economic/tourism/tem/centre/staff.html (For Ernie Heath; have emailed them for details of publications)

Metro Tourism
www.durban.gov.za/economic
www.eastcoast.co.za/users/mxa – MacIntosh Xaba and Associates consultants who have done some work on the tourism industry – details unknown.

Provincial tourism Departments

Free State
Gauteng
Kwa-Zulu Natal www.tourism-kzn.org
Mpumalanga
Northern Cape
Northern Province
North West
Western Cape www.capetourism

For a number of useful sites on Tourism go to www.gov.za, where they are listed on the main page under tourism and travel. Eg Fedhasa, Provincial tourism departments.

Skills Development International Web Sites: (From a Dept Labour Bibliography for Skills Development Facilitators)
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