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CHAPTER 2

STRUCTURE OF THE TOURISM INDUSTRY IN SOUTH AFRICA

2.1 INTRODUCTION

Political reform, new environmental policies, the signing of international agreements, the development of a participatory approach to policy making and greater transparency at all levels of Government have laid the foundations for sustainable tourism development in South Africa. Restructuring of the DEAT and an increased public awareness of environmental issues are all positive steps towards sustainable tourism development (DEAT, 1999a:40).

The National Business Initiative (NBI) (2001b:1) argues that as a unique developing economy, South Africa has sound infrastructure in terms of roads, telecommunications, electricity and water. However, quite a number of challenges remain for South Africa. Challenges include an unacceptably high unemployment rate, labour demands, a lower than expected growth rate and an endemic skills shortage. Crime and the lack of a comprehensive approach to the HIV/Aids pandemic are also challenges faced by the Government.

This chapter focuses on the history of tourism, the role of Government in tourism and Government's involvement in tourism. Government tourism policy and special tourism initiatives are also discussed. An outline is given of the structure of tourism in South Africa. The major role players in tourism are considered as well as the major functions and initiatives of various role players. The quality and standards of tourism in South Africa are referred to, and entrepreneurship and tourism are discussed from an international and national perspective.

2.2 THE HISTORY OF TOURISM

The history of tourism is described from an international perspective, a

national perspective as well as against the background of the political-governmental environment in South Africa.

2.2.1 An international perspective on the history of tourism

The history of entrepreneurial tour operators that put together and sell holiday packages can be traced back to the activities of the British pioneer Thomas Cook in the 1840's, and to travel by rail and sea. Modern tour operation is related to developments in the airline industry in the late 1950's and the 1960's in north Europe generally and especially in the United Kingdom (UK). Energetic entrepreneurs saw a growth opportunity and a "boom industry" began. Quickly adopting the latest jet aircraft, the demand continued to expand through the 1970's and 1980's when market expansion seemed limitless (Middleton and Hawkins, 1998:184).

The era of so-called "mass tourism" was associated with large tour operators who catered especially for first-time and travel-inexperienced customers in about a 20-year period between the 1960's and 1980's. It was the fortuitous combination of aircraft technology and airline economics, continuous growth in demand for international holidays and increasing resort capacity that stimulated the emergence of large-scale tour operations. Tour operators further stimulated market growth through their promotional activities and aggressive pricing policies. Importantly, at least until the 1990's, the large operators could take for granted the environment at individual destinations, using it as a "free" resource to be exploited for profit (Middleton, *et al* 1998:184).

2.2.2 A national perspective on the development of travel agencies and tour operators

Indications are that the first booking agent in South Africa was John Thompson Rennie who commenced business in 1849 and he was mainly involved in passenger and cargo shipping, which at the time was the only form of transport available to passengers travelling overseas. He formed a passenger and shipping line called the "Aberdeen Direct Line of Clippers" to Port Natal that

consisted of 14 sailing ships, the largest being only 467 tons. In 1858 Rennies Travel, as it was then known, was started in Cape Town. In 1874, Rennies Travel in Durban commenced business serving this shipping line (Lubbe, 2000:26).

The growth of passenger travel in South Africa is closely linked to the development of transport in the region. In 1857 the mailship service started in South Africa, which carried passengers and cargo between South Africa and the UK. Two shipping lines, the Union Line and the Castle Line were the major contenders for the lucrative mail contract (which also carried passengers). In 1900 these two shipping lines merged to become the Union Castle Line. Passengers initially reserved their passages on these ships directly with them. The Union Castle Line also had a department called a rail section where passengers who travelled by rail from Johannesburg to Cape Town and return, could make their reservations (Lubbe, 2000:26).

In 1927 the South African Railways established a Publicity and Travel Department which was mainly concerned with advertising and bookings of services of the South African Railways. They also branched into booking for the shipping lines. Passengers were able to reserve their sea passages at booking agents which ranged from grocery shops to general stores where, as well-known travel executive Henry Irving recalls: "You could go in and buy a pound of butter and a passage to England at the same time". After the war, travel agents such as Thomas Cook were established names in the travel industry, but at that time they still sold mainly shipping and rail travel (Lubbe, 2000:26).

The first real attempt at "mass travel" came about in the 1960's when Max Wilson started the Overseas Travel Club and negotiated so-called "block bookings" with the Union Castle Line for passages to England. With the growth of air travel, charters also grew as a form of "mass travel". The Castlemarine Travel was established in 1963 to manage the Union Castle Line passenger's travel side. It subsequently diversified into all forms of general travel and quickly exploited the potential of general travel linked to sea travel. Sea travel

became a leisure activity that people saw as a holiday and therefore the popularity of cruise travel increased tremendously (Lubbe, 2000:26).

South African Airways (SAA) was established in 1934 by acquiring all assets and liabilities of a business called Union Airways and began with chartered and scheduled flights between Cape Town, Durban and Johannesburg. The first international service commenced in 1945 to Bournemouth and in 1960 SAA began flying Boeing 707 to the UK and Europe. Other international airlines such as KLM, Lufthansa and Alitalia started flying into South Africa in the 1950's. Car rental started in 1967 when Noel de Villiers started a business called Zeda Car Rental, which from 1969 subsequently started to operate under the name of Avis (Lubbe, 2000:27).

The 1960's can probably be regarded as the era that changed the face of the travel industry. This period was characterised by the intense growth of air travel with travel agencies branching into general travel and tours, both on a mass scale as well as smaller group travel. There were many mergers of travel agencies and the establishment of tour operators brought on the growth in large travel agencies, many smaller agencies as well as tour wholesalers. This growth has continued until today where we see major changes again taking place in terms of automation, joint ventures, franchises and alliances (Lubbe, 2000:28).

2.2.3 The political-governmental environment in South Africa

Over the years the tourism industry in general and some tourism establishments in particular have been affected by legislation not directed specifically at the tourism industry. This included legislation prohibiting Africans from staying in hotels or other accommodation reserved for whites, reservation of beaches and other public facilities for exclusive use by whites and pass-law restrictions on the movement of Africans. This legislation was the result of the apartheid policy, which was implemented in 1948. This policy not only dampened the growth of black tourism in general, but was also a major cause of embarrassment for the Government in the rest of the world. During the 1970's

and 1980's South Africa was increasingly isolated from the rest of the world. Economic and other sanctions were imposed, including measures to discourage citizens of foreign countries from visiting South Africa. South Africans were also denied the opportunity of visiting some foreign countries (Bennett, 2000:181).

President de Klerk announced on 2 February 1990 the unbanning of the African National Congress (ANC) and other organisations, and also the release of all political prisoners, amongst them the jailed ANC leader Nelson Mandela. Negotiations on a new South African Constitution started on 18 November 1993. It paved the way for South Africa's return to the international community, bringing with it new opportunities for tourism. Overseas tourists were once again encouraged to visit South Africa, and South African citizens were free to visit overseas destinations that had previously been closed to them (Bennett, 2000:182).

The first democratic elections held in April 1994 impacted profoundly on the tourism industry. Although many foreign tourists avoided the country at the time of the elections, the thousands of international journalists and observers injected millions into the local tourism industry. After the elections, tourist activity increased considerably and the number of international tourist arrivals continued to grow. New hotels were built and the number of airlines serving the South African route doubled in a very short period (Bennett, 2000:182).

At present, the political-governmental environment is possibly the most turbulent environment in South Africa. Changes are taking place at an increasingly rapid pace while it forces the industry to focus heavily on the environment (Bennett, 2000:179).

2.3 GOVERNMENT'S INVOLVEMENT IN TOURISM

The involvement of Governments in tourism is treated from an international perspective, a Third World perspective and a perspective on Africa.

2.3.1 An international perspective on Government's involvement in tourism

Governments became involved in tourism historically, and are still involved in the management of tourism today, mainly for economic reasons. This is true of Governments at all levels: they all expect their economies to benefit from tourism. Tourism is seen as a major industry and a boost to the economy generally, partly through the results or "flow on" of the multiplier effect. Many countries have foreign exchange deficits and inbound tourism expenditure helps to rectify this deficit (Elliott, 1997:29).

Japan on the other hand, is in the unusual position of being criticised for large foreign exchange surpluses and therefore encourages outbound tourism to cut the surplus. Countries can also have deficits on their tourism account where their nationals are spending more overseas than what foreign tourists are bringing into the country such as in the UK in 1995. This tourism deficit makes a foreign exchange deficit worse. For some countries tourism is the single most important foreign currency earner, as in Thailand where tourism replaced rice exports in 1983 as the number one foreign currency earner (Elliott, 1997:29).

It is only Governments that have the power to provide the political stability, security and the legal and financial framework which tourism requires. Governments provide essential services and basic infrastructure. It is only a Government that can negotiate and make agreements with other Governments on issues such as immigration procedures or flying over and landing on national territory. Governments have power, but how they use this depend upon many factors including political culture, the political and economic power holders and their perception of the tourism industry (Elliott, 1997:2). The main tourism objective of Governments should therefore be to increase the number of tourists visiting the country, consequently increasing the amount of foreign exchange entering the country and thereby strengthening the balance of payments position (Elliott, 1997:58).

Hall (2000:135) argues that Governments shape the economic framework for the tourism industry although international economic factors that relate to exchange rates, interest rates and investor confidence are increasingly important. Governments provide the educational requirements for tourism, establishes the regulatory environment in which business operates, and takes an active role in promotion and marketing. In addition, tourism may be politically and economically appealing to Governments because it can potentially give the appearance of producing results from policy initiatives in a short period of time in terms of visitor numbers and/or employment generation (Hall, 1998). For example, the European Union (EU) argues that "the importance of tourism in a region's development is due in particular to its job-creating capacity, to its contribution to the diversification of economic regional activities and to various indirect effects of expenditure by tourists" (EU, 1998, Section 74).

2.3.2 A Third World perspective on Government's involvement in tourism

Mowforth and Munt (1998:282) state that tourism is used by some Third World Governments to gloss over glaring social inequalities and in some cases, the systematic abuse of human rights. For many Third World countries, political stability is one of the principal keys to secure a steady stream of First World tourists. First World's judgement of such instability affects a country's tourism fortunes. It is not only the actual occurrence of political instability that is of critical importance, but rather the way that it is perceived, constructed and represented in the First World. It can be argued that it is also the perception of sustainability by First World agencies that are crucial to how some forms of tourism in Third World countries are considered. It contributes to emphasise the inherently political nature of tourism development and the way in which power is transmitted through tourism.

Middleton, *et al* (1998:6) summarise the attraction of tourism to Governments in the economically developing world (Jeffries, 2001:24). They argue that it is especially attractive to Governments because of the opportunities in tourism, namely:

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- Massive size, recent growth and widely forecasted potential for future development;

- Ubiquity - there are few areas in the world in which travel and tourism is irrelevant either as a region of origin or destination for visitors, or both;

- Significance for the economic, foreign currency and employment needs of most countries in the world. It is especially relevant to smaller developing countries with otherwise limited resources to sustain the economic demands of growing populations;

- Conferment of potential economic values in natural, cultural and other heritage resources such as scenery, wilderness, historic structures, bio-diversity in flora and fauna and environmental quality. All these have intrinsic values measured in world environment terms, but typically have no obvious trading value to most resident populations;

- Contribution to the quality of the lives of virtually all residents; and

- Relatively low pollution output of servicing organisations compared with other major global sectors of the economy such as intensive agriculture, fisheries, chemical industries, manufacturing and extractive industries.

2.3.3 A perspective of African Government's involvement in tourism

Teye (2001:123) states that a number of arguments were raised in the 1970's and 1980's in support of tourism development on the African continent. For the most part, the majority of complaints were economic in nature (de Kadt, 1979; Lea, 1988). To consider are specific African conditions and concerns, namely:

- Most African Governments see their responsibility as the provision of an adequate supply of foreign exchange for the payment of imports of capital and consumer products. Tourism is seen as a means to diversify Africa's mono-cultural economies since economic fortunes are highly

dependent upon the export of a few unprocessed agricultural and mineral products. For example, by the mid-1980's, 25 out of 46 sub-Saharan African (SSA) countries were totally dependent on agricultural exports, while 17 countries derived over 80 percent of their export earnings from less than four commodities;

- Closely related to the foreign exchange arguments, are assertions that tourism can assist in preventing and alleviating widespread and persistent unemployment in African countries. Tourism is labour-intensive and requires a significant proportion of unskilled labour. Tourism is only in the third place in the process of economic development. It progresses after agriculture and industrialisation;

- Tourism supports policies that pursue spatially comprehensive regional development activities. The tourism industry provides jobs and economic growth points in areas that would otherwise remain undeveloped because they are not fit for either agriculture or resettlement purposes; and

- Many African countries experience rapid population growth, expanded land-use and congested urban areas. Countries establish environmental protection agencies and ministries for the environment, but several are turning to tourism-related activities in order to protect the ecosystem.

Burger, Dohnal, Kathrada and Law (2001:403) argue that Africa has much to offer as a future tourist destination, provided that it is cured of mismanagement and corruption. Tourism depends entirely on the quality of resources and political stability of a destination. However, South Africa has not yet been able to realise its full potential in tourism. The contribution of tourism to employment, small business development, income and foreign exchange earnings remain limited. Wildlife parks, beautiful scenery, cultural diversity or other resources do not determine South Africa's tourism success. Its success will rather be

determined by how well such resources are managed and to what extent they complement human skills and innovations.

The involvement of Governments in tourism varies from country to country and depends on the priorities each Government has. Governments will always be involved in tourism and to a lesser or greater extend, have some impact on the industry.

2.4 THE IMPORTANCE OF TOURISM TO GOVERNMENTS

Tourism is important to Governments for a number of reasons, namely:

2.4.1 Representing the population

Governments represent the people at the level where tourism and policies have a direct impact. Policies have to be implemented at this level and local citizens can have the power to influence results. Local Governments have responsibilities to the citizens as well as to assist the tourism industry as it acts as a bridge between the citizens and the industry. How effectively a Government operates will depend upon its skill in balancing various political, economic, social and legal pressures and conflicting interests. Market forces and power groups in the local community, tourism developers and national Governments can all have an effect (influence) on tourism. At the local level a Government has many responsibilities such as the provision of basic services, while tourism has to be balanced with these services (Elliott, 1997:174).

Governments should enable local people to appoint representatives and managers to administer the local area on behalf of the residents. Therefore, representatives at the local level should take decisions that affect local people directly. Democracy means that politicians are elected to look after the local people. A Government is therefore responsible for their welfare and to represent their interests before all others (Elliott, 1997:136).

2.4.2 The co-ordination role of Governments

Co-ordination is necessary both within and between the different levels of a Government in order to avoid duplication of resources between the various Government tourism bodies and the private sector, and to develop effective tourism strategies. Given the large number of public organisations which have an interest in tourism matters, one of the main challenges for a Government is to bring the various organisations and agencies together to work for common policy objectives (Hall, 2000:136).

Furthermore, in several jurisdictions, Governments often serve to help co-ordinate private sector activities as well (Hall, 2000:135). In several nations such as Israel and in several regions, notably the island states of the Pacific (Hall and Page; 1997), national tourism development plans have been drawn up in which Government identifies which sectors of the industry will be developed, the appropriate rate of growth and the provision of capital required for expansion (Hall, 2000:136).

2.4.3 The Government as a public interest protector

Hall (2000:142) argues although not necessarily tourism specific, the role of the Government as a public interest protector has major implications for the development of tourism policy. Indeed, public tourism planning, particularly from the community and sustainable approaches in which equity is a major consideration, serves as an arbiter between competing interests. Ideally, policy decisions should reflect a desire to meet the interests of the relevant level of the Government e.g. national, provincial/state or local, rather than the sectionally defined interests of components of the tourism industry (Hall, 1994).

However, Government's role as interest protector has major implications for tourism and sustainability. As Blowers (1997:36) notes: "In the UK, the long period of privatisation, deregulation, the cut in public expenditure and attacks on local Government have resulted in a democratic deficit. It led to a dispersal of

power to unelected quangos and business interests and unsustainable developments" (Hall, 2000:143).

2.4.4 The Government's stimulation role of tourism

According to Mill and Morrison (1985), Governments can stimulate tourism in three ways. *First*, financial incentives such as low-interest loans or a depreciation allowance on tourist accommodation, although "their introduction often reflected both the scarcity of domestic investment funds and widespread ambition to undertake economic development programmes" (Bodlender and Davies, 1985 :11). A *second* aspect of Government stimulation of tourism is to sponsor research for the general benefit of the tourism industry, rather than for specific individual organisations and associations. The *third* dimension of the stimulation role is that of marketing and promotion, generally aimed at generating tourism demand. It can also take the form of investment promotion that are aimed to encourage capital investment in tourism attractions and facilities (Hall, 2000:138).

2.4.5 The Government as an entrepreneur

Governments had long an entrepreneurial function in tourism. Governments not only provide basic infrastructure, but may also own and operate tourist ventures such as hotels and travel businesses. Governments at all levels also have a long history of involvement in promoting tourism. However, the entrepreneurial role of Government in tourism is changing in a climate in which less Government intervention is being sought. It implicates the development of increased public-private arrangements in tourism-related development projects and the conduct of such developments on a commercial basis (Hall, 2000:137).

The role of the Government as an entrepreneur in tourism development is closely related to the concept of the "devalorisation of capital". The "devalorisation of capital" (Damette, 1980) (Hall, 2000:137) is the process by which the Government subsidises part of the cost of production, for instance by assisting in the provision of infrastructure or by investing in a tourism project

where private venture capital is otherwise unavailable. In this process private costs are transformed into public or social costs. For example, in India several states have created tourism development corporations for the purpose of encouraging tourism development and investment. The Tourism Corporation of Gujarat developed a tourism plan which included several tax concessions for investors such as exemption from luxury tax, sales tax, electricity duty, turnover tax and entertainment tax and long-term loans from state institutions. This in part, has helped to address the negative image of India overseas as a tourism destination. It also addressed the limitations on foreign direct investment for tourism prior to the Government's economic liberalisation measures in the 1990's (Chaudhary, 1996).

2.5 GOVERNMENT POLICY AND TOURISM

Government policy and tourism are discussed from an international and national perspective.

2.5.1 An international perspective on Government policy and tourism

Hall (2000:16) divides international tourism policies among the developed nations into four distinct phases as presented in Table 2.1 (page 28). Of particular importance is the increased direct involvement of Governments in regional development, environmental regulation and the marketing of tourism. However, more recently there has been reduced direct Government involvement in the supply of tourism infrastructure, and greater emphasis on the development of public-private partnerships and industry self-regulation (Hall, 1994).

The Organisation for Economic Co-operation and Development (OECD) (1997:64) argue that continuing efforts are needed to document and analyse the growing number of initiatives in countries to modify unsustainable patterns of consumption and production, and to clarify the implications of policies, particularly their impacts on consumer welfare, employment and competitiveness.

Table 2.1: International tourism policies from 1945 to the present

PHASE	CHARACTERISTICS
1945 - 1955	The dismantling and streamlining of the police, customs, currency and health regulations that had been put into place following the second world war
1955 - 1970	Greater Government involvement in tourism marketing in order to increase tourism earning potential
1970 - 1985	Government involvement in the supply of tourism infrastructure and in the use of tourism as a tool of regional development
1985 - present	Continued use of tourism as a tool for regional development, increased focus on environmental issues, reduced direct Government involvement in the supply of tourism infrastructure, greater emphasis on the development of public-private partnerships and industry self-regulation

Source: Hall, 2000:16

A clear need also exists to identify where the existing array of policy tools could be strengthened or new measures designed to address consumption and production patterns identified as unsustainable (e.g. subsidy removal, green tax reform, voluntary agreements, product policies, education and information, land-use planning, investment, incentives to innovation and technology policy). Therefore, Government leadership is an essential factor to encourage change by economic actors. Priorities for Government policy development include:

- The sharpening of the understanding of essential issues in the sustainable consumption and production debate, including the related concepts of "eco-efficiency" and "dematerialization", and analysing their potential to provide a more meaningful frame of reference for Governments, the private sector and households; and

- The generation of a wider debate in society on sustainable consumption and production and its implications for broader societal objectives, economic development and social progress. A spectrum of environmental, economic and social issues are likely to be affected by

changes in consumption patterns. Thus, systematic mechanisms are needed to promote active participation and dialogue amongst the multiple stakeholders within nations.

Policy and legislation

Jeffries (2001:103) says that some legislation has a clear, direct relevance to tourism which provide a framework within which an identifiable core of Government departments and agencies formulate and implement policies for leisure, recreation and tourism. Two relevant kinds of legislation are worth identifying in more detail. The *first* covers general areas that may have significant consequences for tourism, positive or negative, such as legislation concerned with immigration, consumer protection, road safety and liquor licensing. The *second* kind is that which is concerned directly with the development and regulation of the leisure, recreation and tourism industries. It also covers protection of the built and natural environments and other assets that have special significance in the context of tourism.

The *first* kind of legislation draws Governments and public authorities into considering its impacts on tourism and into debate with interested lobbies, pressure groups and individuals. The *second* kind is directly entered into with tourism in mind either in its own right or as an element within the wider field of leisure, recreation and tourism.

In most of the developed countries, it is the private sector that has adopted the role of a major or a senior partner. The Government's role has been confined to that of a policy maker and the one that is really involved in the regulation of the industry. To recognise the industry's enormity and its structural complexity, one of the essential conditions for the successful development and promotion of tourism in any country is the active involvement of all players of the industry at all levels. In the public sector, the involvement is needed not only at the national or central level, but also at the regional, local and community levels. In the private sector, a vast number of firms and organisations of diverse types are

more and more involved in the development of the tourism industry (Jeffries, 2001:109).

France (1997:213) states that sustainable tourism development can only be achieved when tourism is managed in a controlled and integrated manner and is soundly based in careful and effective legislative restriction. Many examples exist of uncontrolled developments that may reap short-term benefits but which in the longer term, have led to socio-cultural and environmental problems and to the emergence of poor quality destinations (Inskeep, 1994). Without an overarching national plan, unsupported regional and local efforts are less likely to achieve a long-term solution to the damaging impacts that tourism often generate.

2.5.2 A national perspective on Government policy and tourism

Policy describes what people plan to do and how they will do it. Government policy can lead to new or changed laws and changes the way in which Government departments are organised and funded. Policy can be made at the National, Provincial or Local level. Policy can also be made in business, Non-Government Organisations (NGO's) and Community-Based Organisations (CBO's) (DEAT, 1996b:3).

As stated by the DEAT (1999b:96) Provincial and Local Governments operate within the national framework of sustainable development and integrated environmental management, as spelt out in the Environmental Management Policy (1999). Where appropriate, Provincial and Local Governments develop their own laws and strategies to suit their specific needs and conditions. They will do this within the framework of the Environmental Management Policy (1999). Where necessary, Provincial and Local Governments may apply stricter norms and standards to ensure the protection of human health and wellbeing and ensure environmental sustainability. The responsibility for managing environmental impacts must be done at the level of Government that is most effective and it will depend on:

- The size and scope of the impact(s);
- Whether there is a conflict of interest involved or not;
- The existing environmental management capacity in each sphere of Government and its ability to:

  - Ensure environmental sustainability;
  - Achieve integration and co-ordination;
  - Make environmental rights a reality; and
  - Get stakeholders to participate.

Local authorities have therefore a key role to play in monitoring how individuals and organisations comply with environmental norms and standards.

The DEAT (1999b:23) says that the mandate for the Government's Environmental Management Policy comes from:

- The universal duty to protect the environment to ensure that all people survive and have a better quality of life; and
- The Bill of Rights in the South African Constitution (Act No. 108 of 1996).

Section 24 of the Constitution guarantees that everyone has the right to:

- An environment that is not harmful to their health or well-being; and
- Have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that:

  - Prevents pollution and ecological degradation;
  - Promotes conservation; and
  - Secures ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

2.6 SPECIAL INITIATIVES BY NATIONS

A number of international and national tourism related initiatives that seem to be successful are the following:

2.6.1 Foreign direct investment, foreign trades and taxes

The Gauteng Economic Development Agency (GEDA) (2001:13) examines why Ireland is successful in attracting foreign direct investment, namely because of:

- Visible Government commitment to attract foreign direct investment and support across political party lines;
- Targets for economic growth are set high (about 15 percent per annum);
- The economy focuses on niche high-growth sectors in which the country can compete globally;
- The education system is pro-active, industry-orientated and well funded;
- Tax and investment incentives are extremely competitive. For example, Ireland's corporate tax rate is only 10 percent, compared to South Africa's 30 percent; and
- The country is as free from bureaucracy as possible. It has been described as a "bureaucracy-free zone".

Mauritius capitalises on its strategic location and relies on its sound domestic and economic base to establish itself as a premier international business centre. In 2000, Mauritian imports exceeded R15 billion and foreign trade has grown by no less than 5 percent annually over the past five years. Mauritius is becoming an important investment hub that offers quality service, reliability and securities with an excellent market access (African Connexion, 2002:14).

The World Tourism Organisation (WTO) (1998:12) argues that The British Tourist Authority indicates with the following example their high return on investment in tourism. They estimate that every £1 that the British Government spends on marketing, results in £25 that is spend on tourism.

Therefore, if the Government were to receive 25 percent of tourism spend in taxes, the Government's return on investment would be over 600 percent.

In South America, Chile and Colombia allow the deduction of VAT on services provided to foreign tourists. This tax exemption gives these countries a significant price advantage over neighbours such as Argentina and Bolivia, where such exemption does not apply (WTO, 1998:13).

2.6.2 Marketing strategy

Ranked the best African stand at the World Trade Market Fair in 2000, Kenya adopted a new marketing strategy. With a stand that depicts a rich natural habitat, it was distinct from hundreds others. Kenya strengthens its marketing strategy by injecting more funds to build expert marketing teams and new advertising campaigns. They also extend their network by appointing new global market development representatives in the country's key source markets in Europe, the United States of America (USA) and Asia (Kwena and Mugonyi, 2002:10).

2.6.3 Tourism and Agenda 21

Agenda 21 comprises a detailed plan of action and set specific initiatives for all nations to undertake in the achievement of sustainable development. Agenda 21 were adopted by 180 nations. It offers policies and programmes to achieve a sustainable balance between consumption, population and the earth's life supporting capacity (DEAT, 2000a:8). South Africa committed itself to have a national sustainable development strategy in place by the year 2002 at the United Nation's (UN's) General Assembly Special Session (RIO+5) in 1997. In terms of the National Environmental Management Act (No. 107 of 1998), all levels of the South African Government are required to submit reports on their progress in terms of sustainable development practices every year (DEAT, 2002b:3).

South Africa is 1 of 11 countries in the world that have formally embarked on a National Local Agenda (LA) 21 campaign. This process is transforming local governance in conjunction with decentralisation policies that originate at National level (DEAT, 2002b:3). The aim of LA 21 is to change the way that Local Governments are organised to ensure that municipal services are sustained. This objective requires a strategic planning approach that equally factors long-term community, ecological and economic concerns into the development and provision of current municipal services. There are currently approximately 10 formal LA 21 initiatives that take place in South Africa. Among these are the cities of Johannesburg and Pretoria (DEAT, 2000a:20).

The LA 21 principles are also integrated into the Local Government's planning processes. Several National policy documents such as the Constitution of the Republic of South Africa (Act No. 108 of 1996) refers to the important role that Local Authorities have to play in the process of sustainable development. The Urban Development Framework of South Africa specifically encourages Local Authorities to embark on LA 21 initiatives (DEAT, 2000a:20). Many of the problems and solutions that Agenda 21 attempts to address have roots in local activities. Therefore, the full participation and commitment of all people is crucial to fulfil the objectives of Agenda 21 to create a sustainable future (DEAT, 2000a:8).

2.6.4 Macro-economic strategy in South Africa

The Government's macro-economic strategy of "growth, employment and redistribution" (GEAR) has set a target of 6 percent economic growth per annum by 2000 and employment creation of 400 000 new jobs per annum by that date (DEAT, 1998c:1). However, in spite of the healthy growth experienced during the period following the elections, the country has not been able to optimise its tourism potential (DEAT, 1998c:3). An analysis of the tourism sector reveals the following key findings:

- ***Strengths***

Diversity of attractions and unique selling features; well-developed core tourism infrastructure that has been able to absorb and accommodate high growth; largely deregulated, privately operated; competitive airspace policy; offers good value for money due to a favourable currency.

- ***Weaknesses***

Absence of a clear product branding and fresh marketing strategy; poor international promotion coverage due to a major lack of marketing funds and a weakening currency; poor product diversification; lack of institutional capacity at all tiers; fragmentation and lack of partnerships; lack of access and tourism activity in many areas due to past policies; lack of ownership and spread of benefits to disadvantaged communities; poor service ethic and culture; lack of skilled manpower; poor perception of safety; lack of sustainable management practices.

- ***Opportunities***

Growing world tourism market to tap into; our product base compliments global trends and market needs; increasing freedom of airspace introduces competition and affordable access; availability of community resources (e.g. land) in many areas with tourism potential; many underdeveloped areas with tourism potential where economic growth is most needed; major new markets opening up after elections; tourism sector conducive to SMME development; major opportunities for human resource development.

- ***Threats***

Increasing incidence of crime against tourists may have a severely negative impact on the industry; danger of becoming unknown in the marketplace due to a lack of marketing funds; potential irreparable damage and over-development

of resource base; danger of overpricing by some industries; potential degradation of service and product quality.

The Government's tourism policy, namely The White Paper on the Development and Promotion of Tourism in South Africa (1996), compliments the GEAR strategy (DEAT, 1998c:2). It acknowledges the potential of the tourism sector to become a major GEAR stimulus, based upon:

- The comparative advantage offered by our natural and cultural resource base;
- The fact that our tourism attractions compliment global market trends;
- The ability of the sector to attract substantial private sector investment;
- Its ability to accommodate SMME development;
- The labour intensive nature of the sector;
- Its potential to act as a catalyst for major infrastructure investment;
- Its ability to stimulate the development of the tradable goods sector (e.g. curios, jewellery); and
- Its value as a non-primary export earner.

However, according to the Minister of Finance (Mr Trevor Manuel), GEAR will have to "shift into another gear" to stimulate economic growth and job creation. This presents a strategic opportunity to review the key lessons of GEAR and to incorporate the concerns of stakeholders from both business and labour (NBI, 2001b:5).

2.6.5 Environmental management in South Africa

In South Africa, the environment is defined as the biosphere in which people and other organisms live (Breen and McKenzie, 2001:52). It consists of renewable and non-renewable natural resources, natural ecosystems and habitats that have been constructed or modified by people. Environmental management is a joint responsibility of National and Provincial Government. The National Government policy for the management of the environment is laid out in the White Paper on Environmental Management Policy for South Africa

that was published in May 1998. The policy lays out the principles to be applied to environmental management and the goals and objectives of national environmental management. Some of the key principles are:

- Renewable and non-renewable natural resources, cultural resources and land are all part of South Africa's environmental heritage. They are public assets that belong to the nation's people; and
- The Government acknowledges that it has a constitutional duty to protect the environment for the benefit of current and future generations.

The National Environmental Management Act (NEMA) (No. 107 of 1998) gives effect to the White Paper on Environmental Management Policy (1998) for South Africa. The Act provides a framework for the integration of the environmental management activities of the various spheres of Government. The Act established a Committee for Environmental Co-ordination (CEC) that comprises representatives of National Government departments, relevant Provincial departments and Local Government. The purpose of the CEC is to promote the integration and co-ordination of the environmental functions of the various organs of state (Breen, *et al* 2001:52).

The Act also established a number of procedures to promote co-operative environmental governance. The Act requires that National Government departments whose activities may affect the environment and all provinces to prepare environmental implementation plans (EIP's). Similarly, all National Government departments that are involved in the management of the environment are required to prepare environmental management plans (EMP's) (Breen, *et al* 2001:53).

One of the key features of the Act is a provision that empowers members of the public to take legal action in the public interest or in the interest of protecting the environment. This legal action can be taken when a law concerned with the protection of the environment has been broken (or there is a threat that such a

law may be broken). This is a very powerful provision that allows anyone to take legal action to ensure that the environmental laws of the country are upheld (Breen, *et al* 2001:53).

2.6.6 Tourism planning in South Africa

A plan is a statement of intent at a particular time. Planning is a process whereby one continually envisions the future and prepares for it. Therefore, planning is an ongoing activity that involves continual adjustment.

Planning the development of an area remains the responsibility of the municipality for that area. Various National and Provincial laws lay the framework in which municipal planning takes place. One of the key National laws is the Local Government Transition Act (No. 209 of 1993) that requires all municipalities to draw up integrated development plans (IDP's) for the development and management of their areas of jurisdiction. An integrated development plan encompasses planning for the many areas that are dealt with by municipalities such as water planning, transport planning, spatial planning and environmental planning. Some provinces also have separate planning laws (Breen, *et al* 2001:60).

However, planning processes vary (Breen, *et al* 2001:60). The Council for Scientific and Industrial Research (CSIR) suggest the following generic planning process for an IDP, namely:

- *The Workplan Phase*: This involves the preparation of a workplan for the preparation of an IDP;
- *The Vision Phase*: It involves developing a vision for the area;
- *The Development Framework Phase*: Key issues for the specific area is identified and goals of the IDP are developed;

- *The Development Strategies Phase:* Strategies for attaining the IDP's goals are developed;
- *The Operational Planning Phase*: The necessary finances and resources are allocated to ensure the implementation of the strategies; and
- *The Monitoring, Evaluation and Review Phase*: The IDP is assessed and the outcomes of the assessment are feed into the ongoing development of the IDP.

Without proper planning the potential benefits that can otherwise be achieved from the development of tourism in any given destination area, may not materialise and further economic problems can and will occur, with long term consequences. Thus, the emergence and maintenance of tourism as a dynamic rather than static industry depends upon the adoption of a strategic approach to planning and management.

2.6.7 The implementation of tourism in South Africa

Strategies for the implementation of new tourism programmes should be clearly described (DEAT, 2000b:22). This may be integrated with the implementation strategies required in terms of other legislation (e.g. the Development Facilitation Act No. 67 of 1995). Where appropriate, the implementation strategy may include:

- Mechanisms for the implementation and management (e.g. legislation, institutional arrangement, strategic plans, local plans, environmental management systems and environmental assessment);
- Roles and responsibilities for the various levels of Government and other organisations;
- Financial and human resource requirements;
- Phasing and time-frames for implementation; and
- A communication strategy.

Monitoring and auditing should be applicable to the context in which the plan or programme is developed. This implies that the programme may be integrated into the monitoring and auditing schemes required by existing legislation (e.g. the Minerals Act No. 50 of 1991). Alternatively, the monitoring and auditing programme could be formulated specifically for the plan or programme being developed. Typically, the monitoring programme will include objectives and a description of where, how, when and by whom monitoring will take place. Details on the financing of the programme should also be included (DEAT, 2000b:23).

The implementation of tourism will bring with it impacts upon the economic, social, cultural and physical environment in which it takes place.

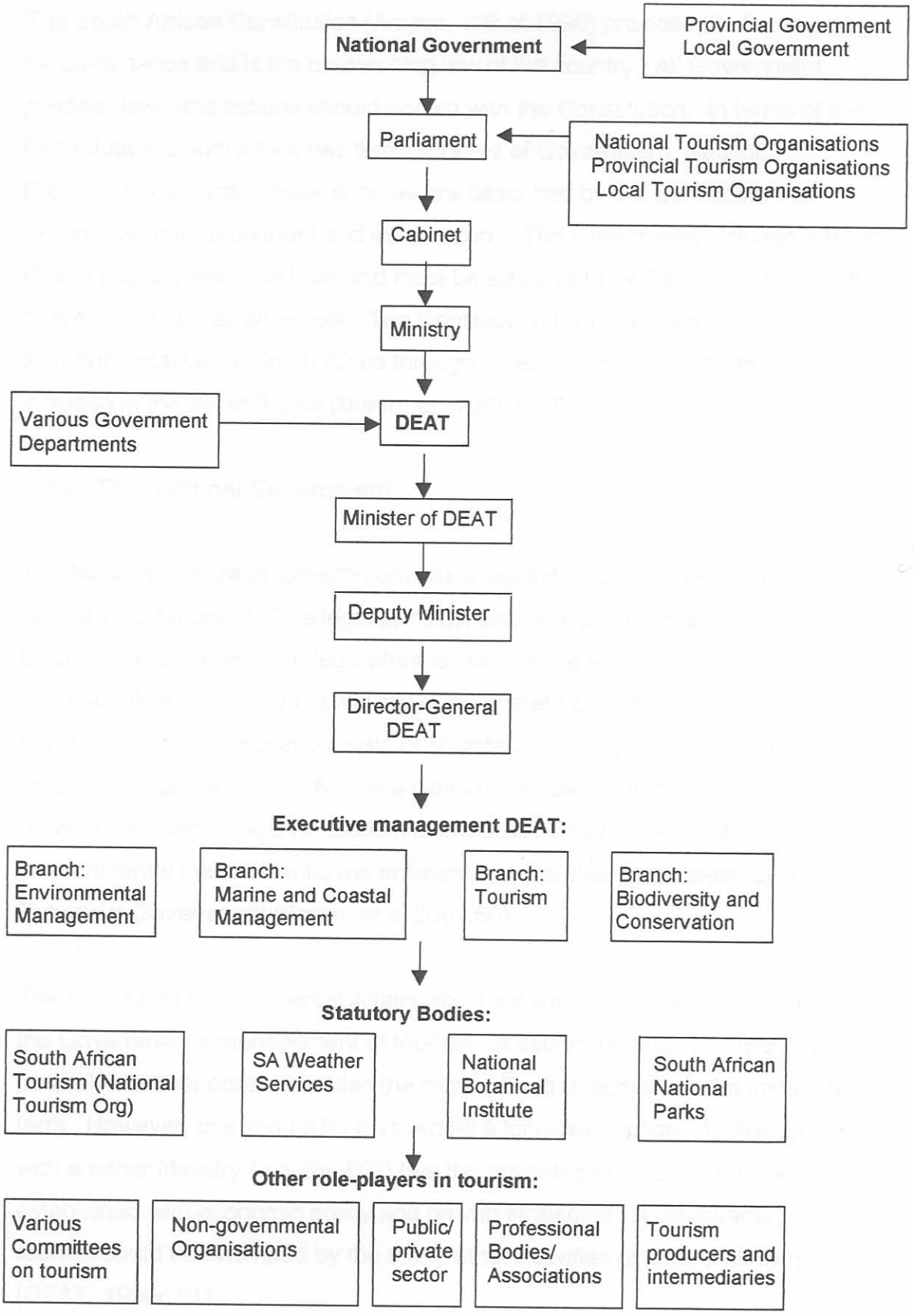
Governments should realise that unrestrained and unplanned tourism development can easily aggravate problems to a point where tourists will no longer wish to visit the destination.

2.7 STRUCTURE OF THE TOURISM INDUSTRY IN SOUTH AFRICA

It is important to have a clear understanding of the structure of the tourism industry and the effect of integration that is a significant characteristic of the industry. Although the various structures of the tourism industry operate independently and frequently compete with each other, they are really part of an overall system as travellers' use more than one component when they travel. For this reason, what affects one component also affects others.

As no clear and definite structure for the tourism industry exists on paper in the available literature, a structure is drawn from bits and pieces from the available literature. Figure 2.1 reflects the structure of the tourism industry in South Africa.

Figure 2.1: Structure of the tourism industry in South Africa



Source: Own composition

2.7.1 The Constitution

The South African Constitution (Act No. 108 of 1996) provides the framework for governance and is the overarching law of the country. All Government policies, laws and actions should accord with the Constitution. In terms of the Constitution, South Africa has three spheres of Government: National, Provincial and Local. These spheres are described by the Constitution as "distinctive, interdependent and interrelated". The Constitution includes a Bill of Rights that applies to all laws and must be adhered to by Government. The Bill of Rights also binds all people. The Constitution lays the basis for environmental law in South Africa through an environmental right that is included in the Bill of Rights (Breen, *et al* 2001:50).

2.7.2 The National Government

The National sphere of Government has a legislative component and an executive component. The legislature consists of Parliament and the National Council of Provinces. The legislature is responsible for creating national laws. The executive component of National Government consists of the President and the Cabinet. The Cabinet consists of Ministers and Deputy Ministers who are responsible for the various National Government departments. The Government department for tourism is the DEAT which is responsible for environmental matters, while the environment is a shared competency with the Provincial Government (Breen, *et al* 2001:50).

The Minister of Environmental Affairs and Tourism is ultimately responsible for the Government's management of tourism. A separate ministry of tourism is possibly the best option, but also the most difficult to achieve in the immediate term. However, this should be pursued as a long-term option. To link tourism with another Ministry (e.g. the DTI) has the advantage that stronger links can be established with economic policy and growth strategies. A disadvantage is that tourism could be swamped by the many other activities of such a Ministry (DEAT, 1996c:61).

2.7.3 The Provincial Government

The Provincial sphere of Government has legislative and executive components. Provincial legislation (of the 9 provinces in South Africa) is promulgated by the Provincial Parliament. The executive component of Provincial Government consists of the Provincial Premier and the Provincial Cabinet. The Cabinet consists of Ministers and Deputy Ministers who are responsible for the various Provincial Government departments. In a Provincial Government, the department that plays the most important role is again the DEAT (Breen, *et al* 2001:50).

The Provincial Government takes on similar functions as at the National level, but with three main exceptions. *First*, the focus is much more on the implementation and application of national principles, objectives and policy guidelines as appropriate to local conditions. *Second*, as much of the tourism product is itself located at the Provincial level, provinces take on a much more important role in facilitating and developing the tourism product. *Third*, provinces have a major role to play in marketing and promoting their destinations in competition with other provinces locally (DEAT, 1996c:47).

The Provincial Government has the responsibility of facilitation, co-ordination, regulation, monitoring and development promotion. Provincial Governments should play a more prominent role in tourism development activities than the National Government. Such include the involvement of local communities, environmental management, safety and security of visitors, tourism development and infrastructure provision (DEAT, 1996c:50).

2.7.4 The Local Government

The Local Government consists of municipalities that have been established for the whole of South Africa. The legislative and executive authority of a municipality rests with the Municipal Council. The Municipal Council has a support structure of Municipal Officials that implement the decisions of the Council (Breen, *et al* 2001:51).

The Local Government is closer to the product than the National or Provincial Government. The functions of the Local Government mirror those of the Provincial Government, but with added emphasis on the planning, development and maintenance of many aspects of the tourism product. The exact role of the Local Government in the tourism development thrust will be determined by local conditions existing at the Provincial levels. Most important is the availability of the necessary financial means and skills base to carry out their respective functions (DEAT, 1996c:47).

2.7.5 The law-making process in South Africa

According to Breen, *et al* (2001:51), the national law making process in South Africa follows the route of:

- Government publishes a Green Paper that sets out policy options that the Government considers for a particular subject area. A Green Paper allows consideration of, and input into policy options by interested parties;

- It is then followed by the publication of a White Paper. A White Paper lays out Government policy for a particular subject area. A White Paper can propose the promulgation of one of more laws to meet the objectives of the policy;

- To pass a law, the Government should first draft a Bill. A Bill is a draft Act. A Bill lays out the law that Parliament intends to pass. It is written to allow for public and parliamentary consideration of the intended law;

- Once a Bill is passed by Parliament, it becomes an Act. An Act is a law of the country; and

- Most Acts empower appropriate Government ministers or heads of departments to pass regulations. An Act provides a clear indication of

what type of regulations can be promulgated. Regulations do not need the approval of Parliament.

Provincial Parliaments are empowered to pass laws that are applicable to their province and fall within the competency of Provincial Government. Provincial laws cannot conflict with National laws. The Provincial legislative process is usually similar to the legislative process of National Government. Municipalities are able to pass by-laws for their area of jurisdiction that fall within the competency of Local Government. They cannot conflict with Provincial and National laws (Breen, *et al* 2001:51).

2.8 ROLE PLAYERS IN THE SOUTH AFRICAN TOURISM INDUSTRY

2.8.1 Concurrent competency of Government departments

The National Government and the Provincial and Local Governments are independent of one another, but they are also interdependent and interrelated. It is clear from the Constitution that more than one Government agency (department) can have the power to act on environmental matters at the same time. This means that different Government agencies can have concurrent competency. Legislation other than the Constitution could also influence concurrent competency. National legislation influences an area of environmental management that is normally in the hands of Provincial or Local Governments. This does not implicate that the responsibilities are "taken away" from Provincial or Local Governments, but means that they cannot execute tasks or duties that conflict with the National laws (DEAT, 1999b:82).

Several National Government departments play a vital role in the implementation of tourism policy. These can include the Departments of Agriculture, Trade and Industry, Foreign Affairs, Health, Transport, Housing, Arts and Culture, Science and Technology and Finance. Of crucial importance is their commitment to co-operate with one another. Departments develop sectoral specific plans and budgets to reflect how considerations are incorporated into the activities of the various departments.

New environmental management systems use existing institutions, create new institutions, or do both (DEAT, 1996b:81). Some institutions that can be used are:

- The DEAT, and all other departments with environmental responsibilities at central Provincial and Local levels;
- Boards, agencies, commissions and other bodies that are set up by Government to conduct specific tasks, e.g. South African National Parks (SANP). These bodies operate under a mandate and are partly independent of Government;
- The Public Protector could have a specific responsibility to act as a "watchdog" for the environment; and
- The Auditor General could conduct environmental audits. Audits are regular checks to ensure that organisations carry out environmental responsibilities properly.

Civil society includes anyone outside Government. Its main institutions are CBO's, NGO's, trade unions, businesses and other forums.

2.8.2 National and Provincial Tourism Organisations

National Tourism Organisations (NTO's) and Provincial Tourism Organisations (PTO's) provide a strong, effective marketing strategy that is co-ordinated at the National level and execute with the participation and support of the PTO's. PTO's formulate tourism policies applicable to their areas in accordance with the National policy. They are also partners in the implementation of relevant National policies, strategies and objectives (DEAT, 1996c:50).

PTO's have a critically important role to play in the development and promotion of the tourism industry of South Africa (DEAT, 1996c:69). They are ultimately the drivers of the tourism industry. The structure and organisation of Provincial

and Local Tourism Organisations have been left up to the discretion of the various provinces. There has been agreement that a Statutory Organisation is the best institutional structure to execute the functions of PTO's. However, it is important and necessary that some form of consistency across provinces be developed. It is suggested that:

- The structure of PTO's reflect as closely as possible those at the National level; and

- Provincial and Local Organisations attempt as far as possible to assist community organisations to have access to greater representation.

2.8.3 Non-governmental Organisations

NGO's provide an essential independent monitoring and "watchdog" role to ensure adherence to the commitments that articulate in policy. Some of the most successful efforts in South Africa to conserve the bio-diversity originated through the commitment of NGO's (DEAT, 1996a:67).

NGO's also play a vital role in the shaping and implementation of participatory democracy. In addition of their independence, NGO's have diverse and well-established expertise in fields needed to implement environmentally sound and socially responsible sustainable development. Governments involve NGO's in sustainable development plans and make the best use of their abilities in such areas as education, alleviation of poverty and environmental protection and rehabilitation (DEAT, 1998a:52).

2.8.4 Statutory bodies

Two popular Statutory Bodies are the SANP and the National Botanical Institute. They play a crucial role to ensure that South Africa's biological heritage is conserved and that it is used sustainable (DEAT, 1996a:65).

South Africa has some 403 protected areas that include National parks, Provincial parks and their equivalents under the control of 13 different agencies. It falls under 11 pieces of National legislation and 9 pieces of Provincial legislation. The DEAT designed a practical, overarching, holistic approach to protected areas, which is referred to as the National Conservation Strategy. The National Conservation Strategy identifies conservation needs and empower the Minister to work more proactively with the various provinces on conservation (DEAT, 2001:18).

South African Tourism

The National Body which is currently referred to as South African Tourism (SAT), spearheads the tourism marketing and development initiative. It has the responsibility for almost every aspect of tourism development in the country namely product development, marketing, the setting of standards and research. SAT plays a strong co-ordinating role with the various provinces and provides functional and technical support to the less developed provinces (DEAT, 1996c:64).

2.8.5 The private sector

The private sector will continue to play a critically important role in the further development and promotion of tourism. The private sector bears the major risks of tourism investment as well as a large part of the responsibility to satisfy visitors. Furthermore, the private sector is in a position to promote the involvement of local communities in tourism ventures by inter alia the establishing of partnership tourism ventures with communities (DEAT, 1996c:52).

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2.8.6 Tourism producers, intermediaries and associations

Tourism producers

The producers (principles) comprise various forms of attraction suppliers, accommodation suppliers and transport suppliers (Leisure Training Publications, 2001a:13). They are the suppliers of products and services purchased by tourists. Producers sell their products and services directly to tourists, or they may do so through intermediaries. The main categories of tourism producers are:

- Accommodation suppliers;
- Transport suppliers;
- Attractions;
- Private sector support services; and
- Public sector support services.

Tourism intermediaries

Tourism intermediaries consist of organisations such as tour operators (wholesalers) and travel agents. Intermediaries are the distributors of tourism products to the final consumers (or tourists) (Leisure Training Publications, 2001a:14).

A major task of intermediaries is to transform goods and services from a form in which consumers do not want them to a product which they do want, and to which they have access. Tour operators do most of this transformation. Travel agents on the other hand do not change the products of the tour operators and principals, but they do create access to them.

Associations

A feature of the tourism industry is the extent of associations, voluntary or otherwise, that takes place between businesses and/or public sector bodies.

They share similar interests or complement one another's interest in some way (Leisure Training Publications, 2001b:12). Associations can take a number of forms, but are usually categorised into three types, namely:

- *Sectored Organisations*: Those based on the interests of a particular sector of the industry;
- *Destination Organisations*: Those concerned with a specific tourist destination; and
- *Tourist Organisations*: Those based on a concern with tourism activity as a whole.

The three categories can be in turn sub-divided into Trade Organisations and Professional Organisations, namely:

- Professional Organisations compose individuals whose common interest is based on objectives that establish educational or training qualifications for the industry. They devise codes of conduct to guide members' behaviour and to limit entry to the industry. A personal drive to enhance status and prestige is often associated with membership of such bodies; and
- Trade Organisation's common purpose is to exchange views. They co-operate, represent and negotiate with other organisations. At times, such Organisations become involved in activities more generally associated with professional bodies. Activities can include entry to the industry or the provision of appropriate education and training.

Table 2.2 presents a number of popular national and international tourism associations.

Table 2.2: National and international tourism associations

ACRONYM	FULL NAME	FUNCTION
AA	Automobile Association of South Africa	Provides various services to motorists, including the issuing of an International Driving Licence
ASATA	Association of Southern African Travel Agents	Represents the interests of all Southern African travel agents
FEDHASA	Federated Hospitality Association of South Africa	Represents the interests of the hotel, restaurant, self-catering accommodation, liquor and catering industry
IATA	International Air Transport Association	Promotes safe, regular and economical air transport
ICAO	International Civil Aviation Organisation	Ensures the safe and orderly growth of international civil aviation
ICRA	Independent Car Rental Association	Co-ordinates the rental of vehicles through smaller can rental companies
NTO	National Tourist Offices	NTO's are the official representatives for the development and marketing of a country's tourism
PHASA	Professional Hunters Association of South Africa	Represents the professional hunting industry in South Africa
RETOSA	Regional Tourism Organisation of Southern Africa	Markets and promotes the region in close co-operation with NTO's and the private sector
SAACI	Southern African Association for the Conference Industry	Improves and promotes professionalism in the organising and marketing of conferences and congresses in Southern Africa
SARTOC	Southern Africa Regional Tourism Council	Co-ordinates tourism for Southern Africa. It offers the means for co-operation between member countries
SAT	South African Tourism	South African Tourism is involved with tourism development and standards, promotion and marketing
SATSA	Southern African Tour and Safari Association	Maintains the highest possible standard of tour operating
SAVRALA	South African Vehicle Renting and Leasing Association	Looks after the interests of car rental organisations
THETA	Tourism, Hospitality and Sport Education and Training Authority	Develops skills of workers in the industry and increase levels for investment in education and training in the tourism and hospitality sector
UFTAA	Universal Federation of Travel Agents Association	Represents the interests of all travel agents throughout the world
WHO	World Health Organisation	WHO prepares information on infectious diseases and disseminates this information
WTO	World Tourism Organisation	Represents all governmental and official tourist interests in the world

Source: Leisure Training Publications, 2001b:13

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2.9 FUNCTIONS AND INITIATIVES OF SOME MAJOR ROLE PLAYERS IN TOURISM

A number of functions and initiatives of some of the major role players in tourism in South Africa include the following:

2.9.1 Department of Environmental Affairs and Tourism

- The DEAT participates in a number of UN related organisations. Such organisations include the UN's Educational, Scientific and Cultural Organisation (UNESCO) and the International Union for the Conservation of Nature and the Natural Environment (IUCN) (DEAT, 1997:57);

- Initiatives to initiate, guide and co-ordinate actions and programmes to ensure the safety of tourists start to bear results. The Tourist Safety Task Group pools the resources of the DEAT, the South African Police Service (SAPS), SAT, Business Against Crime (BAC), the Tourism Business Council (TBC) and other role-players. They collect information and statistics, disseminate information to tourists and implement dedicated tourism safety programmes (DEAT, 1997:38);

- The DEAT announced an International Tourism Marketing Assistance Scheme (ITMAS) to enable and encourage entrepreneurs to market South Africa world wide as an attractive tourist destination. The purpose of ITMAS is to partially compensate entrepreneurs for certain costs in promoting tourism to South Africa. It provides financial assistance for international sales and marketing missions. It also includes investment recruitment missions, exhibitions and the production and distribution of international tourism marketing material (DEAT, 1998b:1).

- The DEAT is investigating the establishment of an internationally recognised Centre for Environmental Information and Statistics (CEIS). The centre shall co-ordinates access to environmental data and

information and establish linkages with partners who will assist in the exchange of, and access to information (DEAT, 2001:52).

- A Projects Management Unit (PMU) was created in 1999 for the purpose of expediting high priority projects. It includes donor programmes, poverty relief projects, spatial development initiatives (SDI's) as well as fisheries management (DEAT, 2001:68).

- The Directorate of Communications moved from the DEAT into the Ministry. It ensures that Communications become core to both the DEAT and the Ministry's activities and link political and strategic processes. Another positive development was the proper definition of communication into internal and external processes. Internal Communications comprise the DEAT's library, internal newsletters and information sessions and seminars. The DEAT's external Communications are responsible for media liaison and the re-designing of their web-site (DEAT, 2001:69).

2.9.2 Related Government departments and authorities

Government departments and tourism investment

The DEAT works with the DTI to develop an integrated support package for investment in tourism. It consists of training, market linkages, mentorship assistance and access to affordable finance. The programme is developed in partnership with key role players such as the Development Bank of South Africa, the Industrial Development Corporation (IDC), Ntsika Enterprise Promotion Agency, Banking Councils, Business Skills South Africa and the NBI (DEAT, 2001:8).

Gauteng Economic Development Agency

GEDA's core objective is to promote investment and trade throughout Gauteng in order to create jobs. The relationship between GEDA and "Blue IQ" is that it

concentrates on 4 selected economic sectors namely tourism, technology, manufacturing and transport. It has its own separate budget of approximately R1,7 billion (GEDA, 2001:3). One of the "Blue IQ" projects is the proposed Dinokeng project that includes areas such as Pienaarsrivier, Elandsrivier, Leeuwfontein, Cullinan, Refilwe and Roodeplaat (Fourie, 2002:6).

Gauteng Tourism Authority

The Gauteng Tourism Authority (GTA) is in the process of establishing a forum for the different regions within the province in order to align strategies that will pull the province together. It will culminate in a comprehensive database, which will enable GTA to provide accurate and current information services on marketing and communications activities. The main objective of the project is to enhance information services by the creation of an information databank (GTA, 2001b:10).

South African Tourism

Moeketsi Mosola, the Chief Operating Officer of SAT, mentions that the Government is making resources available for tourism growth and that the industry should take advantage of these opportunities (Dicey, 2001d:22). He foresees the biggest challenges to both SAT and the tourism industry as follows:

- To change the mindset of the industry in terms of how the tourism sector is managed. The Southern African market needs to be recognised as a key market as it will be much cheaper to market to neighbouring countries;
- Perception, if not managed correctly, becomes fact. Negative perceptions about South Africa as a tourist destination should be urgently addressed;

- The tourism investment infrastructure needs to be continually improved; and

- To continue to develop tourism in a responsible, balanced and sustainable manner.

SAT may provide the strategy to make tourism grow, but it is also up to other industry players to examine their product. All South Africans should strive to market South Africa as a lifelong destination.

2.9.3 The public and private sector

The Gauteng Rapid Rail Link project

The Gauteng Rapid Rail Link will directly and indirectly link to many of Gauteng's SDI's. The Rail Link will operate between Pretoria and Johannesburg and will link Johannesburg Central Business District (CBD) with the Johannesburg International Airport. It will provide improved transport and additional job opportunities, especially in the vicinity of stations (GEDA, 2001:8).

The Business Trust Initiatives

The Business Trust has set up four main tourism programmes (NBI, 2001a:34) namely:

- *The Tourism Marketing Project (TMP)*: The TMP in consultation with the DEAT and SAT, aims to double the annual growth rate of foreign tourists to around 13 percent and to contribute 100 000 additional job opportunities by 2002;

- *The Tourism Training Programme*: The programme is conducted through the Tourism, Hospitality and Sport Education and Training Authority (THETA) and plans to establish a set of national qualifications for the tourism and hospitality sector by 2003. It supports 10 000 currently

employed learners to obtain qualifications. The programme will also put 5 000 unemployed learners through a learnership process;

- *The Tourism Enterprise Programme (TEP)*: Ebony Consulting International conducts this programme which aims to facilitate over 1 000 transactions worth R450 million by 2003, while 75 percent of them will be with historically disadvantaged enterprises; and
- *The Integrated Justice System (or Business Against Crime)*: It aims for a reduction in violent crime with 20 percent by 2003 and an increase in the conviction rate from 7 percent to 20 percent.

2.10 QUALITY AND STANDARDS OF TOURISM IN SOUTH AFRICA

Legislation, initiatives and bodies that affect the quality and standards of tourism in South Africa are referred to, namely:

2.10.1 The Skills Development Act

The Skills Development Act (No. 97 of 1998) has been put into practice by THETA, which is one of 25 Sector Education and Training Authorities (SETA's). Firms are required to contribute 1 percent of their total payroll to the skills levy. This money is paid to the South African Revenue Services (SARS), which allocate 80 percent of the funds to the Department of Labour to be allocated to the SETA's. A further 18 percent is used by the National Skills Fund for projects aimed at the unemployed, while the remaining 2 percent are retained by the SARS to cover administration costs (Witepski, 2001d:71).

Employers who meet the skills development requirements are able to recover up to 70 percent of the levy paid. Furthermore, employers running work-based learning programmes (learnerships) benefit from additional financial incentives. Learnerships combine theory and practice, and will result in a qualification with the South African Qualifications Authority (SAQA) and the National Qualifications Framework (NQF). The aim of the levy system is to "level the

playing fields" between those who have been given a chance to obtain qualifications in the past, and those who have many years of experience but no formal qualification (Witepski, 2001d:71).

2.10.2 Environmental education

The Department of Education is supported by the DEAT with regard to the implementation of Environmental Education (EE) on a cross-curricular basis in all learning areas. The aim of the initiative is to facilitate the implementation of EE into Outcomes-Based Education (OBE) and to provide relevant support at National and Provincial level. It will result in EE that are reflected in most learning areas. The initiative also deals with projects aimed at supporting policy changes in education and hands-on contribution to curriculum reform (DEAT, 1997:54).

2.10.3 The grading system for accommodation establishments

In the early 1990's, South Africa boasted one of the world's leading hotel grading systems. However, the National Grading and Classification Scheme has since collapsed, meaning that most accommodation establishments have not been inspected for up to 4 years. The Minister of Environmental Affairs and Tourism appointed a new Tourism Grading Council. The Council will re-establish a credible and dependable grading system and will concern itself with the transformation of the industry. Consumer feedback, a code of conduct and the mediation of an independent auditor will provide checks and balances to ensure that the grading is conducted fairly (Witepski, 2001c:70).

2.10.4 Registration of tour guides

A new registration process for tour guides started in December 2001 and legislation makes the registration of all tour guides compulsory. Provision is made for a code of conduct and ethics for tour guides and to regulate the procedure for lodging complaints. Guides are required to register with their Provincial Tourism Authorities, while they have 18 months after registration to

convert their present qualification and/or training into a national qualification (GTA, 2001a:12).

2.11 ENTREPRENEURSHIP AND TOURISM

Entrepreneurship and tourism are discussed from an international and national perspective. Initiatives and support that are available to local tourism entrepreneurs are also referred to.

2.11.1 An international perspective on tourism entrepreneurship

The Government and tourism entrepreneurship

Dahles (2001:166) argues that the hustle and bustle of small entrepreneurs in some tourist areas and cities are not necessarily an indicator of a vibrant economy. The competition among small entrepreneurs is tough in established tourist areas. It causes irritation amongst tourists and leaves competitors with less income.

Tourism development should therefore be supported and controlled by the Government. Instead to focus on regulatory measures, a Government needs to facilitate tourism development. Public items that are necessary for small entrepreneurs to generate tourism products should be made available. Rules and legal measures that do not hamper entrepreneurial initiatives should also be set up.

Wickham (2001:207) states that the prevention of growth is perceived as a major governmental intervention. Governments have to ensure that monopolies do not distort the workings of the economy. If a firm is gaining too much dominance in a market, the Government may be tempted to act against its growth. Although this can be negatively accepted by prospering entrepreneurs, it can also be interpreted as a "window of opportunity" by new entrance.

Social and economic impacts on tourism entrepreneurs

Tourism creates much-needed jobs in destination areas because their relative under-development is attractive to visitors. Nevertheless, it is argued (Lea 1988; Pearce 1989; Burns and Holden 1995) that such jobs are not "real" jobs but are usually low skilled and low-paid, seasonal, part-time and for which women are favoured. Tourism also draws workers away from other sectors of the economy and thereby causes a fall in output levels in certain sectors. More skilled and higher-paid positions are frequently occupied by non-local or expatriate labour. It leads to further leakage from the economy and contributes to social strains experienced by less favoured workers. Skill acquisition may be encouraged, but the opportunity to practise these skills and to receive commensurate reward is not always available (France, 1997:165).

Page and Getz (1997:25) argue that many rural tourism businesses are small in scale, family-operated and experience financial problems. There is much less flexibility in time and working conditions for small tourism enterprises and they tend to miss out on training opportunities. The quantity and quality of labour in rural areas especially, is a global problem for the tourism industry. Residents might be inexperienced in the service industry, or hostile towards such jobs. Commuting and housing problems also prove difficult and expensive to overcome.

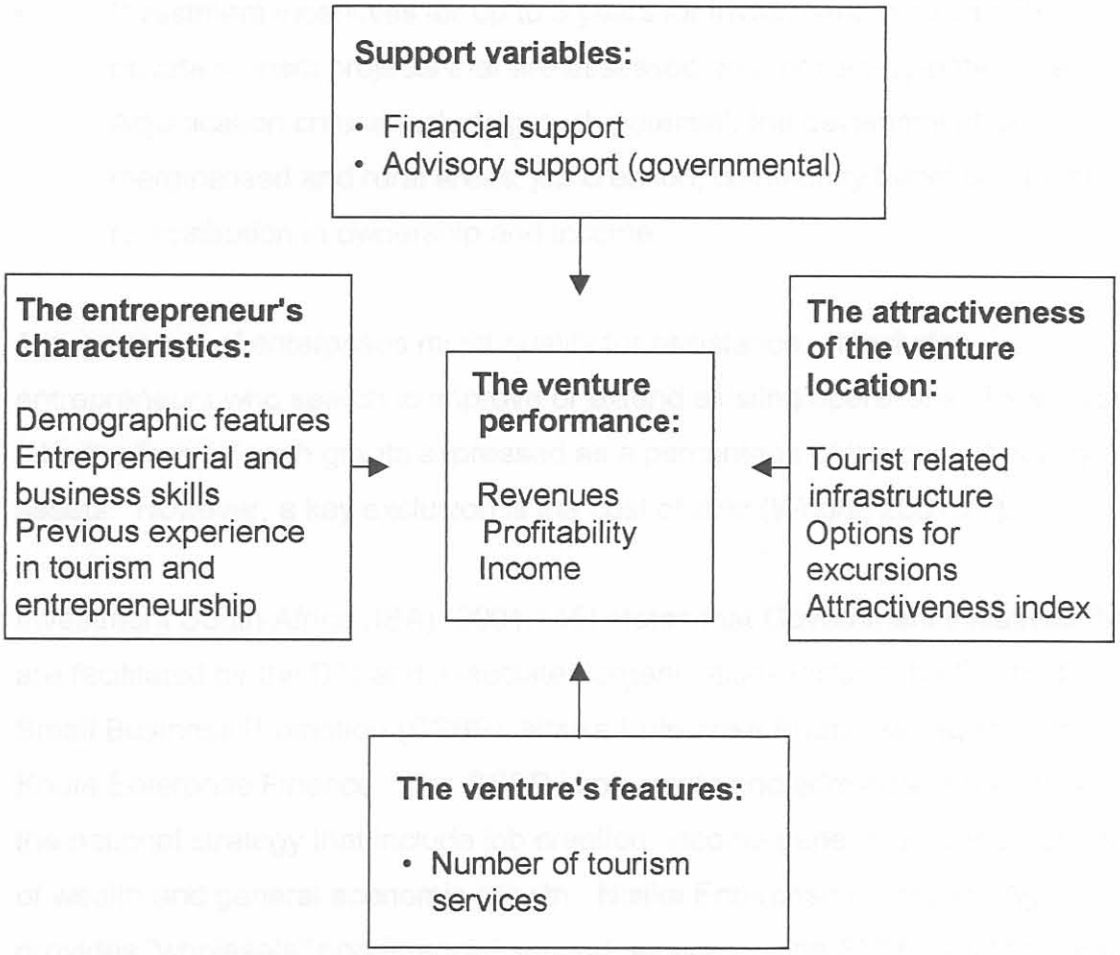
Sustainable tourism development and entrepreneurial activities

Cater (1997:77) mentions that the onus of responsibility for more sustainable tourism development tends to fall on tourism enterprises that deliver the end-product to the consumer, i.e. the tourists. Although profit maximisation remains the prime concern of such firms, it is suggested that historical levels of profit are not compatible with sustainable development. All tourism enterprises should therefore demonstrate adequate maintenance of the resource base before they declare a dividend. Firms are also required to comply with sustainable practices that are initiated by the Government.

2.11.2 A national perspective on tourism entrepreneurship

Entrepreneurship and tourism are perceived as complementing each other and strive towards the mutual goal of creating jobs in South Africa. According to Lerner and Haber (2000:84) an integrative model can be proposed to suggest that the attractiveness of the venture's location, support variables, entrepreneurial characteristics and the venture's bundle of services all affect its success. It tries to assess the contribution of each of these factors to tourism venture performance (Figure 2.2).

Figure 2.2: An integrative model of the performance factors of tourism ventures



Source: Lerner, *et al* 2000:84

2.11.3 Support initiatives to local tourism entrepreneurs

Government departments

The DTI has finalised the following guidelines to support tourism:

- The DTI's entrepreneurial development programmes to be widened to include tourism;
- Skills support, while the Government meets up to half of an operation's skills training costs for 3 years; and
- Investment incentives for up to 3 years for investment in sustained private tourism projects that are assessed on a project-by-project basis. Adjudication criteria include growth potential, the development of marginalised and rural areas, job creation, community benefits and the redistribution in ownership and income.

A huge range of enterprises might qualify for assistance. It includes entrepreneurs who search to improve or extend existing operations. Incentives take the form of cash grants expressed as a percentage of the cost of qualifying assets. However, a key exclusion is the cost of land (Wright, 2001:77).

Investment South Africa (ISA) (2001:145) states that Government initiatives that are facilitated by the DTI and associated organisations include the Centre for Small Business Promotion (CSBP), Ntsika Enterprise Promotion Agency and Khula Enterprise Finance. The CSBP implements and administers the aims of the national strategy that include job creation, income generation, redistribution of wealth and general economic growth. Ntsika Enterprise Promotion Agency provides "wholesale" non-financial support services to the SMME sector. This is done through the Local Business Support Centres (LBSC's) of which 127 are presently operating in South Africa. Matters like management development marketing and business development services are catered for. They also provide assistance to research and inter-business linkages. Khula Enterprise

Finance on the other hand offers "wholesale" financial support mechanisms through Retail Financial Intermediaries (RFI's) which can be banks, NGO's or CBO's. Financial products include loans, the national credit guarantee system, grants and institutional capacity building.

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A positive and encouraging initiative is the Emerging Tourism Entrepreneur of the Year Award (ETEYA). The Minister of Environmental Affairs and Tourism announced this award in 2001. This effort encourages and sustains the development of SMME's. SAT is responsible to organise the reward which is specifically aimed at the previously disadvantaged sector (GTA, 2001a:7).

2.12 CONCLUSION

Governments will always be involved in tourism and therefore have to a lesser or greater degree, some impact on the industry. The Government should have an effective strategy for the planning, development and implementation of tourism.

The Government should have clear structures and roles in place for tourism in South Africa. The Government should also take a leading role to create opportunities and to develop people's understanding, skills and general capacity concerning tourism.

Except from the Government, various other role players are also involved in tourism. Each role player aims to deliver a positive contribution to the tourism industry. This is demonstrated through various initiatives that exist throughout the world. South Africa could strive to follow these initiatives to ensure a brighter future for tourism in the country. It is also important that the quality and standards of tourism in South Africa be on an international level.

Tourism entrepreneurs are faced by various economic, social and environmental impacts. Tourism entrepreneurs should therefore be aware of

these impacts so that they can contribute to a sustainable and economically viable industry in South Africa.

In the following chapter a background of the overall size of the South African tourism market is provided. Tourism forecasts are analysed, while employment in tourism is investigated.