

GAUTENG BUSINESS CONSULTATIVE FORUM

SESSION: TOURISM & HOSPITALITY SECTOR

DATE: 27 October 2016, GIBS, Illovo

INDEX

Executive Summary	2
Industry Overview	5
Government Perspective	11
Industry Perspective	14
Solutions	17

EXECUTIVE SUMMARY

High-level delegates from the world of tourism and hospitality gathered at the University of Pretoria's Gordon Institute of Business Science in Illovo, Johannesburg on Thursday, 27 October 2016 for an explanatory and exploratory session of the Gauteng Business Consultative Forum (GBCF). The GBCF was launched in July 2016 to bring business and government closer together with the intention of unlocking the economic potential in the Gauteng City Region.

The broad view

Opening the session, Gauteng's MEC for Health, Qedani Mahlangu, set the tone for the engagement, noting the provincial government's high hopes for the outcomes of these strategic sessions and promising a reduction in red tape and "no more loops and hoops to go through".

Mahlangu outlined areas on government's radar for development, including medical tourism, the development of township tourism, arts and heritage, sporting and eco-tourism.

However, as the session progressed, particularly following presentations by Makhukhu Mampuru, CEO of the Cradle of Humankind World Heritage Site and Dinokeng Projects, and CEO of the Gauteng Tourism Authority, Siphwe Ngwenya, it became clear that the disconnect between opportunity and seizing and exploiting these prospects was being lost.

This was reinforced by both Ngwenya's comments and those made by Gillian Saunders, Deputy CEO at Grant Thornton Johannesburg and an expert in the hospitality and tourism industry. Ngwenya observed that: "We need to agree on the congruency of our messaging, of what we and the private sector are saying." He also noted: "Although tourists are coming to Gauteng, they are not spending as much as we would like, and that is where we want partnerships with the private sector."

Saunders' presentation picked out problem areas including poor record keeping; a disconnect between government and business; perceptions around safety and security; poor public transport infrastructure; Visa hassles; red tape; a focus on old markets rather than new African growth markets; a seeming reluctance to implement plans of action; and a lack of trust.

Key touchpoints

Unpacking the potential areas of dislocation during a discussion on the challenges and opportunities in the sector, facilitated by GIBS' Abdullah Verachia and Marius Oosthuizen, the assembled gathering outlined the following five points as crucial to moving forward:

1. A lack of trust
2. Transformation and SMME development
3. A lack of (or fragmented) government coordination
4. Communication, data and intelligent sharing
5. The need to define roles and a shared vision.

Among the comments to come through from delegates included:

"A lot of us in the private sector are looking to move from talk to action."

"Business is about making money; because when we make money everyone benefits."

"There is a lack of trust. There seems to be this disconnect."

"As a country we can't wait until we get to the brink. We should be talking now about the next five or 10 years."

"[Government's] is the antithesis of a competitive approach."

"[The approach] is fragmented; everyone does their own thing."

"We need to look at these nine provinces as a collective."

"If you look at successful countries, tourism is run as a business from government level."

"Be genuine in accepting our contribution."

"We in the tourism industry haven't transformed enough."

Ultimately, it was GIBS's Oosthuizen who summed it up best when he observed: "The private sector wants to make money, government wants transformation. We have two parties who want the same thing. These two sides need to find each other."

The session closed with the establishment of an industry engagement task team, with the purpose of engaging meaningfully with the GBCF and carrying the issues raised in this session forward and into action.

INDUSTRY OVERVIEW

PULL-QUOTE 1: “Today is an opportunity to get players within the industry, leading executives from different bodies and organisations to speak about how to find a way to engage and connect with each other.”

PULL-QUOTE 2: “We are a very important continent, but we just aren’t that big in tourism.”

PULL-QUOTE 2: “Although tourists are arriving in Gauteng, they are not spending as much as we would like. That is where we want partnerships with the private sector.”

Industry overview: Tourism & Hospitality Sector

The value of the Tourism & Hospitality sector to the Gauteng economy is evident in the numbers. Tourism contributes 9.4% to South Africa’s GDP, growing by 5.6% between 2014 and 2015. Gauteng boasted 41.1% of arrivals in 2015, enjoyed tourism spend of R29.6 billion and recorded 28.8 million tourist bed nights in 2015. Tourism has the potential to be big business for Gauteng.

Because, as Gordon Institute of Business Science (GIBS) Professor Nick Binedell, described it: “Gauteng is the centre of the South African economy”, it makes high-level engagement of the nature which took place during the first Tourism & Hospitality session of the Gauteng Business Consultative Forum (GBCF) all the more important for the provincial economy and for the Tourism & Hospitality sector. “There is a need for us to get together and work at sector level. That is why we are in the room; to look at various sectors and how the function,” said Binedell.

If Gauteng is to capitalise on positive rankings from the likes of the Mastercard Global Destinations Cities Index 2016, which ranks Johannesburg as the most popular destination city in Africa, then the sector needs to work closely with government and within its own structures to build a sustainable, transformed and dynamic industry.

Opening the GBCF session on 27 October 2016, GIBS Senior Faculty and Programme Director Abdullah Verachia took a step back by looking at the global numbers. Quoting World Economic Forum (WEF) research, he noted that the Travel & Tourism sector contributed 10% to global GDP, or approximately US\$7-trillion. Conversely, he said, “the contribution to GDP in South Africa is 2.5%”.

What is it that is holding back South African competitiveness in this sector on the world stage, he asked. “In the *WEF Travel and Tourism Competitiveness Report 2015* they looked at factors that contributed to driving growth and competitiveness in the sector and some of the enablers and disablers in the sector. It speaks to getting closer alignment between the public and the private sector,” said Verachia, highlighting the importance of the GBCF sessions in this regard.

“Today is an opportunity to get players within the industry, leading executives from different bodies and organisations to speak about how to find a way to engage and connect with each other,” said Verachia. “Today is an opportunity to really connect with each other, and really talk about how it is that we are able to work more closely together to enhance the competitiveness in the sector and tackle the challenges within the sector.”

He outlined the structure of the GBCF, comprising two sector engagements every quarter, the outcomes of which would be taken directly to Gauteng Premier David Makhura, “where we engage on some of the bottlenecks identified by experts in the sector and how we are able to address some

of these sectors. Some of the issues will fall within the purview of local government, some under the purview of provincial government and some national government. It is important that we put it out there and we document it. Today is just a spark to begin that engagement.”

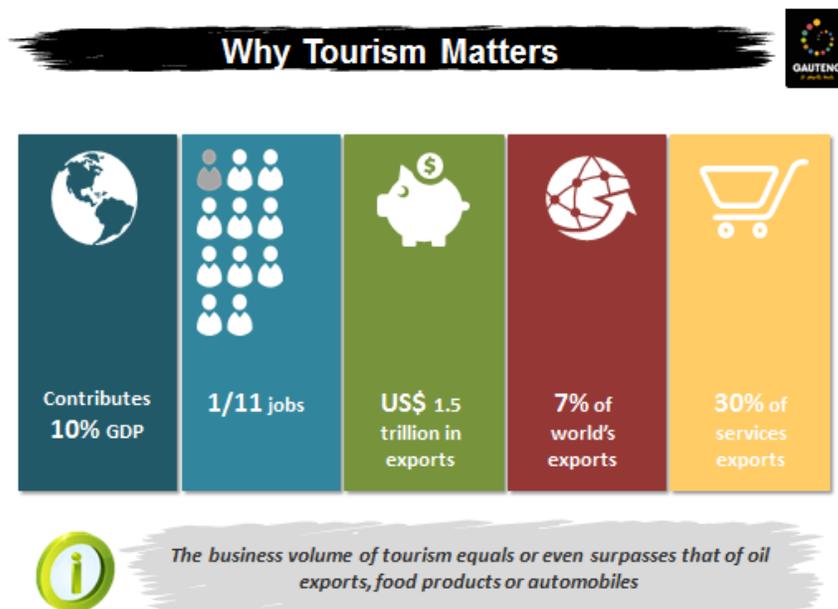
The state of South African tourism

Recognising that, in order to engage meaningfully, everyone had to agree to a starting point and some firm facts, the session began by unpacking the impact and influence of Tourism to South Africa.

In an address entitled ‘*The Tourism and Hotel Industry in an Exponentially Changing World*’, Gillian Saunders, Grant Thornton South Africa’s Head of Advisory Services, essentially delivered a Tourism 101 presentation. South Africa recorded nine million tourists in 2015, down from 9.5 million in 2014, she noted. Of that, 6.9 million people come across South Africa’s borders; highlighting the importance of intra-African tourism.

Tourism’s direct employment contribution in South Africa was in the region of 700 000, although indirectly about 1.5 million people owe their employment to the sector, causing Saunders to say: “If we are talking about an industry that is responsible for one in 11 jobs in our country, it should be taken seriously and sadly it isn’t... The Tourism industry permeates all sectors of our economy, which is why it is so powerful and sometimes so misunderstood.”

Globally, said Saunders, international tourist arrivals are set to reach 1.8 billion by 2030. “It is a growth industry,” she noted. And, with almost 60% of arrivals choosing to visit emerging market economies, “this is where the growth is”.

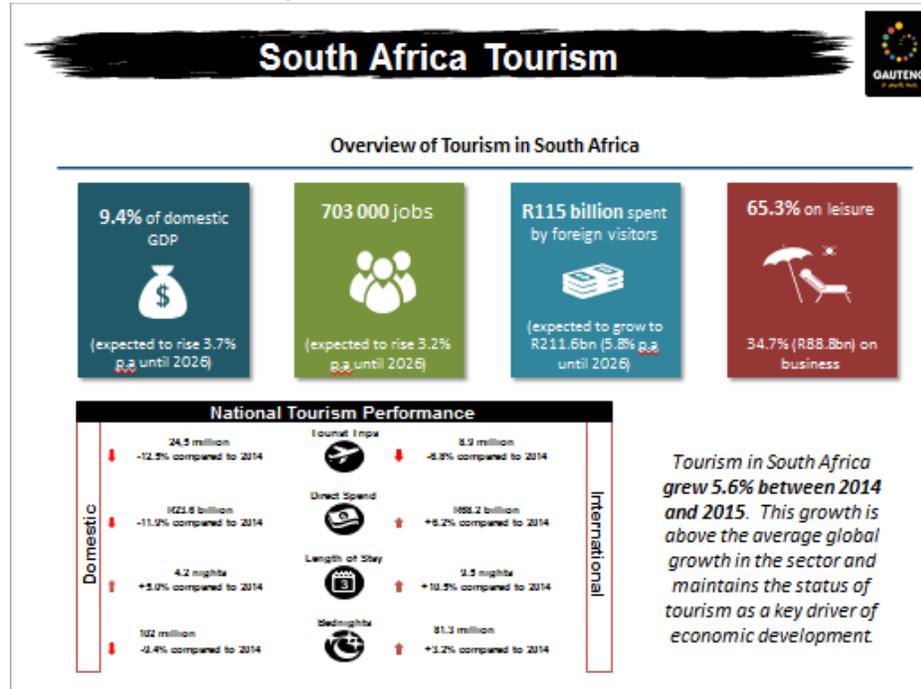


Source: Gauteng Tourism Authority

Where are people travelling to? In the coming years, Asia and the Pacific will gain most of the new arrivals, said Saunders. Africa, which as just collectively reached 134 million arrivals, has a long way to go to compete meaningfully for tourism spend. “We have strong growth off a low base, but we are nowhere,” said Saunders. Africa’s global share of Tourism is expected to grow to 7% by 2030, compared with 3% in 1980.

“We are a very important continent, but we just aren’t that big in tourism,” said Saunders, highlighting a potential missed opportunity for an advanced African economy like South Africa.

How does SA measure up?



Source: Gauteng Tourism Authority

In terms of tourism competitiveness, South Africa ranks 48th in the world currently, the top-placed African economy ahead of Seychelles (54th) and Mauritius (56th), according to the WEF report cited by Verachia. “Our national strategy aims to be 20th in the world,” said Saunders, but if that is to happen then key blockages must be addressed. These include:

- **Poor public transport** – South Africa is number one in the world for car hire, which is not a good thing, said Saunders. It talks to our poor public transport infrastructure. Certainly public transport is improving, said Saunders, citing the Gautrain and the Rea Vaya Bus Rapid Transit System, but leaders in the sector and in government must be mindful that “tourists want to feel free to walk around”; this makes Sandton’s move to create a walking culture of particular importance from a Tourism perspective.
- **Poor record keeping** – “In 2009 we changed the way we count tourists, so there is a battle with figures from Stats SA,” said Saunders. This needed to be rectified, as did the fact that South Africa also doesn’t measure pre-paid expenditure which travellers outlay before entering the country.
- **Courting the African traveller** – Africa’s growth may have tailed off, but nevertheless the African middle class remains a future growth market, said Saunders. “The African middle class – or the ‘catalytic class’ - is critical as a marketplace on this continent.”
- **Depressed hotel industry** – “Our hotel rates are depressed; in Nairobi or London you pay a lot more for a hotel. Our hotels are still very cheap on a global basis.” This should be brought into line with continental and global prices.
- **Adapting to new communication** – Global shifts must be taken into account, like the move towards personalisation. The Hotel and Tourism sectors needs to adapt themselves to putting a mobile personalisation experience at the heart of what they do. This means new

business models, recruiting top IT and R&D talent and taking on innovations like Airbnb and other disruptors. The booking process too needed to be streamlined and improved.

- **Lack of cohesion within government** – “We don’t join up,” said Saunders, “we are so bad at this.” And this lack of communication and cooperation causes dislocations between rhetoric and action between all ministries, from health to economic development. “There are not many ministries which aren’t touched by tourism, and we don’t join up on a provincial level either,” said Saunders.
- **Lack of cohesive branding** – Similarly with cohesion, too many divergent voices are failing to sell the same benefits. “We need to find ways of cascading the brand down to different levels in the country.”
- **Safety and security** – There continues to be a perception in the global marketplace that Gauteng is unsafe, even when compared to other provinces and cities in the country. “Johannesburg is turning that corner,” notes Saunders, but more must be done.
- **Ease of access** – Visas and documentary red tape are a prime example of this, in the wake of the negative impact of the unabridged birth certificate requirement on the industry in 2014. The problems with such issues is how they affect the country and province brands, they are also indicative of the lack of a ‘joined up’ government, said Saunders.
- **Lack of public-private trust** – “Until we get together and realise that nobody is trying to outplay the other, we are never really going to reach our potential,” said Saunders.
- **Red tape** – “We are known for our red tape, and not just in tourism. It also really impacts on SMEs getting going, and the tourism industry is a great one for smaller players,” she said. “There are literally hundreds of thousands of smaller players that thrive, because tourism is ultimately a local endeavour. And red tape just holds them back.”
- **Agility and capacity to implement** – Often reports and plans of action ‘sit on shelves’, said Saunders. One of the exceptions in recent years was the successful implementation of the Fifa Soccer World Cup in 2010, “which was different because we got a kick from [world football body] Fifa”, said Saunders. Now we need to learn to do it on our own, and without the kick, she said.

“Established and new destinations can always grow and develop their Tourism industry, if they put the right policies and conditions in place,” said Saunders. “This is about infrastructure, business environment, facilitation, destination marketing, development of human resources.” All of which were addressed in the points highlighted above.

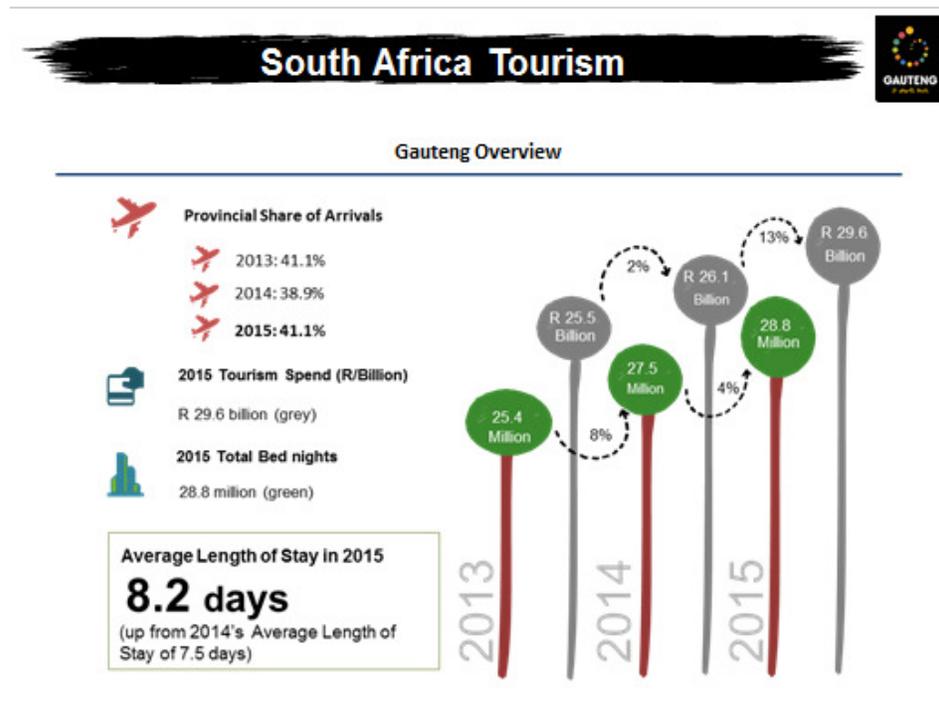
Regrettably, the outlook for the local Tourism sector is - in the face of both South Africa-specific challenges and global headwinds - likely to err on the low-growth side, which Sanders described as a “bumbling along” scenario. Only by addressing the issues raised above, and subsequently as part of the GBCF engagement, effectively and meaningfully could South Africa’s Tourism industry hope to take on the rest of the world and keep that number 20 slot in its sights.

Gauteng’s piece of the pie

Within this broader context, Gauteng has the advantage of already being a top destination in terms of tourism, said Saunders. “While international tourists might not choose to spend a lot of time in Gauteng, South African and African tourists spend a huge amount of time in Gauteng. The province has a lot to offer, from watching concerts, to sport, to shopping, to business. A lot of people come to Gauteng and spend the night, they are travelling as tourists.” It is important to note that Gauteng is the third-most visited province in the country, said Saunders.

This was reinforced during Gauteng Tourism Authority (GTA) CEO Sipiwe Ngwenya’s presentation, which looked at Tourism & Hospitality very much from the perspective of marketing the province,

bidding and hosting of events and visitor support services; all vital components in keeping the wheels of tourism turning and ensuring that tourists enjoy their experience in the province.



Source: Gauteng Tourism Authority

Gauteng is among the top four most visited provinces in the country, although between 2009 and 2016 KwaZulu-Natal recorded the biggest share of revenue at 23%, with Limpopo at 22% and the Eastern Cape at 17%. Only two of South Africa's nine provinces saw growth between 2014-2015, namely Eastern Cape and KwaZulu-Natal. Explaining this, Ngwenya said: "This is due to more aggressive packaging in other provinces to get airlines going directly into other provinces, as compared to Gauteng. One key issue for us is how do we partner with the private sector in terms of repositioning OR Tambo as the gateway into Africa and as the aviation route into the country and the continent. Western Cape and KwaZulu-Natal have been offering incentives, and if we are not focusing on aviation development then we are likely to lose our gateway status."

Ngwenya also expressed concerns that "although tourists are arriving in Gauteng, they are not spending as much as we would like. That is where we want partnerships with the private sector."

In terms of challenges, Ngwenya cited tourist dissatisfaction with "visas and other logistical issues" and, echoing Saunders, he highlighted disruptors to the sector which were changing the traditional way of doing things. "Airbnb disrupts hotels. Uber has disrupted taxis. Google has disrupted visitor information centres, and mobile Apps are disrupting the tour operators. The future will be things like virtual travel and also the commoditization of the travel experience. This means repackaging our tourism offerings, a key issue in terms of how we partner," he said.

It was vital that, within these partnerships, stakeholders understand the sociology of Tourism, and who they are packaging information for: Volunteer tourists, for example, who are free agents, or 'post-modern' tourists who opt for a fragmented experience as opposed to the structured behaviour of the past. "Academia can also assist us in unpacking the sociology of Tourism," he said. "If we unpack this then we could be able to understand who we are packing for and what they require."

Speaking with one voice

A key problem outlined by Ngwenya during his provincial overview was the fact that joint marketing in South Africa, between provinces, “does not exist”. As part of a business-government partnership, this warranted focus, he said. “We need to agree on the congruency of messaging in terms of brand promotion; sometimes it is parallel to what we say as GTA and what the other partners in the private sector say.”

On the subject of marketing there are already collaborations in place which are highlighting niche marketing and tourism aspects of Gauteng and the country. Ngwenya outlined the DStv Delicious International Food & Music Festival, saying: “This partnership is a home-grown event which started here in Gauteng and we now have event organisations taking the Soweto people and tour operators overseas and we are doing Delicious London and Delicious Dubai and Delicious US, where we will be setting up a Gauteng stall. So the partnership with event organisers and us as GTA is one important element in how we attract new events and sustain existing ones.”

Ngwenya noted that the province had only put aside R50 million for Gauteng to bid for events, package those events and bring them to Gauteng, including signature events like Joy of Jazz. But he saw scope to work with the private sector to strategically bid for events and expand capacity. He also noted that “the development and hosting of initiatives in the townships is another element we’d like to look at with event organisers”. Such collaborations had worked in the past, said Ngwenya, explaining: “Gauteng is now branded as the capital of house music, so all DJs over the world come here, because of the way in which we have grown our event and how event organisers have partnered with us.”

The partnership with the media was another important element “in terms of how we market the province and grow it”. And the other key stakeholders are the operators and “how we create attractive packages”. Right now, with the country and the province enjoying a boost to competitiveness courtesy of the weak rand, it was the ideal time to capitalise on this.

In conclusion, and in line with the theme of the day, Ngwenya called for a discussion around Gauteng’s resources and these could be brought together more effectively. That included both government and the private sector, as well as between government and key agencies like Brand SA and the tourism sector.

GOVERNMENT PERSPECTIVE

PULL-QUOTE 1: “This gathering is a step in the right direction. We are a gateway to Southern Africa, but how can we continue to be smart?”

PULL-QUOTE 2: “We are open to approaching industry [for programmes and projects]. You will see us coming to you saying ‘we want to commercialise this’.”

Government perspective

Having brought together key private sector players in the Tourism & Hospitality sector to take part in the Gauteng Business Consultative Forum (GBCF), government started the day’s proceedings by outlining its view of the opportunities inherent in the sector. Speaking on behalf of the Gauteng Provincial Government, Gauteng Health MEC Qedani Mahlangu outlined government’s thinking in terms of areas of potential development and focus.

“There are a lot of must-see things in Gauteng,” she said, but stressed that integration was important. “One of the things we need to do, working together, is to determine how we promote Gauteng and different parts of the province without being negative about other parts of the country. This gathering is a step in the right direction. We are a gateway to Southern Africa, but how can we continue to be smart?”

Over and above traditional tourism attractions like wildlife, shopping, historical attractions and, particularly in the case of Gauteng, conferences and events, the areas of potential focus for Gauteng also included: Medical tourism, township tourism, arts and heritage tourism, and sporting tourism. Across all aspects of tourism, Mahlangu stressed the need to ensure that women and young people enjoyed opportunities to gain access to the sector.

Medical tourism

According to Mahlangu: “This is something we need to talk about when we are talking in terms of Tourism, because some of the doctors training here are from Canada, from the United Kingdom, from Spain, from all over the world; they are here to learn about trauma [which she stressed the province would like to see less of] and many, many other things.”

The MEC stressed that Gauteng had numerous centres of excellence in the medical field and urged operators and marketers to highlight medical tourism in their brochures. “We want to put medical tourism as an important sector going forward,” she said. However, to get this right required a better understanding of the capabilities within the public sector and these could be leveraged to tap into this new potentially lucrative market.

Township tourism

“There are a host of tourist attractions and places in our townships other than Vilakazi Street and the Hector Pieterse Memorial,” said Mahlangu, who noted that, as part of the Township Economic Development Strategy, 34 townships were being supported through market access programmes.

Art and heritage tourism

“We have to work together to make sure our province grows, we have a lot of art galleries and a rich history which you only find here in Gauteng,” said the MEC, noting that with government and private sector cooperation these opportunities could, and should, be explored.

Sporting tourism

From cycling to rowing at Roodeplaat Dam, and running and hiking at Suikerbosrand, Gauteng has a wealth of options for keen locals and international stars, like Tour de France cycling champion Chris Froome, to use as training grounds. Mahlangu called for investors to develop these areas and asked how government could partner with such organisations to make sure that these areas are developed, maintained and commercialised.

Cooperation in action

As the man charged with two of Gauteng's leading tourist attractions, the Cradle of Humankind World Heritage Site and Dinokeng game reserve, Makhukhu Mampuru offered first-hand experience of an example of cooperation in action. He was keen to stress that, from government's point of view, the hope was that through the GBCF discussion platform "we can redirect government's efforts".

By outlining the roles of Gauteng Tourism in terms of policy and planning; development; management and marketing, Mampuru stressed those areas over which government had agency. Built into all these elements was the overarching focus on broadening the economic base and lifting South Africans out of poverty. However, the task at hand was still challenging. "There is still a lot of transformation that needs to happen in tourism," he said. "Transformation is big for us, in terms of race, class and poverty alleviation."

Essentially government saw its role as strategic and one of facilitation, he said. Government's vision for Gauteng was to forge "Africa's must-see, big city region experience", said Mampuru. To achieve this, he said, partnerships were key. "We are open to approaching industry [for programmes and projects]. You will see us coming to you saying 'we want to commercialise this'. What we have done well over the years is natural resource management of things like nature reserves, but in terms of commercialisation we have been very bad." He hoped that, by leveraging off partnerships, it would be possible to set up projects in a manner that allowed them to "run all by themselves" in a sustainable manner and in line with government's transformation agenda.

Some of the priority projects going forward included:

1. **High-impact tourism infrastructure projects** – such as viability assessments for Vaal Waterways and Roodeplaat Aqua Park; as well as West Rand Agri-Tourism.
2. **Infrastructure upgrades and maintenance** – This included Maropeng, Dinokeng, Roodeplaat Nature Reserve, and Cullinan.
3. **Revitalise township tourism offerings / products** – Government, said Mampuru, wanted to support the townships through both hard and soft infrastructure, signage, grading, market access and skills development.
4. **Workforce development** – This would require hospitality and tourism training and placements for unemployed youth and graduates, as well as trading for grading assessors.
5. **Launch of the 'People, Parks / Reserves and Tourism' Programme** – Through this initiative, school learners would visit tourism amenities in Gauteng, plus it would see the creation of Tourism Safety Ambassadors, the development of local cultural community events, and support for community arts and crafts projects.
6. **Strengthen institutional relations** – Forum such as the GBCF, which encouraged private sector and government engagement.

There are countless partnership opportunities that government sees for the broader industry, for investors, developers, managers, scientists and researchers in the broader Tourism sector, said Mampuru. In particular he stressed the importance of involving local communities, helping the potential beneficiaries of tourism to understand and take ownership for the resources.

Expectations

Further to outlining the areas which government sees as being worthy of development, ideally working hand-in-hand with business, Mahlangu indicated government's interest in identifying areas of development based on empirical evidence. "We are delighted that GIBS has come on board to help us grow the economy and use evidence-based information to make the right decisions," said the MEC. "I know other universities are also on board and we will continue to work with yourselves and hope to see differences in the work that we do."

The work of the GBCF would, she said, go some way to getting government and the private sector onto the same page. "We are expecting that this is the beginning of a detailed engagement" and one which will tackle the concerns around doing business and the red tape involved by slashing the "loops and hoops" which Tourism businesses have to go through in the province, she said.

This was echoed by Mampuru, who stressed that there was a need to join up the levels and layers of government to ensure that bottlenecks were removed. "There is a need for policy certainty and consistency from our side as government," he admitted, referring to this as a "huge issue".

As Mampuru noted in conclusion: "We subscribe to the notion that Tourism is government lead and industry driven, and community centred. That is what we want to see emerge in actual practice. All of us are somehow implicated in ensuring that tourism becomes a success and, in the context of Gauteng, we'd like to see that realised."

INDUSTRY PERSPECTIVE

PULL-QUOTE 1: “If you look at successful countries, tourism is run like a business from a government level.”

PULL-QUOTE 2: “The private sector wants to make money, government wants transformation. We have to parties who want the same thing. These two sides have to find each other.”

What business thinks

In an attempt to understand the challenges, frustrations and opportunities facing businesses operating in the Tourism & Hospitality sector in Gauteng, the first engagement session for this key industry, as part of the Gauteng Business Consultative Forum (GBCF), created space for open forum in which delegates could engage between themselves, with the full suite of attendees, and with key provincial government representatives.

In attendance from government included the likes of Gauteng Health MEC Qedani Mahlangu; Jameel Chad, Group Executive: Chief Operating Officer at the Gauteng Growth and Development Agency; Siphwiwe Ngwenya, CEO of the Gauteng Tourism Authority; and Makhukhu Mampuru, CEO of Cradle & Dinokeng Projects.

In order to ensure that insights were shared freely, and feedback from the group sessions was honestly conveyed, the session was held according to the anonymity agreement known as ‘Chatham House rules’; so while the sentiment of topics raised by industry have been faithfully recorded, none of the quotes are directly attributed to delegates in their professional capacity.

However, it is important to note that delegates attending the session represented the cream of the crop when it came to business in the Tourism & Hospitality sector. Those in attendance included the likes of newly-appointed CEO of South African Tourism, Sisa Ntshona; Bronwen Cadle de Ponte, Chair of the Tshwane Tourism Association; Kananelo Makhetha, CEO of TravelX Africa; Johanna Mukoki, CEO of Travel with Flair; David Frost, CEO of SATSA; Mmatsatsi Ramawela, CEO of the Tourism Business Council of South Africa; Stephen du Preez, Portfolio Manager: Maboneng; Sharon Mukhola, Gauteng Head of CATHSSETA; Mike Luptak, CEO of Dlala Nje; Brand South Africa’s Mpumi Mabuza; and Septi Bukula from the Tourism Enterprise Network.

Overall a sense of frustration came through during the facilitated discussion; frustration from business with government’s rhetoric, red tape and failure to act in what all agreed with a sector of huge potential for both South Africa and Gauteng.

As one delegate observed: “A lot of us in the private sector are looking to move from talk to action. When we look at the three business leaders who accompanied Finance Minister Pravin Gordhan to help shore up the markets in January [2016], when he was reappointed, they came back and placed a full-page article in the Sunday Times. The gist of it was: ‘Let’s stop talking and let’s get to action’. And they put forth 10 action points, but not one of those points has been actioned by the government.”

The lack of a holistic approach by government – at national and provincial level – was also cited as a cause for concern. One participant noted the comparison with Australia, which gets 7.2-million overseas visitors a year versus 2.1-million overseas arrivals for South Africa. “Look at how they structure themselves,” he observed. “It is a whole of government approach. The way they structure themselves as a government is holistic, they start off with what they want, they look at

impediments, they consider game changers. Their approach is a whole-of-government approach. Our approach is that we start off with the things that we don't want – like child trafficking – we then lie about the numbers, exclude everyone from the discussion. That is the antithesis of a competitive approach.”

There was agreement that following international best practice – such as the Australian example – would ensure that “we don't have to start from scratch” and can replicate successful behaviours, thereby saving time and effort and turning the situation around more swiftly.

On a related note, an attendee with a long track record in the sector spoke about the need to align the needs of the private sector with government policy. She stressed that it was important for government to be genuine in the receipt of ideas and input from those in the trenches and show willingness to tweak policies when necessary. But she failed to see a space, or an existing forum in place, that would facilitate that and give business a direct channel to government. “If you look at successful countries, tourism is run like a business from a government level,” she said, noting that South Africa should reproduce this model.

When it came to marketing, industry bewailed the fact that the provinces were run in siloes. “Each of our provinces should be ‘sharing’ tourists,” said one delegate. Tourists should be encouraged to visit Cape Town and then move onto another province, instead of each province trying to hold onto tourists. “We are competing against ourselves,” said another delegate, agreeing that it was time to work as a collective.

This went for the industry too, with many in the room declaring that the sector needed a serious and concerted culture change. While the Tourism sector, said numerous delegates, was hard, demanded long hours and required a real passion and interest in the field; this head-down approach did not lend itself to introspection or to taking the necessary time to instil these criteria in those entering the sector. In short, industry simply had to open itself up to the criticism over a lack of transformation and act responsibly and sustainably.

It was equally important that the sector play a role in embracing a broader footprint in South Africa, making travel as accessible to all South Africans as possible, ensuring a culture of domestic travel among South Africans and, in the process, growing small businesses in the sector who could flourish amidst a vibrant domestic and international tourism economy.

There was tremendous potential for SMEs in Tourism & Hospitality, with most delegates being incredibly positive about empowering small business and communities in an effort to broaden the net and the impact of the sector. In fact, a number of delegates were already actively working in roles designed to support and grow SMEs in the sector. But, in order for this to work, the sector as a whole needed to be vibrant and robust. As one delegate put it: “The private sector wants to make money, government wants transformation. We have to parties who want the same thing. These two sides have to find each other.”

In addition, it was acknowledged that business needed to organise itself better in order to engage with government, both at a high level and at an operational level.

One comment which neatly summed up the prevailing sentiment was that: “If South Africa doesn't work, business doesn't work. I have yet to meet a private sector company that says ‘I will grow at all costs’.” In a nutshell: Business has a self-interest in growing the market. “Business is about making money. If we make money everybody wins. If we can determine government's own issues concerning partnering then, together, we can move forward.”

Despite tabling concerns and frustrations, there was a genuine willingness on the part of the private sector to work with government and to find a way to tap into the mutual benefits of a healthy and growing Tourism sector.

SOLUTIONS

PULL-QUOTE 1: “At the heart of this conversation is the idea of partnerships and collaboration.”

PULL-QUOTE 2: “When this economy was pumping the most performance in 2006-2008, that’s when the income inequality gap widened. We need to be aiming for inclusive growth.”

PULL-QUOTE 3: “We have looked at challenges today, but what we find with initiatives like this being successful is the ability to find a way to work forward and to work together. It is in our best interests to find that common ground.”

Finding workable solutions

The core of the first engagement of the Tourism & Hospitality sector as part of the Gauteng Business Consultative Forum (GBCF) was a facilitated session, moderated by the Gordon Institute of Business Science’s (GIBS’s) Marius Oosthuizen. The intention was to distil the general discussion, concerns and criticisms down into five key touchpoints which a think-tank could take to government as the start of a dialogue designed to arrive at workable solutions.

Oosthuizen began the process by asking delegates to look “at the elephant from different sides”, by creating a spider diagram and teasing information from the participants he was able to narrow down the input into five key points which reflect the most serious issues holding back successful collaboration in the sector.

“At the heart of this conversation is the idea of partnerships and collaboration,” said Oosthuizen. “There was a study in the 1990s by two academics, [Ann Marie] Thomson and [James L] Perry, who looked at collaboration and asked what hindrances or prerequisites or ingredients were needed for collaboration, and they found three things. You need a group of people who are intra-dependent, so people willing to say I need the other party. In this conversation that is absolutely the case. Secondly, you need a group of people who need resources which the other has, if you don’t have that there won’t be collaboration. The third is relationship and trust. If you don’t have all three then collaboration can’t take place.”

What made Oosthuizen’s comments significant in this regard is the first point determined by the group discussion and engagement, which was a lack of trust.

With the discussion being held according to Chatham House anonymity rules, the following comments are noted but not attributed to the speaker. Furthermore, while the conversation was dynamic, and not linear, for the sake of this report comments have been gathered together as per the five key areas and based on the resolutions to which the delegates arrived during both group discussions and as part of the debriefing session which followed.

Key touchpoints

According to delegates, addressing the following five points as crucial to moving forward and creating a collaborative framework in which business and government can engage meaningfully and successfully to drive the growth and development of the Gauteng Tourism sector:

6. A lack of trust

A show of hands showed quite starkly that trust was an issue within the sector. And the point was raised time and again through comments like:

"I think there is a lack of trust. That has always been a problem with our country. Government want tourism to grow but there seems to be a disconnect and it's time to break that."

It was stressed that this lack of trust was not unique to the Tourism space, "as the industry we don't operate in a vacuum", noted one delegate. But the challenge was how to start tackling some of the issues around trust within this sector, and it was generally agreed that the starting point lay in setting common goals and building from there. "What is it we all want? What is our shared vision?" asked Oosthuizen.

Furthermore it soon became clear that there was a lack of trust within business between small and big concerns; particularly around the development and growth of SMEs which was regarded as crucial to the future of the sector. Within this the delegates also noted the mistrust between black business and white business.

One additional comment which might explain some areas of the government-private sector trust deficit lay in philosophies. The point was made that South Africa often operates like a Chinese-style government – wanting to be quite planned and following blueprints like the National Development Plan and so forth to get this done – with an India-style democracy underneath, which is quite fractured and chaotic. And getting these two worlds to work together can create a disconnect.

South Africa needs to get onto the same page, said one delegate: *"Generally I think that as a country we wait until we get to breaking point before we talk. But we should be talking about now is the next five or 10 years."*

7. Transformation and SMME development

"As professionals within the sector we have identified challenges which are still problematic especially around the issue of transformation in the sector. There are so many professionals who are academically qualified who are unable to climb the corporate ladder in the Tourism space. That is one of the issues we need to discuss; how we empower them and capacitate them for future growth."

There was clear agreement by those present that business needed to take responsibility for transformation. One delegate observed: *"Some of the big players have done good visible work but in smaller, family-owned entities it is often harder to transform."* However, by widening the value chain, and expanding existing networks to include more SMEs and *"get more blacks and newer players into the 'eco-system'."*

Another point was that: *"Any country that wants to be successful needs to be more dependent on SMEs than government funding."* However, there was a point raised that already some data already indicates that on the in-bound side 80% of businesses in the sector are small businesses; and that more data and meaningful statistics were needed to ensure that everyone had an accurate view of the sector. This related to point 4, which asked for a more data-driven approach to how government and the sector assesses and understands Tourism. It was widely held that such information was out there, and that there were tools for data mining, as one delegate said: *"It is time this is properly harnessed."*

8. A lack of (or fragmented) government coordination

"The left hand doesn't know what the right is doing. We need to get to a point where Home Affairs, the Department of Transport and the Department of Health – all the different tourism

touch points – come together; because a bad experience at a public hospital will affect my impression of the country. I can have a wonderful experience at OR Tambo but get in a taxi and get mugged.”

Comments like this were met with some resistance, as was a generally negative tone around the efforts of government. *“I think that as government we are very bad communicators, because I hear what people are saying about government and it is actually insulting; because we are actually doing a lot of very good things. If anyone here has actually heard Economic Development MEC [Lebogang Maile] speak about SME development, he is not speaking about survivalist SMEs he is talking about SMEs with goals of becoming a millionaire. There are a lot of changes in government which I don’t think people are aware of. The initiatives we have got, I don’t think 90% of the people in this room are aware of,”* observed one representative from provincial government during the discussion.

This underlined the frustration around communication cited by many in the room, as well as the fact that past strategies which had been worked on and approved often failed to be put into action. One delegate noted a project which had taken time and money to fine tune from both the private sector and the Gauteng government side. It was then handed over to the Gauteng Tourism Authority to implement and the first six months of implementation *“were terrific and things were happening”, “but we hit problems like getting business information centres in the Gautrain [stations]”*. Red tape held up the establishment of these stations by two years due to nothing more than a lack of coordination. This was not an isolated event, said delegates, other projects which have the potential to uplift communities often fell apart due to fragmentation and the fact that *“the different parts [of government] aren’t speaking to each other”*.

This tied right into the next point, around communication.

9. Communication, data and intelligent sharing

“[There is] a lack of communication between products and government, because there are no formal structures in place. A simple information session [would be helpful] so that people know and have the same vision as the province for their products and know who is who in the province and who to go to for what.”

Access to information was a significant issue a sectoral level, noted delegates and was an issue which required simply streamlining the knowledge around the existence of structures and sharing data, names, numbers, statistics and information about projects and plans. As one delegate noted: *“There is a clear need to have strong communication between the two parties, and to have the two parties willing to hear one another, and then creating a platform where dialogue can happen. If this is that platform it needs to continue and ensure that the comments are not lost along the way.”*

In terms of an immediate solution to keep people talking and improving communication, it was proposed that proper databases be established (although work on this had acknowledged delegates, already begun). This would improve the communication structure and widen it to products, associations, city tourism bodies and provincial and national tourism bodies, making it easy for new people to join would create an effective platform.

Delegates acknowledged that the GBCF was “a really good start” but there was a need for ongoing face-to-face communication. The proposed communication structure could be used to invite different sectors and stakeholders to these gatherings.

10. The need to define roles and create a shared vision

South Africa hasn't done well when it comes to commercialising its tourism endeavours, agreed those in government, and this marked the biggest difference between government and the private sector. "If a business fails to commercialise something the business closes," Oosthuizen told delegates, "but if government fails to commercialise something it might go for a loan to treasury. So finding a way in the middle where the two parties can meet, and find a way of defining what a shared future, with a successful industry looks like, is important." This needs to be a vision which is not imposed on one by another, but which is co-created by both parties, agreed the participants.

Delegates called on government to clearly define the role of national government, provincial government and local government; especially in Gauteng where the three metros – City of Joburg, City of Tshwane and Ekurhuleni Metropolitan Municipality – are very dynamic and have their own resources and often tend to act on their own. While the group did not come up with clear solutions to this issue, they believed this warranted attention.

Similarly, the need to define the role of government and the private sector was needed. "*Is government just there to create an enabling environment?*" asked on delegate.

The way forward

A task team was established at the conclusion of the proceedings, one which will drive the agenda of the forum to determine how the sector can work together better and more effectively with government. The intention of the debate was to equip the task team with an "agenda" to propose and pursue with government.

There was a generally accepted view that while growth was vital for the longevity and health of the sector, that industry and government both recognised the need for inclusive growth. As one delegate observed: "*When this economy was pumping the most performance in 2006-2008, that's when the income inequality gap widened. We need to be aiming for inclusive growth.*"

While the summit and the ensuing discussions was just the start of the process, it was noted by Oosthuizen that this engagement was a critical step in addressing concerns that government was not communicating sufficiently and effectively. By opening a channel for open and honest debate, it was hoped that the first step could be taken towards bringing everyone together.

It was stressed that the agenda for these engagements must be set from the top down and the bottom up; something which could be achieved by ensuring ongoing, smooth and digital communication. How to address intra-governmental barriers – specifically between departments – also needed to be addressed, noted the delegates.

Bringing the day's proceedings to a close, GIBS's Abdullah Verachia stressed that this was the beginning of a process "and the bringing together and articulation of some of the key issues". He stressed that the action plan to come out of the think-tank was essential and that the group should meet with the intention of having an impact. Verachia called for delegates to keep the rhythm. "We have looked at challenges today, but what we find with initiatives like this being successful is the ability to find a way to work forward and to work together. It is in our best interests to find that common ground."

Let this task-team be the spark to get things going, said Verachia, introducing delegates to the man tasked with pulling the committee together; Sifiso Mkhize, from the Office of the Gauteng Premier.

This was approved by those industry representatives present, who agreed that the process should be government lead with private sector participation. The 'inception' think-tank (which had yet to be fully populated and finalised at the close of the session) committed to holding an initial meeting within a week of the GBCF summit.

Concluded Verachia: "We as a business school are doing many of these types of initiatives in terms of bringing government, business, civil society and media closer together; because we think that the competitiveness of us as a nation depends on our ability to find common ground. We see this issue of trust in many other sectors. A lot of where we are [stuck] as a country is the ability to move forward and find common ground on issues, you might not agree on everything, but on some issues."

So, he said: "Role up your sleeves. Hard work and the contextual appreciation of each other and the world and the country we live in might just get us somewhere. So ask yourselves what the possibility is for a sector that I think is critical in terms of the value and beauty we have from a country perspective."

SIDEBAR

The aim of the GBCF

Outlining the hopes and ambitions which saw government establish the Gauteng Business Consultative Forum (GBCF), Jameel Chad, Group Executive: Chief Operating Officer at the Gauteng Growth and Development Agency (GGDA), told delegates at the inaugural meeting of the Tourism & Hospitality sector at GIBS business school in Illovo: "The GBCF is an initiative of the Gauteng government and I think that among some of the issues that have been raised here is the issue of trust. Do you believe government? I think that we regard that as the starting point for a continuous engagement."

Chad urged delegates to see themselves as part of a process "that is geared and designed towards alleviating stress points in the industry. This is not an 'us' or 'them' process, the growth of this province is everyone's responsibility."

This was not just a one-off event, he said, noting that the GBCF has the support and the backing of the MECs and the Premier of Gauteng. "Tell us what your issues are. Tell us what the burning touch points are," he urged those from the private sector. "It is critical that that discussion be open and honest, otherwise we can't know how to engage. This is a starting point, it is not the end."

The work of the task-team that will be established as a result of this first engagement was central to the process, said Chad. "What we want to do is have a grouping of people from government and those from Tourism to sit on that task team and that task-team is going to have the mandate to put in place an action plan. The key thing is they are going to have to deliver on that. So if we are saying an unabridged birth certificate is an issue then we are going to have to put together a plan, be it engaging with Home Affairs, or whatever. That decision must be made and a timeline must be put in place."

Chad stressed that a number of the issues raised in the open discussion could be dealt with within provincial government; like communication. He admitted to be flabbergast by some of the stories of delayed implementation and the red tape issues. "This is red tape within red tape," he said, "and it is not acceptable."

Referring to the five key touchpoints outlined by the delegates as a result of the facilitation process, Chad stressed that trust was at the heart of the GBCF's aims. "Building that trust and confidence in each other is about dialogue and ensuring that there are active mechanisms in place; but dialogue that needs to move into action. I believe it is the first time in Gauteng that there are sincere efforts being made to find those bridging points and working towards a shared vision."

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