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Final Report:

Leveraging State-owned tourism assets for black Small, Medium and Micro Enterprises development: a case of state-owned parks, lodges and attractions – phase two (2)

University of Johannesburg

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LIST OF ACRONYMS

BBBEE – Broad-Based Black Economic Empowerment
COGTA – Cooperative Governance and Traditional Affairs
DSBD – Department of Small Business Development
DTI – Department of Trade and Industry
ECPTA – Eastern Cape Parks and Tourism Authority (ECPTA)
EMEs – Exempt Micro Enterprises
GENs – Generic Enterprises
IDP – Integrated Development Plan
KSD – King Sabata Dalindyebo Municipality
KSDM – King Sabata Dalindyebo Local Municipality
LED – Local Economic Development
NTSS – National Tourism Sector Strategy
NWPB – North West Parks Board
ORTDM – O.R. Tambo District Municipality
QSEs – Qualifying Small Enterprises
SMME – Small, Medium, and Micro Enterprises
SBA – Small Business Administration
SANParks – South African National Parks
TEP – Tourism Enterprise Partnership
TSP – Tourism Support Programme
SANParks – South African National Parks
UNEP – United Nations Environment Programme
UNESCO – United Nation Educational, Scientific and Cultural Organization
USA – United States of America
VFR – Visiting friends and relatives



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EXECUTIVE SUMMARY

A major policy challenge in South Africa is for achieving greater 'inclusion' in the tourism industry and especially the provision of opportunities for formerly disadvantaged communities to benefit from sector growth. The National Tourism Sector Strategy calls for a broadening of the economic beneficiaries of tourism development and in particular calls for programmes to attract more black entrepreneurs into the tourism sector and to own and operate tourism SMMEs. One aspect of transformation and for expanding inclusivity in South Africa's tourism economy is through the promotion of SMME development and especially of new entrepreneurship opportunities for Black-owned SMMEs. This can include both direct involvement of black entrepreneurs in tourism or of encouraging preferential usage of Black owned suppliers and the inclusion of SMMEs within supply chains. Overall the challenge of inclusive tourism requires that greater benefits flow to local (black) communities as well as other groups (especially women and the disabled) that formerly remained largely outside of the mainstream of the country's tourism economy. This said, a 2018 report issued in 2018 by the Department of Tourism concerning the state of transformation in the South African tourism sector suggested that the pace of change is 'slow' and 'concerning'.

Since 2000 national government has introduced or supported a range of initiatives to deepen specifically SMME development in tourism sector, to support wider objectives of transformation and of inclusive growth in tourism. These interventions have been geared to address the particular challenges and needs of SMMEs in the tourism sector. Of particular note has been the activities of the Tourism Enterprise Partnership (formerly the Tourism Enterprise Programme) which provided SMMEs with skills development, market access and business support advice. More recent interventions have included the Tourism Support Programme (TSP), a DTI financing initiative which was a sub-programme of the Enterprise Investment Programme launched in 2008. In addition, the Department of Tourism launched its own dedicated SMME support programmes as part of the greater objective of the revised NTSS for 2016-2026 with the goal of ensuring the sustainable development and growth of tourism enterprises that facilitates inclusive participation, job creation as well as strengthening the competitiveness of tourism destinations. The programme accords acknowledgement that "effective enterprise support" would allow for the development of "black tourism related businesses". Under the Department's Tourism Enterprise Development Programme there are several focal areas including market access, supplier development, mentorship and coaching, training and development, an information portal, and incubation. Other



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innovative programme interventions include assistance for the establishment or operations of tourism business incubators

The impact of this raft of recent policy initiatives on SMME development in tourism remains to be evaluated. However, it is observed that the majority of these existing initiatives are supply-side interventions aimed to enhance support for tourism SMMEs. Recently, the Department of Tourism has been concerned to complement these supply-side support interventions with a suite of demand-side initiatives. One significant facet of fresh policy thinking towards demand-side interventions is to leverage the potential of state-owned assets for tourism development and in particular for SMME upgrading. A first step towards achieving this objective has been the undertaking of a national audit of such state assets. The Department of Tourism engaged with stakeholders and compiled a partial list of state-owned assets in terms of state-owned land, lodges and attractions. These assets include those of national and provincial government as well as an array of municipal assets. Arguably, the most significant of these assets include those of SANParks, North West Parks and Cape Nature. In addition, one must not overlook the large number of often smaller municipal assets which can include local nature reserves, accommodation complexes, campsites, caravan parks and even a number of lighthouses. The maximisation of these municipal assets can be potentially critical vehicles for assisting tourism-led Local Economic Development particularly in many small towns.

The question of leveraging state assets for tourism development was identified by the Department of Tourism as a focus for research in the National Tourism Research Agenda. The University of Johannesburg undertook a 2-year research project to examine the potential for leveraging the state assets for a demand-driven approach for inclusive tourism. The project examined the potential for leveraging the state assets – national and sub-national tiers – for a demand-driven approach for enhanced support and promotion of tourism SMMEs which are owned or operated by black South Africans. This policy focus is in alignment with government objectives for transformation and social inclusion in the tourism sector. The research project involved conducting a number of investigations about the challenge of maximizing state assets in relation to different forms of state assets and by different levels of government. In year one of this project, studies were undertaken of the leveraging of state assets in terms of the Pilanesberg nature reserve in North West province and at the municipal level the leveraging of assets for potential tourism development in the Overstrand Local Municipality, Western Cape. In year 2, parallel investigations were undertaken to those completed in phase one. Another



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example of a large state-owned asset linked to nature-based tourism, namely Addo Elephant National Park, located in the Eastern Cape Province, was interrogated in terms of questions of leveraging for Black SMME development. In addition, a second locality study was undertaken (also based in the Eastern Cape Province) and focused on King Sabata Dalindyebo Municipality. Finally, also as part of phase two, a thematic study was undertaken on the chequered development and potential of municipal resorts, caravan parks and camping. This particular study encompasses a national focus with select case studies.

The major conclusion that comes out of the study – and which runs through all the empirical investigations is the under-performance of state assets in relation to inclusive tourism development. Overall, the study argues that there is a fundamental need for improved asset management for tourism and for the development of an asset management framework specifically for tourism assets in South Africa.



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1. INTRODUCTION

The question of leveraging state assets for tourism development was identified by the Department of Tourism as a focus for research in the National Tourism Research Agenda. The University of Johannesburg is undertaking a 2-year research project to examine the potential for leveraging the state assets for a demand-driven approach for inclusive tourism. It is against this backdrop that the University of Johannesburg in collaboration with the Department is undertaking a research project which aims to examine the potential for leveraging the state assets – national and sub-national tiers – for a demand-driven approach for enhanced support and promotion of tourism SMMEs which are owned or operated by black South Africans. This policy focus is in alignment with government objectives for transformation and social inclusion in the tourism sector. The research project involves conducting a suite of investigations about the challenge of maximizing state assets in relation to different forms of state assets and by different levels of government. In year one of this project, research studies were undertaken of the leveraging of state assets in terms of the Pilanesberg nature reserve in North West province and at the municipal level the leveraging of assets for potential tourism development in the Overstrand Local Municipality, Western Cape. This interim report discusses work undertaken in year two of the project.

This report is organised into the following seven further sections of discussion.

- Section one (i.e., current section) provides the study rationale, purpose of study and sets out the objectives.
- Section two discusses the theoretical and literature context.
- Section three reviews the study phases, gives a summary of the results of phase one and provides an introduction to the three case studies undertaken in phase two.
- Section four provides an overview of findings from the 'large asset' study namely that of Addo Elephant Park which is a parallel study to that undertaken in Phase One on Pilanesberg National Park.
- Section five turns to discuss the results from the locality study – namely King Sabata Dalindyebo – which is a parallel investigation to that undertaken in phase one of the Overstrand Local Municipality.



- Section six discusses progress on the thematic study of caravan parks. The South African research is put into the context of a wider international literature review which is provided on 'camping' and caravan parks.
- Section seven provides a summary of key findings and policy recommendations relating to the two year project as a whole.
- Section eight provides a listing of references.

1.1. Study Rationale and Problem Statement

The creation of new market opportunities for SMMEs is one of the central challenges for building the SMME economy in South Africa (Osiba Research, 2011). This is acknowledged in several policy commitments made by the Department of Small Business Development for SMME development as a whole and by the Department of Tourism (DoT) for pronouncements for transforming the tourism sector. Since the early years of the new democracy, energetic efforts have been made to open new market opportunities for SMMEs through direct support measures of improving access to finance and expanded opportunities for training and upskilling opportunities (Rogerson, 2008a). Another set of important initiatives have involved seeking to foster market linkages between SMMEs and large corporates, including most recently through encouraging private sector supplier diversity initiatives (Herrington and Overmeyer, 2006; Rogerson, 2012). It is generally acknowledged, however, that the results of a range of several different government initiatives to support business development in the SMME economy of post-apartheid South Africa have been somewhat disappointing (Rogerson, 2004). Accordingly, in recent years, national government has been searching for alternative pathways and policy initiatives in order to catalyse the SMME economy (Osiba Research, 2011). Essentially, these alternative pathways include a focus on direct demand-driven initiatives such as those directed at fostering entrepreneurship and SMME development through state procurement programmes as opposed to the emphasis given in early SMME policy interventions which were largely supply-driven in character. The critical relevance of addressing demand-driven initiatives is underscored by commitments made in the National Development Plan 2030 which asserts that public procurement "will be an essential stimulator of demand for small and expanding firms" (The Presidency, 2011: 119).

Over the two past decades, national government has introduced a range of initiatives to deepen SMME development in tourism, wider objectives of transformation and of inclusive growth in tourism (Rogerson, 2008b). Of note has been the activities of the Tourism Enterprise Partnership (formerly Tourism



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Enterprise Programme) which provided SMMEs with skills development, market access and business support advice; the activities of the TEP have been evaluated in a number of studies (Rogerson, 2007, 2008c, 2013a). More recent interventions have included the Tourism Support Programme (TSP), a Department of Trade and Industry (DTI) financing initiative which was a sub-programme of the Enterprise Investment Programme launched in 2008. In 2012, the administration of this programme moved from DTI to NDT; the TSP offers a reimbursable cash grant towards investment costs for establishing or expanding existing tourism operations including accommodation and tour operators (Van Wyngaardt, 2012; Dlodla, 2014). During 2017, the Tourism Minister announced a further government backed tourism development fund to support SMMEs, including community-based projects, as part of strategic planning for inclusive growth (Ensor, 2017). Other useful programmatic interventions have encompassed assistance for the establishment or operations of tourism business incubators (Rogerson, 2017).

The impact of this raft of recent initiatives remains to be evaluated. It is observed, however, that there is growing interest on behalf of the Department to complement these supply-side support interventions with a suite of demand-driven initiatives. One significant facet of fresh policy thinking towards demand-side interventions is consideration that is being given to leverage the potential of state-owned assets for tourism development and in particular for SMME upgrading (Ensor, 2017). A first step towards achieving this objective has been the undertaking of a national audit of such state assets. The Department has engaged with stakeholders and has compiled a partial list of state-owned assets in terms of state-owned land, lodges and attractions. These assets include those of national and provincial government as well as an array of municipal assets. Arguably, the most significant of these assets include those of Sanparks, North West Parks and Cape Nature. This said, one must not overlook the large number of often smaller municipal assets which can include local nature reserves, accommodation complexes, campsites, caravan parks and even a number of lighthouses. The maximisation of these municipal assets can be potentially critical vehicles for assisting tourism-led Local Economic Development particularly in many South African small towns. Overall, the compilation of the Department's list provides a basis to begin an exploratory analysis of the potential for leveraging state assets for inclusive growth, transformation and expanding the role of black entrepreneurs in the tourism sector of South Africa.

The topic of leveraging state assets for tourism development was identified by the Department as one issue of concern for the National Tourism Research Agenda (Department of Tourism, 2018). It is against this backdrop that this document sets out a proposed research project which aims to examine the



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potential for leveraging the state assets – national and sub-national tiers – for a demand-driven approach for enhanced support and promotion of tourism SMMEs which are owned or operated by black South Africans. This policy focus is in alignment with government objectives for transformation and social inclusion in the tourism sector.

1.2. Purpose of Study

The primary aim of the two-year research study is to examine the potential for leveraging state assets in terms of parks, lodges and attractions for tourism SMME development with a view to improve the growth and development of black-owned SMMEs. In particular, the focus is upon the potential and opportunities that exist that such linkages could be expanded and maximised by leveraging procurement for the benefit of Black-owned SMMEs in order to advance transformation in the tourism sector (Department of Tourism, 2017). Also important for the study is to determine potential policy recommendations in respect of procurement in relation to state-owned assets for the benefit of tourism SMME expansion.

1.3. Study Objectives

The scope of the study explores among others the following broad objectives:

- Establishing the nature of state-owned entities by different tiers of government that might be leveraged for opportunities for tourism black-owned SMMEs supply with goods and services.
- Investigate current procurement regulation that impact state assets and the extent to which existing regulations are effective, implemented and monitored.
- Investigate existing supply chains of state-owned assets and the extent if any that black SMMEs are engaged.
- Investigate products and services that are in the supply chain of state assets and which might offer potential opportunities for the involvement of black tourism SMMEs.
- Identify black-owned SMMEs businesses that are existing suppliers to state-owned entities with products and services, with a specific focus on their business challenges
- Identify existing black-owned SMMEs that are potential suppliers to state-owned assets and currently are NOT existing suppliers, with a specific focus on their business challenges and reasons for non-engagement with state assets.
- Determine the possibility of amending conditions for procurement by state-owned entities from tourism SMMEs.



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- Provide recommendations on how to create sustainable business linkages and networks between the state-owned entities and tourism SMMEs.



2. THEORETICAL AND LITERATURE CONTEXT

This research on leveraging state assets for tourism SMME development and opportunities for transformation must be located in the context of international and local scholarship on public procurement. Two sub-sections of material are now presented dealing respectively with international and South African debates and policy initiatives around leveraging public procurement.

2.1. National Policy Context

Growing foci of debate in tourism are around the extent to which the sector is 'inclusive' (Bakker and Messerli, 2017; Scheyvens and Biddulph, 2018) and of identifying drivers or constraints to tourism-driven inclusive growth (Bakker, 2018; Biddulph, 2018; Campos et al., 2018; Hampton et al., 2018). In the upsurge of international research around economic inclusion and tourism, the South Africa case is of major interest (Butler and Rogerson, 2016). In several pronouncements offered during 2015 by South Africa's Minister of Tourism, considerable attention is accorded to issues of inclusion in the tourism sector and of national government's understanding of the concept. In March 2015 the Minister declared "tourism is not only about the activity of tourism" rather "it is about inclusive economic growth and the better life that it creates for those most in need" (Hanekom, 2015a: 1). Further, in addressing a major conference of tourism stakeholders in August 2015, the Minister proclaimed that among three key objectives of the country's tourism policy in future was "very importantly we want to make the entire sector more inclusive and representative by bringing people who have been marginalized into the mainstream tourism economy" (Hanekom, 2015b: 2). In another statement, the two core "strategic imperatives" for South African tourism were identified as 'greater sustainability' and 'greater inclusivity' (Hanekom, 2015c: 1). In addressing local government tourism representatives the Minister argued that for defining 'success' in tourism and the extent to which it is a 'force for good' in South Africa additional ways of measuring the impact of tourism were needed beyond simply that of numbers of international tourist arrivals. It was stressed as follows: "We will need to measure how inclusive this growth is, and how many more marginalised people and communities we are bringing into the mainstream" (Hanekom, 2015c: 1).

During 2018, the attainment of "inclusive and quality growth of the South African tourism economy" is situated at the heart of the country's National Tourism Sector Strategy (Department of Tourism, 2018a: 18). The NTSS calls for a broadening of the economic beneficiaries of tourism development in South Africa and in particular calls for programmes to attract more black entrepreneurs into the tourism sector and to own and operate tourism SMMEs. Overall, inclusive tourism growth is firmly on the policy agenda



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in South Africa and requires that greater benefits flow to local (black) communities as well as other groups (especially women and the disabled) that formerly remained largely outside of the mainstream of the country's tourism economy. Nevertheless, the most recent report issued in 2018 by the Department of Tourism concerning the state of transformation in the South African tourism sector suggests that the pace of change is 'slow' and 'concerning' (Department of Tourism, 2018b: 71).

One aspect of transformation and for expanding inclusivity in South Africa's tourism economy is through the promotion of SMME development and especially of new entrepreneurship opportunities for Black-owned SMMEs. This can include both direct involvement of black entrepreneurs in tourism or of "encouraging preferential usage of Black owned suppliers and the inclusion of SMMEs within supply chains" (Tourism B-BBEE Charter Council, 2018: 1). The focus on SMME development as an anchor for transformation in tourism is a mirror of wider national debates in South Africa about the SMME economy and transformation as a whole. Transformation legislation was introduced in South Africa in order to address the debilitating legacy of apartheid policies which had included the deliberate marginalisation if not outright exclusion of black business. The South African government has recognised that SMMEs can play a critical role in the economy variously as central drivers for economic growth, job creation and potentially even of innovation (Bureau for Economic Research, 2016). The promotion of the SMME economy has been a major commitment of national government policy since 1994 and more especially after the release in 1995 of the White Paper on SMME development. Confirmation of national government's commitment to the significance of SMME development was evidenced by the establishment during 2014 of a new Ministry of Small Business Development. In the National Development Plan SMMEs are identified as a key component for progressing inclusive growth and development as the Plan envisions that by 2030 90 percent of new job growth will be from SMMEs (The Presidency, 2011).

The results and impacts for SMME development of more than two decades of government policy intervention in South Africa have been somewhat disappointing (Osiba Research, 2011; Rogerson, 2004). Public sector support for SMMEs has typically assumed the form of supply-driven interventions whereby a range of services are delivered to enterprises. Bukula (2018: 89) argues, however, that while such interventions can and do provide beneficial support "many are questionable when it comes to the scale and sustainability of benefits derived by participants". As most recently documented by the Bureau for Economic Research (2016: 10) the majority of South African SMMEs rarely survive beyond their



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nascent business phase. The SMME economy still struggles under the weight of a multitude of challenges including *inter alia*, limited access to finance and credit, poor infrastructure, low levels of R & D, regulatory issues including excessive red tape, high levels of crime and lack of coordination of support interventions introduced by various departments of government.

The World Bank (2018) records that lack of access to financial products as the major limit on the expansion of black-owned SMMEs. Although national government has introduced a number of financial support programmes, it remains that the fragmentation of these programmes “as well as unintended exclusion arising from eligibility criteria and the granting process undermine their effectiveness” (World Bank, 2018: 19). Arguably, for SMMEs there is an uneven geography of access to finance with the most extreme difficulties faced in poorer regions of the country (World Bank, 2018: 71). Bhorat et al. (2018) stress that different constraints must be recognised for two distinct groups of SMMEs. On the one hand, there are the larger SMMEs which are mostly male-owned, non-youth, White and high skilled entrepreneurs and on the other hand for own-account (mostly survivalist) businesses which tend to be in the informal sector and run mainly by more female, youth, Black and low-skilled entrepreneurs. For the former competition with large enterprises followed by infrastructure shortcomings are the most regularly cited constraint on business expansion. By contrast for own-account enterprises, infrastructure is identified as the biggest growth constraints followed by difficulties in accessing finance (Bhorat et al., 2018).

The creation of new market opportunities for SMMEs is acknowledged as another of the core challenges for building the SMME economy in South Africa (Osiba Research, 2011; Bureau for Economic Research, 2016; Bukula, 2018). This is recognized in several policy commitments made by the Department of Small Business Development (DSBD) for SMME development as a whole and by the Department of Tourism for pronouncements for transforming the tourism sector. Since the early years of the new democracy, energetic efforts have been made to open new market opportunities for SMMEs through direct support measures of improving access to finance and expanded opportunities for training and upskilling opportunities (Rogerson, 2008a; Bureau for Economic Research, 2016). Other important initiatives have involved seeking to foster market linkages between SMMEs and large corporates, including most recently through encouraging private sector supplier diversity initiatives (Herrington and Overmeyer, 2006; Rogerson, 2012). It is generally acknowledged, however, that the results of a range of several different government supply-side initiatives to support business development in the SMME economy of post-



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apartheid South Africa have been limited (Rogerson, 2004; Bhorat et al., 2018). Accordingly, in recent years national government has been searching for alternative pathways and policy initiatives in order to catalyse the SMME economy (Osiba Research, 2011; Bukula, 2018). One of these alternative pathways include a focus on direct demand-driven initiatives such as those directed at fostering entrepreneurship and SMME development through state procurement programmes as opposed to the emphasis given in early SMME policy interventions which were largely supply-driven in character. The critical relevance of addressing demand driven initiatives is underscored by commitments made in the National Development Plan 2030 which asserts that public procurement “will be an essential stimulator of demand for small and expanding firms” (The Presidency, 2011: 119).

The mandate of the DSBD – the core national government department with responsibility for SMME development since its establishment in July 2014 - is “the coordination of efforts towards a strong and sustainable community of SMMEs and Cooperatives to enable them to contribute positively to economic growth and job creation in South Africa” (Department of Small Business Development, 2018a: 4). In support of its mandate, the DSBD has initiated a National Interdepartmental Coordinating Committee in order “to reflect a government-wide perspective, to promote and support the growth and development of the small business and cooperatives sector through inter-departmental planning” (Department of Small Business Development, 2018b: 5). The inter-departmental committee is made up of representatives of 24 government departments, including tourism. Among key interventions currently pursued by DSBD are those to improve access to financial and non-financial support, build market access for SMMEs, support the national township and rural enterprises strategy, and drive for policy, legislative and regulatory review with a special focus on ‘red tape’ reduction which has implications for several aspects of tourism (Department of Small Business Development, 2018b). It has been announced by Minister Lindiwe Zulu that the DSBD is in the process of developing a National Red Tape Reduction Strategy to address the negative impacts of red tape on small businesses as a whole. Among its objectives is removal of barriers that hinder new innovative tourism ventures and most importantly “including a typical bureaucratic mindset of ‘it’s against the rules or not in the rules’ need to be addressed” (Department of Tourism, 2018c: 8). Finally, the DSBD seeks to strengthen government procurement programmes in support of SMME development as a whole, and by implication to include the tourism sector (Department of Small Business Development, 2018b: 8).



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The core business challenges facing tourism SMMEs parallel those relating to SMME development as a whole, including shortcomings relating to infrastructure, access to finance and market access opportunities (Department of Tourism, 2016). In common with the observations about the differentiated challenges facing SMMEs as a whole (Bhorat et al., 2018) marked differences emerge between the enterprise constraints facing more established, mainly, SMMEs and those of many black and marginalized entrepreneurs seeking to enter the tourism economy (Rogerson, 2005). Further difficulties for tourism SMMEs as a whole arise from local government capacity shortcomings for tourism planning and development which result in haphazard planning, often the mismanagement of tourism and that for many local governments the rhetoric of tourism support not being backed up by consolidated practice as tourism is not a local government priority. Over the two past decades, national government has introduced a range of initiatives to deepen specifically SMME development in tourism sector, to support wider objectives of transformation and of inclusive growth in tourism (Rogerson, 2008b; Department of Tourism, 2018c). These interventions have been geared to address the particular challenges and needs of SMMEs in the tourism sector (Department of Tourism, 2016; Bukula, 2018).

Of particular note has been the activities of the Tourism Enterprise Partnership (TEP) (formerly the Tourism Enterprise Programme) which provided SMMEs with skills development, market access and business support advice; the activities of the TEP have been evaluated in a number of studies (Rogerson, 2007, 2008c, 2013a). More recent interventions have included the Tourism Support Programme (TSP), a DTI financing initiative which was a sub-programme of the Enterprise Investment Programme launched in 2008. In 2012 administration of this programme moved from DTI to Department of Tourism; the TSP offers a reimbursable cash grant towards investment costs for establishing or expanding existing tourism operations including accommodation and tour operators (Van Wyngaardt, 2012; Dlodla, 2014). The Department of Tourism launched its own dedicated SMME support programmes as part of the greater objective of the revised National Tourism Sector Strategy for 2016-2026 with the goal of ensuring the sustainable development and growth of tourism enterprises that facilitates inclusive participation, job creation as well as strengthening the competitiveness of tourism destinations (Department of Tourism, 2018a). The programme accords acknowledgement that “effective enterprise support” would allow for the development of “black tourism related businesses” (Department of Tourism, 2018a: 31).

During 2017, the Tourism Minister announced a government backed tourism development fund to support SMMEs, including community-based projects, as part of strategic planning for inclusive growth (Ensor,



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2017). Under the Department's Tourism Enterprise Development Programme there are several focal areas including market access, supplier development, mentorship and coaching, training and development, an information portal, and incubation (Department of Tourism, 2018d). Promising innovative programmatic interventions have encompassed assistance for the establishment or operations of tourism business incubators (Rogerson, 2017). At the heart of the tourism incubation programme is the provision over a three year period of needs based enterprise support which is targeted to reduce business failure in selected tourism hubs by maximizing trade networks and business linkages through training and development support interventions (Department of Tourism, 2018d). Business incubators for supporting tourism entrepreneurs are viewed as key vehicles for transforming the South African tourism sector in terms of making it inclusive and accessible to new entrants (Department of Tourism, 2018e).

In alignment with other national government programmes for inclusion, the support from Department of Tourism is spatially targeted at potential and emerging tourism SMMEs in rural and semi-rural areas, including townships (Department of Tourism, 2016). The overall goal is stated as to create a conduit for economic inclusion "by building the competitiveness of tourism businesses for increased sustainable jobs and economic growth and development (Department of Tourism, 2018d). Further impetus for Black SMME development is anticipated from the implementation of BBBEE Codes and especially of Enterprise and Supplier Development which is viewed as a key driver for transformation (Department of Tourism, 2018b).

The impact of this raft of recent policy initiatives on SMME development in tourism remains to be evaluated. It is observed, however, that there is growing interest on behalf of the Department of Tourism to complement these supply-side support interventions with a suite of demand-driven initiatives. One significant facet of fresh policy thinking towards demand-side interventions is consideration that is being given to leverage the potential of state-owned assets for tourism development and in particular for SMME upgrading (Ensor, 2017). A first step towards achieving this objective has been the undertaking of a national audit of such state assets. The Department of Tourism has engaged with stakeholders and has compiled a partial list of state-owned assets in terms of state-owned land, lodges and attractions. These assets include those of national and provincial government as well as an array of municipal assets. Arguably, the most significant of these assets include those of SANParks, North West Parks and Cape Nature. This said, one must not overlook the large number of often smaller municipal assets which can include local nature reserves, accommodation complexes, camp sites, caravan parks and even a number



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of lighthouses. The maximisation of these municipal assets can be potentially critical vehicles for assisting tourism-led Local Economic Development particularly in many South African small towns. This said, it is acknowledged that South African local municipalities are faced with many challenges in managing their municipal assets. Indeed, in terms of tourism the evidence from limited research in East London is that “many South African municipalities are failing to incorporate their assets effectively” for tourism development (Dlomo and Tseane-Gumbi, 2017: 3). Critical findings of the East London study related not only to the poor maintenance of municipal assets that could be utilized for tourism development but also that “lack of tourism knowledge by many municipality departments leads to the underutilisation of many immovable municipal assets” (Dlomo and Tseane-Gumbi, 2017: 8).

Overall, the compilation of the Department of Tourism list provides a basis to begin an exploratory analysis of the potential for leveraging state assets for inclusive growth, transformation and expanding the role of black entrepreneurs in the tourism sector of South Africa. The topic of leveraging state assets for tourism development was identified by the Department of Tourism as one issue of concern for the National Tourism Research Agenda (Department of Tourism, 2018f). It is against this backdrop that in response to a call for proposals by the National Department of Tourism, the University of Johannesburg is undertaking a research project which aims to examine the potential for leveraging the state assets – national and sub-national tiers – for a demand-driven approach for enhanced support and promotion of tourism SMMEs which are owned or operated by black South Africans. This policy focus is in alignment with government objectives for transformation and social inclusion in the tourism sector. In addition, it speaks to what the World Bank (2018) describes as “an incomplete transition” and of the imperative for South Africa to overcome the legacy of apartheid exclusion.

2.2. State Procurement for Social Inclusion

The research on leveraging state assets for tourism SMME development and opportunities for transformation is located in the context of international research and debates about inclusive tourism. In particular, it is situated within the body of international literature and local scholarship on public procurement. The term ‘public procurement’ essentially “refers to the purchase of goods and services by government or public entities to fulfil their various functions” (Bolton, 2016: 4). Two sub-sections of material are now presented dealing respectively with international and South African debates and policy initiatives around the leveraging of public procurement.



2.3. Leveraging State Procurement: International Experience

As argued by Hoekman and Sanfilippo (2018: 1) governments around the world purchase a large variety of products from the private sector and such state procurement often accounts for “a significant share of GDP and thus aggregate demand”. According to the UNEP (2017: p. viii) public procurement wields enormous power, accounting for an average of 12% GDP in the group of OECD countries and reaching as much as 30% in many developing countries. In countries of the global South Wittig (1999: 3) identifies the public procurement sector as “often the largest domestic market”. Likewise, Hoekman and Sanfilippo (2018) confirm that in some of the poorest regions of the world, including sub-Saharan Africa, the magnitude of public procurement is highly significant in configuring the economic landscape.

Conventionally state procurement systems incorporate procedures to ensure that contracts are awarded to the lowest cost suppliers that satisfy particular technical specifications. This said, in most countries value for money is not the only goal of public procurement as many governments also have leveraged state procurement in order to pursue other social or distributional objectives (Nijaki and Worrel, 2012; Flynn and Davis, 2015; UNEP, 2017; Loader, 2018). The use of public procurement to drive innovation is a strong focus particularly in the European Union where “the purchasing power of governments is being recognised as a demand-side tool that can stimulate innovation” (Bolton, 2016: 4). Most recently, the application of public procurement has been extended to achieve environmental objectives with much attention devoted to issues of ‘green procurement’ or sustainable procurement in which SMMEs are a major priority for target support (Nijaki and Worrel, 2012; UNEP, 2017; Delmonico et al., 2018). Low carbon procurement is also a new research agenda – particularly in Europe - as a response to the importance of addressing climate change issues (Correia et al., 2013). Overall, across the international scholarship among key barriers identified to successful procurement are that “often people do not see public procurement as strategic or even a real profession”, “competing procurement priorities”, “lack of awareness” and in the developing world “lack of products or services to procure” (UNEP, 2017).

In emerging economies questions around sustainable public procurement have attracted academic attention with work suggesting that “organizational culture stands out as a particular barrier” (Delminico et al., 2018: 70). Across the region of sub-Saharan Africa there is a growing literature on issues around public procurement (African Procurement Law Unit, 2018). Most existing African literature focuses on issues of governance, legal issues, reduction of corruption, the development of enhanced institutional and management frameworks and firm performance (eg. Quinot and Arrowsmith, 2013; Williams-Elegbe,



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2013; Leon de Mariz et al., 2014; Uromi, 2014; Williams-Elegbe, 2015; Ambaw and Telgan, 2017; Engelbert, et al. 2016; Engelbert, 2017; African Procurement Law Unit, 2018; Hoekman and Sanfilippo, 2018).

Notwithstanding policy interest in many advanced and emerging economies for leveraging public procurement it is observed that public procurement remains a relatively neglected theme for academic research (Thai, 2001; Mahmood, 2010). Most especially attention has lagged in respect of how it can be utilised to promote entrepreneurship (Preuss, 2011). Nevertheless, as discussed below, public sector procurement has been applied as a lever for SMME development in several countries especially by using set asides to catalyse market access for certain preferred groups of SMMEs, an initiative which emerges out of a longer history of leveraging state procurement. Historically, it is argued that the application of “public procurement as a tool to advance national priorities can be traced back to the 19th century when procurement was used to tackle social justice issues such as fair labour conditions and wages or improved opportunities for disabled people” (UNEP, 2017: 10). McCrudden (2004) provides a valuable overview of how governments attempt to use procurement to produce desired social outcomes regulating the use of its purchasing power to advance conceptions of social justice”. Indeed, it is suggested that at least in the global North “modern procurement systems evolved alongside the development of the welfare State, and it is hardly surprising that the former was used in part to underpin the goals of the latter” (McCrudden, 2004: 258). For example, in the United Kingdom after World War 1 public procurement was applied to address the needs of disabled ex-servicemen with the establishment of sheltered workshops where limited types of goods were made and given preference in government purchasing. In the USA similar initiatives were introduced during the 1930s to support the blind. Such early initiatives to leverage the power of public procurement extended in scope and in geographical context (McCrudden, 2004).

Indeed, the most striking application of set asides has been to nurture the development of “minority businesses” (mainly African-American owned enterprises) in the USA; later the focus of these programmes expanded to include other minority groups (especially Hispanics) and women-owned businesses as well (Sonfield, 2010: 11). By the 1960s these programmes were extended “to ensure that businesses owned by women would also secure a proportion of government contracts” (McCrudden, 2004: 261). The core legislative thrust was designed “to promote equality and social cohesion through a policy of ‘affirmative action’ by having ‘set asides’ for socially and economically disadvantaged owners of small businesses” (Centre for Research in Ethnic Minority Entrepreneurship, 2007: 9). For Preuss (2011:



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790) the focus of these programmes “is to counteract social exclusion through support for women- and minority-owned enterprises”. Indeed, in the USA the set aside was a “tool to enhance the survival of small disadvantaged business enterprises” (House-Soremekun, 2007). These set asides are of two basic forms: (1) asides which provide that a certain percent of government contracts be awarded to minority owned businesses; and (2) subcontract set asides which require that a certain share of a prime contractors fee be spent with minority enterprise contractors (Rice, 1991:114). In public procurement US public organizations were legally required to buy 25 percent of their goods and services from ‘diverse’ suppliers such as minority businesses. The underlying principle of equality of outcome in the USA informed these ‘affirmative action’ policies, with the aim being to use set asides to compensate for past discrimination (Ram and Smallbone, 2003).

Arguably, whilst the USA enjoys a long history of set aside programmes which can be traced back even as far as the 1930s (House-Soremekun, 2007: 20), the most important developments occurred in the 1960s and 1970s. A landmark legislation was the Small Business Act which established what one observer calls “the famous 8 (a) program in 1969 which provided for the use of federal contracts to companies owned by ‘economically disadvantaged individuals’ (House-Soremekun, 2007: 23). Set asides were widely deployed to assist the growth of minority business enterprises and subsequently for women-owned enterprises (Myers and Chan, 1996; Dilger, 2010). Although the US Competition in Contracting Act of 1984 requires “full and open competition” for government procurement contracts, “procurement set asides are permissible competitive procedures” (Dilger, 2010: 1). The set-aside restricts competition for a federal contract to specified contractors. It is pointed out that set-asides can be exclusive or partial, depending on whether the entire procurement or just part of it, is restricted (Dilger, 2010).

In the USA the ‘small business set aside’ is widely used to support market access for small business. It restricts or sets aside certain contracts exclusively for small business participation. The Small Business Set-Aside Program is one of the oldest initiatives set up to assist small businesses in the USA to win government contracts. The programme assures that small businesses are awarded a ‘fair proportion’ of government contracts through reserving certain purchases exclusively for small business suppliers (House-Soremekun, 2007). An important determination in whether a contract will be set-aside for small enterprises is the “rule of two”. Under the US legislation on set-asides it is stated that certain purchases “shall be set aside for small business unless the contracting officer determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive



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in terms of market prices, quality, and delivery” (Dilger, 2010). The Small Business Administration (SBA) is mandated to aid small businesses and to ensure that they receive a fair proportion of federal contracts. The US Congress established a 23 percent government goal of its roughly US \$ 400 billion in annual contracts for the award to small businesses “with lower targets for businesses owned by women, disabled veterans and the economically disadvantaged” (Athey et al., 2011: 1). Each year the SBA negotiates target goals with each government department and agency; such goals may be higher or lower than national goals depending on the types of supplies and services the particular agency requires. In addition to federal contracts for set asides, “many state and local governments also set goals regarding small business or locally owned firms” (Athey et al., 2011: 1).

Overall, set asides are flexible tools widely used in the USA to support small businesses as a whole and for supporting specific targeted kinds of small business, such as minority-businesses and women-owned businesses (Bates, 2001; House-Soremekun, 2007). Much criticism, however, was directed at these public programmes, in particular at the application of federal government set-asides (LaNoue, 1992; Myers and Chan, 1996). Typically, these were styled as ‘reverse discrimination’, inherently inappropriate and illegal (Sonfield, 2010). Critics directed their attacks on the lack of ‘capacity’ of minority suppliers, the impacts of overly relaxed bidding procedures on the quality of supplies, allegations of ‘favouritism’, the additional budgetary costs of procurement linked to minority suppliers, and encouragement of ‘evasive behaviour’, including fronting (Ram et al., 2002; Ram and Smallbone, 2003; Nakabayashi, 2009). Although their impacts are contested, several analysts praise these programmes emphasizing that they were “necessary to level the playing field and create opportunities for minority business creation and growth” (Sonfield, 2010: 12).

Arguably, one consequence of preferential procurement was that new markets were opened up for minority enterprises which allowed them to diversify their activities away from the traditional focus on retail and personal services (Ram et al., 2002: 20). Nevertheless, the arguments against preferential procurement in the USA were sustained by legal developments in terms of increased scrutiny of set-asides (Ram et al., 2002). This culminated in a US Supreme Court ruling in 1989 which required that public sector minority contracting programmes clearly demonstrate past and/or present discrimination and the application of a programme that was narrowly targeted only to benefit the victims of such past discrimination (Rice, 1991). After the laying down of these tough new legal standards for federal, state and local government minority assistance and set aside programmes, many state and local programmes



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were re-evaluated and subsequently either halted or severely cut back (Sonfield, 2010). According to Preuss (2011: 790) some of these programmes were “reinstated later in a modified form”

Notwithstanding these cutbacks in set aside programmes in the USA the leveraging principle of public procurement to support disadvantaged groups has been extended and replicated in several other countries. In the United Kingdom during the 1960s legislation was introduced to support ethnic minority businesses (mainly by Asian immigrants) through public procurement (Ram and Smallbone, 2003). Loader (2018) identifies a continuing emphasis in the UK experience of applying public procurement policy to assist SMEs especially in the period 2010-2015. In Canada set-asides are used in certain government contracts with mandatory provisions for Aboriginal suppliers through an Aboriginal business procurement policy (Orser 2009). Instead of relying on procurement goals or targets which relate to small business sourcing, often from disadvantaged groups in Canada “set-asides reserve certain purchases for competition only among a certain group of disadvantaged owners of SMEs” (Orser, 2009: iii).

In Malaysia public procurement was strategically applied to assist the develop of native Malays (*Bumiputeras*) through according a margin of price preference over a reference price for government contracts (McCrudden, 2004). A 2006 law in Brazil grants set asides to small businesses and gives priority to small businesses on purchases under a cost limit of 80 000 reals (Timm, 2015). In India procurement rules stipulate that certain products are ‘set aside’ and must be purchased exclusively from the small-scale sector in order to support artisans and small-scale firms even if prices charged are up to 15% higher than those offered by competitors (McCrudden, 2004). During 2015 India enacted a policy that obliges state-owned enterprises and departments of central governments to source 20 % of goods and services from small enterprises (Timm, 2015).

Overall, therefore, there is an extensive body of international evidence to support the use of public procurement and especially of ‘set-asides’ for certain categories of small enterprises. In the extant international literature, however, Hjalager (2002) pointed out that there has been almost no discussion of the application of public procurement to support specifically tourism businesses. This assessment made in the early 2000s remains valid nearly two decades later as no studies could be traced of analysis of leveraging state assets through public procurement to support particular categories of tourism enterprises. The next section turns to the South African record and broad debates about leveraging public procurement.



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2.4. Leveraging Public Procurement in South Africa

According to McCrudden (2004) in its changed policies relating to procurement post-1994 South Africa has borrowed extensively from the policy experience of Canada and Malaysia. Bolton (2006: 193) makes clear that prior to the democratic transition in 1994 the government procurement system in South Africa favoured large and established businesses and created an environment in which it was very difficult for small enterprises to enter the procurement system. Provision is made for the implementation of a policy of what is described as “affirmative” or “targeted” procurement which is aimed “at providing employment and business opportunities for marginalized individuals and communities – referred to as ‘target groups’” (Bolton, 2008a: 2). Since 2000, much progress has been made to establish a supportive policy and legislative environment for preferential procurement with the implementation of a number of policies beginning with the Preferential Procurement Policy Framework Act (2000) (Kaiser Associates, 2010: 2).

One recent report concluded that “South Africa could vamp up support to small businesses if it looked at setting aside certain types of procurement for SMEs, as a number of countries like South Korea, the US and Japan already do” (Timm, 2011: 43). Within government the possible use of set-asides has been under discussion for several years in South Africa. In 1994, a report was submitted on the contribution of “emerging enterprises” to both public and private sector procurement programmes. This report was authored jointly by the World Bank and a South African reference group on small business development convened by the Ministry of Trade and Industry (The Reference Group on Small Business Development and the World Bank, 1994). Accordingly, as far back as 1995, procurement reform began and focused on good governance in procurement and the attainment of socio-economic objectives through procurement, including SMME development (Herrington and Overmeyer, 2006: 7). In 1995, national government adopted a Ten Point Plan to furnish SMMEs with opportunities to participate in government procurement thereby offering “new markets for their goods and services”. This initiative was followed up in 1997 by Ntsika’s production of a handbook of procurement guidelines for SMMEs and service providers relating to markets in the state sector (Ntsika, 1997).

In 2005, following the presentation of the Integrated Small Enterprise Development Strategy, the official framework for small business development policy in South Africa, Cabinet proposed that government implement a procurement programme that gave effect to the procurement of specified 10 products from all government departments and state agencies (Department of Trade and Industry, 2006). Cabinet proposed that the DTI jointly with National Treasury identify the ten products to be recommended as



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suitable for this programme and further prepare recommendations on procurement, reporting and monitoring measures designed to ensure that proper guidelines are in place for implementation of this programme as a government wide strategy to expand market access to SMMEs utilizing government procurement opportunities (DTI, no date). A DTI-National Treasury Task Team completed an analysis of government procurement trends using a sample of departments and government procurement related research material. The outcome was the identification of ten products for government procurement from small enterprises which was presented in a Cabinet memorandum which was approved by Cabinet in November 2007.

Under the approved “Ten Products Initiative” government would only procure certain products from (black) SMMEs. The Government Preferential Procurement for Small Enterprise Products and Services isolated ten product and service categories to be supplied by SMMEs (Kaiser Associates, 2010). The ten identified product categories considered as targets for SMMEs were advertising, media and communication; interior and exterior cleaning services and cleaning product supplies; clothing and textiles; computer equipment and consumable supplies; interior and exterior furniture and décor; events coordination and management; maintenance and repairs, construction, office space, furniture and vehicle body works; travel coordination and shuttle services; food perishable supplies (catering); and, stationary supplies and printing (Kaiser Associates, 2010). Implementation of this initiative, however, was stalled such that whilst government was encouraging (and increasingly compelling) the private sector through B-BBEE codes to expand linkages with black-owned enterprises it has not been practicing this in its own direct procurement.

Notwithstanding a subsequent Cabinet resolution on 10 targeted goods and services which were designated for procurement by SMMEs in all public sector procurement activities, by 2012 this resolution had not been implemented. In terms of reasons for the lack of implementation, Timm (2011: 46) reported that National Treasury “probably shares the concern that many other governments around the world have with set-asides, namely that putting in place set-asides will result in inflating the costs of procurement”. In interviews with officials from National Treasury, however, it was made clear that their core objections with set-asides and the 10-product targeted procurement plan relate to the “unconstitutional” nature of set-asides (Rogerson, 2013b). The grounds for the “unconstitutional nature” of set-asides relate specifically to an interpretation made by the Office of the Chief State Law Adviser dated 20 September 2005. which concerns the Preferential Procurement Framework Act No. 5 of 2000 and specifically to



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interpretation of Section 217 of the Constitution which stresses the principles of transparency, fairness and competitiveness consistent with international best practice. It is ironic that the legal determination which blocked market access and implementation of the 10 products targeted procurement set-aside for small businesses was based on a legal opinion that it would be unconstitutional to exclude 'white tenderers' to bid in a tender process (Rogerson, 2013b).

As is made clear by Mesatywa (2011) the strength of National Treasury in inter-departmental decision-making around procurement policy is extremely powerful. The practice is that "organs of the state follow National Treasury prescripts" with the consequence that the BBBEE Act has largely been unused in state procurement (Mesatywa, 2011: 9). Current support directions were linked therefore to the implementation of the Preferential Procurement Act which gives "preference" in tenders to black suppliers. Other initiatives surrounded establishment of a National Procurement Portal. The intention of this initiative is to address poor access to markets by creating a platform which will host all procurement/tender opportunities of government departments (Breytenbach, 2011). In addition, it would do the following. First, is to improve information accessibility on opportunities to suppliers, and information to buyers so as to increase the participation of small enterprises in public sector tendering and in requests for quotation. Second, is to streamline procurement processes in order to reduce administrative burden for SMMEs. Three, is support for collaboration between the public and private sector on information on opportunities. Four, is to enhance adherence to timings/deadlines on contract advertisement, award, delivery and payment cycles. Last, is to strengthen information access and transparency of government procurement processes (Breytenbach, 2011).

Overall, however, it is pointed out that whilst the national government in South Africa is the champion of BBBEE policy as well as SMME development and the largest procurer of goods and services in the country, examination of its own procurement spend and procedures suggests that it is not "walking the talk" because it is not supporting its own policies by its practices (Herrington and Overmeyer, 2006: 25). Critically, it is revealed that government spending not only has been insufficient on preferential procurement but also and most especially so in respect of its contribution to (black) small enterprise development. Further criticism can be directed at national government for raising expectations that market access for SMMEs through government's own initiatives would be improved but then failing to implement promised policies and procedures that already were announced. One recent detailed report on public procurement in South Africa contains several critical policy findings relating to SMMEs (Kaiser



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Associates, 2010). First, it is concluded that as a consequence of definitional problems with SMMEs and weak data gathering processes “it is not possible to develop a full picture of public procurement from SMMEs in South Africa” (Kaiser Associates, 2010: i). Second, few organs of government actually set targets for procurement from SMMEs and even in cases where targets are set, often they are only for a subset of procurement opportunities. Three, whilst preferential procurement by state departments supports SMMEs, including through information sharing and early payment cycles, there are missed opportunities where centralized (as opposed to decentralized) procurement systems exist as these preclude the supply of large contracts to SMMEs.

Four, criticism is levelled at the fact that seemingly there is no mechanism that link together and integrate different types of government support for SMMEs with market access to procurement opportunities. Although it is evident SMMEs attach importance to government support programmes targeted at their development, considerable gaps in support structures exist and there is a mismatch between existing programmes and the actual needs of SMMEs (Kaiser Associates, 2010: v). Five, data on precise value and number of contracts obtained by SMMEs is unavailable as existing government management information systems lack cohesion and are uncoordinated (Kaiser Associates, 2010). For example, there is “no common system for data collection and management as well as lack of functionality in data capturing systems due to various levels of technical capacity” (Kaiser Associates, 2010: 85). Six, opportunities are identified for the expansion of public procurement from SMMEs particularly in those goods and services that can be procured in small quantities (food and beverages), products that do not demand high skills, technology or capital input (gardening, maintenance repairs), products that do not constitute a high risk to buyers (office supplies, stationary) and rural/highly localized services where products currently are not locally supplied because of scale considerations (Kaiser Associates, 2010). Seven, concern is expressed that the current direction of “preferential procurement legislation is shifting toward BBBEE enterprises, and away from SMMEs” (Kaiser Associates, 2010: 9).

As a whole, this shift was reflected in the emphasis given to BBBEE points in the procurement regulations which were gazetted in June 2011 which sought to align the BBBEE policy with the Public Procurement Policy Framework Act (Mesatywa, 2011). From the perspective of National Treasury, the outcome of these regulations was that public procurement in South Africa must be directed by *preferences* to be given to SMMEs rather than through use of set-asides. The danger remains, however, that the benefits



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of this preference would be captured by larger black-owned enterprises rather than the actual target group of SMMEs.

In supporting a greater impact of public procurement upon SMME development, endorsement was given to several recommendations offered by Kaiser Associates (2010: 126-135). It was recommended that national government address and improve the existing uncoordinated information management systems for monitoring and supporting procurement processes. In addition, it was recommended that support be provided for state organs to better assess and target appropriate levels of SMME procurement and structure procurement appropriately (i.e. assess and target procurement; structure contracts appropriately; improve definitions of SMMEs; shorter payment cycles; raise commitment of supply chain managers to SMMEs). Further it was recommended that national government evolve tools for supporting effective supplier development programmes (improve quality of advice and mentoring, coordinate across these programmes). One final recommendation relating to public procurement concerned the non-implementation of commitments made to support the opening of market opportunities through public procurement. Accordingly, it was recommended that National Treasury and DTI should commit to implementation of the Government Preferential Procurement for Small Enterprise Products and Services Cabinet resolution on 10 targeted (commodities) goods and services designated for procurement by SMMEs in all public sector procurement activities.

A new chapter opened in 2011 with the publication of the revised Preferential Procurement Regulations. According to the National Treasury (2017) this was influenced by the need to provide a mechanism to empower through procurement certain defined categories of SMMEs also classified as EMEs or QSEs, Cooperatives, Townships and Rural enterprises. The backdrop was that this was an outcome of social dialogue on the New Growth Path wherein government and social partners signed a Local Procurement Accord on 31 October 2011 which solidified a government commitment to leverage public procurement. The 2011 revised regulations were aligned also to the pronouncements made in the 2015 State of the Nation Address made by President Zuma (National Treasury, 2017). Specifically, it was announced that government would 'set-aside' 30 % of state procurement for certain defined categories of state enterprises (Timm, 2015; Bolton, 2016). As a consequence, the National Treasury began an engagement process with the Department of Small Business Development to craft a 'practice note' governing set asides and thus reverse its previous block on DTI initiatives which sought to ensure that the state buy 85 % of the 10 designated categories of goods and services from small businesses (Timm, 2015). In



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February 2015, the National Treasury published a procurement review document which signaled its potential greater acceptance of the use of set asides. It stated that measures to promote preference and socio-economic transformation “would be conditional on these being able to keep cost premiums to a minimum and being aligned to Section 217 (1) of the constitution” which reads state procurement is conditional on a system that is “fair, equitable, transparent, competitive and cost-effective” (Timm, 2015). The World Bank (2018: 69) cautions that for South Africa the absence of sunset clauses in the set aside legislation means that “firms may never achieve competitive levels outside of government procurement” and thus might “remain dependent on government at the expense of the taxpayer”. It was reported that substantial lobbying pressure was brought by the Black Business Council for National Treasury to drop its opposition to set asides and further amend the regulations in the Preferential Procurement Policy (Ntingi, 2016).

On 20 January 2017, the National Treasury gazetted the revised Preferential Procurement Regulations making these the second round of revisions since their initial promulgation in 2001 (National Treasury, 2017). The new measures were informed by the ongoing narrative concerning inclusive growth. According to Minister Pravin Gordhan the measures were applied “to use public procurement as a lever to promote socio-economic transformation, empowerment of small enterprises, rural and township enterprises, designated groups and promotion of local industrial development” (National Treasury, 2017). According to the World Bank (2018: 71) the revised public procurement regulations which will establish the Office of the Chief Procurement Officer aim “to provide for an agile system of preference that will support socioeconomic transformation”. The revised regulations include the provision that organs of the state be required “to identify tenders, where it is feasible, to sub-contract a minimum of 30% of the value of the contract for contracts above R30 million” for supporting SMME development (National Treasury, 2017). More specifically, the legislation is directly targeted to those categories of SMMEs as defined in terms of the Broad-Based Black Economic Empowerment as either Exempt Micro Enterprises (EMEs) or Qualifying Small Enterprises (QSEs)¹ (National Treasury, 2017). The specific details are that a tenderer must subcontract a minimum of 30% of the value of the contract to:

- (a) an EME or QSE;

¹ In terms of BBBEE legislation EMEs are the smallest entities with an annual turnover of R10 million or less. QSEs are those with an annual turnover of between R10 million and R50 million. Beyond these two categories are Generic Enterprises or GENs which are the largest enterprises with an annual turnover exceeding R50 million.



- (b) an EME or QSE which is at least 51% owned by black people;
- (c) an EME or QSE which is at least 51% owned by black people who are youth;
- (d) an EME or QSE which is at least 51% owned by black people who are women;
- (e) an EME or QSE which is at least 51% owned by black people with disabilities;
- (f) an EME or QSE which is at least 51% owned by black people living in rural or underdeveloped areas or townships;
- (g) a cooperative which is at least 51% owned by black people;
- (h) an EME or QSE which is at least 51% owned by black people who are military veterans; or
- (i) more than one of the categories referred to in paragraphs (a) to (h) (National Treasury, 2017).

In the framework agreement of the 2018 Presidential Jobs Summit the leveraging of public procurement was isolated as critical for SMME development. It was stated that whilst “some progress has been made in leveraging Government procurement for SMME growth, much more still needs to be done to achieve the maximum impact of this policy” (Republic of South Africa, 2018: 46). Key areas for policy attention include increasing awareness campaigns targeted at procurement officials to ensure implementation of the policy and strengthening the reporting and monitoring of information in order to enable the improved and effective tracking of the 30 percent set aside (Republic of South Africa, 2018). During 2018 the National Treasury recorded the abuse in certain provinces and municipalities of the requirement that 30 percent of public procurement contracts be subcontracted to designated groups in terms of the 2017 Preferential Procurement Regulations. It was alleged “that some people are now demanding that they, instead, be paid in cash 30% of the value of each contract awarded in these provinces and municipalities” and failing that payment “they threaten contractors, interrupt or stop the implementation of projects” (National Treasury, 2018: 1).

In addition, the National Treasury draws attention also to certain practices in terms of procurement preferences that are not provided for in terms of the existing regulatory framework. Of note in particular, is that existing regulations seemingly do not permit geographical area preferences. The National Treasury (2018: 1) states that irregular practices include “the ring fencing of procurement for service providers and suppliers who live within certain geographical areas”. It is made clear that government funds “spent on tenders awarded in this manner will be classed as irregular expenditure since they do not comply with the Supply Chain Management and Preferential Procurement Provisions and prescripts” (National Treasury, 2018: 1).



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The 2017 Preferential Procurement Regulations were introduced as a temporary measure and will be superseded by the new Public Procurement Bill which was due to be ready in late 2018. From the perspective of the World Bank (2018: 91) the existing procurement policy framework exhibits “very complex overlapping objectives” which “are often competing, and they remain difficult to implement and measure”. The forthcoming Bill is set to repeal the Preferential Procurement Policy Framework Act in its entirety. For the National Treasury (2018) the Bill will consolidate various laws which currently deal with procurement and enable government to more effectively use public procurement as a strategic lever for inclusive growth objectives (Ensor, 2018). According to the Department of Small Business Development (2018b: 15) once it is enacted this “will be the single national regulatory framework for public procurement” in South Africa. Potentially, according to national Treasury, the bill “will give provinces the flexibility to determine their own transformation and empowerment strategies and programmes based on their local economic development needs within the broader national framework” (Ensor, 2018: 1).

It is within this radically changed context of regulations surrounding preferential public procurement in South Africa that in May 2017 the (then) Minister of Tourism Tokozile Xasa announced that as part of initiatives for inclusive tourism that the Department would ‘walk the talk’ and promote black entrepreneurs through its own procurement budget. Additionally, it was announced at the same time that state-owned assets and properties would be leveraged to support tourism SMMEs for inclusive tourism (Ensor, 2017). This announcement further underlines the significance of this research project undertaken by the University of Johannesburg.

Over the two past decades, the national government has introduced a range of initiatives to deepen SMME development in tourism, wider objectives of transformation and of inclusive growth in tourism (Rogerson, 2008b). These programs include the activities of the Tourism Enterprise Programme (TEP) (Rogerson, 2007, 2008c, 2013a); the Tourism Support Programme (TSP) (Van Wyngaardt, 2012; Dlodla, 2014); community-based projects, as part of strategic planning for inclusive growth (Ensor, 2017); and assistance for the establishment or operations of tourism business incubators (Rogerson, 2017). While the impact of these initiatives remains to be evaluated, there is growing interest by the NDT to complement these supply-side initiatives with a suite of demand-driven interventions. A significant facet of fresh policy thinking in line with this is the consideration of the potential to leverage state-owned assets for tourism development and in particular for SMME upgrading (Ensor, 2017). This topic of leveraging state assets for tourism development was identified by the NDT as one issue of concern for the National



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Tourism Research Agenda (Department of Tourism, 2018). It is against this backdrop that in response to a call for proposals by the National Department of Tourism, this document sets out a proposed research project which aims to examine the potential for leveraging the state assets – national and sub-national tiers – for a demand-driven approach for enhanced support and promotion of tourism SMMEs which are owned or operated by black South Africans. This policy focus is in alignment with government objectives for transformation and social inclusion in the tourism sector.



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3. STUDY PHASES

The project undertaken in collaboration with the University of Johannesburg focused on leveraging state-owned tourism assets for local black-owned SMME development consists now of two phases. The first phase was completed during 2018 and involved two different kinds of investigation. The first investigation focused on 'the jewels in the crown' in terms of state-owned assets, namely the country's network of protected areas – operated both by South African National Parks (SANParks) and a range of provincial agencies - which are the axis for nature-based tourism. One example of a large state-owned asset, that of the Pilanesberg National Park located in the North West Province was examined in phase one. The second type of investigation was a locality study and involved an examination of the range of different assets that fall under the responsibility of local municipalities. The locality study undertaken was of the Overstrand Local Municipality located in the Western Cape Province.

During the second phase of the project, parallel investigations were undertaken to those completed in phase one. Another example of a large state-owned asset linked to nature-based tourism, namely Addo Elephant National Park, located in the Eastern Cape Province, was interrogated in terms of questions of leveraging for Black SMME development. In addition, a second locality study was undertaken (also based in the Eastern Cape Province) and focused on King Sabata Dalindyebo Municipality. Finally, also as part of phase two, a thematic study was undertaken on the chequered development and potential of municipal resorts, caravan parks and camping. This particular study encompassed a national focus with select case studies. As background to discussing the research sites and work undertaken in phase 2 of this investigation the next section provides an overview of the key findings that emerged from phase 1 of this project.

3.1. Summary of Key Findings from Phase One

A major policy challenge in South Africa is for achieving greater 'inclusion' in the tourism sector and especially the provision of opportunities for formerly disadvantaged communities to benefit from the sector's growth. The National Tourism Sector Strategy (NTSS) calls for a broadening of the economic beneficiaries of tourism development and in particular calls for programmes to attract more black entrepreneurs into the tourism sector and to own and operate tourism black-owned SMMEs. One aspect of transformation and for expanding inclusivity in South Africa's tourism economy is through the promotion of SMME development and especially of new entrepreneurship opportunities for Black-owned SMMEs. This can include both direct involvement of black entrepreneurs in tourism or of encouraging preferential



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usage of Black owned suppliers and the inclusion of SMMEs within supply chains. Overall, the challenge of inclusive tourism requires that greater benefits flow to local (black) communities as well as other groups (especially women and the disabled) that formerly remained largely outside of the mainstream of the country's tourism economy. This said, a 2018 report issued by the Department of Tourism concerning the state of transformation in the South African tourism sector suggested that the pace of change is 'slow' and 'concerning'.

Since 2000, national government has introduced or supported a range of initiatives to deepen specifically SMME development in tourism sector, to support wider objectives of transformation and of inclusive growth in tourism. These interventions have been geared to address the particular challenges and needs of SMMEs in the tourism sector. Of particular note has been the activities of the Tourism Enterprise Partnership (formerly the Tourism Enterprise Programme) which provided SMMEs with skills development, market access and business support advice. More recent interventions have included the Tourism Support Programme (TSP), a Department of Trade and Industry (DTI) financing initiative which was a sub-programme of the Enterprise Investment Programme launched in 2008. In addition, the Department of Tourism launched its own dedicated SMME support programmes as part of the greater objective of the revised NTSS for 2016-2026 with the goal of ensuring the sustainable development and growth of tourism enterprises that facilitates inclusive participation, job creation as well as strengthening the competitiveness of tourism destinations. The programme accords acknowledgement that "effective enterprise support" would allow for the development of "black tourism related businesses". Under the Department's Tourism Enterprise Development Programme, there are several focal areas including market access, supplier development, mentorship and coaching, training and development, an information portal, and incubation. Other innovative programme interventions include assistance for the establishment or operations of tourism business incubators.

The impact of this raft of recent policy initiatives on SMME development in tourism remains to be evaluated. However, it is observed that the majority of these existing initiatives are supply-side interventions aimed to enhance support for tourism black-owned SMMEs. Recently, the Department of Tourism has been concerned to complement these supply-side support interventions with a suite of demand-side initiatives. One significant facet of fresh policy thinking towards demand-side interventions is to leverage the potential of state-owned assets for tourism development and in particular for SMME upgrading. A first step towards achieving this objective has been the undertaking of a national audit of



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such state-owned assets. The Department of tourism engaged with stakeholders and compiled a partial list of state-owned assets in terms of state-owned land, lodges and attractions. These assets include those of national and provincial government as well as an array of municipal assets. Arguably, the most significant of these assets include those of SANParks, North West Parks and Cape Nature. In addition, one must not overlook the large number of often smaller municipal assets which can include local nature reserves, accommodation complexes, campsites, caravan parks and even a number of lighthouses. The maximisation of these municipal assets can be potentially critical vehicles for assisting tourism-led Local Economic Development particularly in many small towns.

The question of leveraging state-owned assets for tourism development was identified by the Department as a focus for research in the National Tourism Research Agenda. The Department in collaboration with the University of Johannesburg is undertaking a two (2)-year research project to examine the potential for leveraging the state-owned assets for a demand-driven approach for inclusive tourism. that enhances support and promotion of tourism black-owned SMMEs which are owned or operated by black South Africans. This policy focus is in alignment with government objectives for transformation and social inclusion in the tourism sector. The research project involves conducting a number of investigations about the challenge of maximizing state-owned assets in relation to different forms of state-owned assets and by different levels of government. In year one of this project, studies were undertaken on the leveraging of state-owned assets in terms of the Pilanesberg National Park in North West province and at the municipal level the leveraging of assets for potential tourism development in the Overstrand Local Municipality, Western Cape Province.

For the North-West study, the economy of the survey area – The Pilanesberg National Park – is predominantly driven by tourism and mining, both of which are dominated by the private sector. However, the local economy seems only to benefit from these sectors via the channel of jobs created for individuals by the big companies who dominate these sectors. SMMEs are largely left out from the value-added chain of these bigger companies who choose bigger suppliers, usually outside the locale, in their supply chain. The Black-owned SMMEs surveyed in the area in this study provide over 750 jobs to the local economy, excluding their own employment (i.e., total jobs injected into the local economy would be over 900 employment spaces). The SMME economy is, however, primarily sustained by small-scale transactions by local residents with very limited interactions with government establishments and the larger firms in the private sector.



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This points to the disconnect between the proposed policies of the North West Parks Board (NWPB) to facilitate local SMME development and the actual procurement procedures of facilities located within the Pilanesberg National Park. One of the primary reasons for this is the ownership and management structure of the NWPB. All lodges, visitor centres and restaurants which operate in North West Parks are managed by private companies. In addition, many are also owned by private companies which have long-term leases. The reasoning behind this is likely due to the relative poverty of the province and the need for private investment for tourism development in the area. The province has two major wildlife parks, Pilanesberg and Madikwe, but with limited resources to develop their own infrastructure for tourism. Therefore, they have created long-term leases with private companies (including some large hotel groups) on the property for the management companies to build and develop their own infrastructure. These larger hotel chains, private owners and management companies are not governed by NWPB procurement policies and the NPWB has no influence or control over the procurement processes of these entities. Therefore, aside from minor procurement and a couple of major projects overseen by the park itself, there is little the NWPB and the government can do to increase local black-owned SMME development.

Overall, in the case of the Pilanesberg National Park, one of the key issues is that there do not appear to be many local black-owned businesses which are primed-ready to enter the tourism supply chain of the government and larger private organisations. Furthermore, there appear to be issues related to capacity for small black-owned businesses who could potentially feed into the tourism supply chain. With these local businesses, there is also a sense of apathy towards engaging with the government, mostly stemming from a lack of awareness and information on how to go about such engagements, and from a distrust in the government. These small businesses feel neglected by the government and indicated that no matter what they do, the government favours larger businesses for contracts. Many of the black SMME owners complained about not having access to the lodges and tourism attractions around to establish business linkages. The leading reason cited is a lack of information on the entire tender/contract process, beginning with information/knowledge of what tenders are, and extending to the process of applying and requirements of the application process. It also emerged that most businesses do not take advantage of business support opportunities and services which are made available by the government and the private sector. The reasons stated by them for this is lack of time (about 25% of respondents) and lack of information/interest (about 40% of respondents). The Pilanesberg study concluded with



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recommendations for improving infrastructure geared towards better communication and dissemination of information, better streamlined tender process to allow access for SMMEs and addressing the gendered nature of the black-owned SMME environment in the Pilanesberg area by increased female empowerment and engagement in SMME development.

In the municipal study of Overstrand, different issues and challenges emerged in terms of leveraging state-owned assets for tourism development and more especially for greater economic inclusion. It was shown that the existing ownership structure of the Overstrand tourism economy is massively under the dominance of white entrepreneurs and the local tourism economy cannot be described as inclusive. Nevertheless, the Overstrand municipality has a significant basket of municipal assets which can be leveraged for tourism development, including for the potential benefit of entrepreneurs from disadvantaged communities. This said, the evidence is clear that these assets are underperforming for the local tourism economy for several reasons. These include (1) lack of entrepreneurialism of the Council, (2) bureaucratic delays and red tape surrounding approval of development projects, (3) seeming lack of understanding by Council of the real potential of these assets for tourism, and (4) major divisions and conflict within the local black and coloured communities which have repeatedly thwarted the progress or launch of several carefully crafted project proposals which would have offered local benefits including for local tourism entrepreneurs. In terms of the need for expanding inclusivity in Overstrand tourism, the above factors need to be understood as the core underpinnings for the slow pace of transformation and inclusion. In several respects, the key findings from Overstrand appeared to confirm those from the limited research undertaken in East London which demonstrated that municipal assets as a whole are poorly used for tourism development in that municipality.

Beyond direct involvement in tourism, there are a small number of opportunities which arise for emerging black entrepreneurs to engage as suppliers linked to municipal assets but, as yet, these provide only limited opportunities for the growth of black-owned businesses. In order to maximise such opportunities, interventions are required in terms of supplier development as indicated in the Department of Tourism's Enterprise Development Programme. The key conclusion is that – at least in the case of the Overstrand - procurement processes around state-owned assets in tourism are of minor significance for Black-owned SMME development in tourism. Indeed, the analysis revealed that, in many respects, the focus on procurement processes is a sideshow or distraction. More significant for advancing economic inclusion is to unblock the constraints around the maximisation of municipal assets for further tourism development



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in the Overstrand as shown by the historical catalogue of missed opportunities. Arguably, these missed opportunities have including many with real potential for expanding the business involvement of entrepreneurs from marginalised communities.

Certain preliminary recommendations emerge from the Overstrand research regarding the potential leveraging of municipal assets. First, there is an urgent need to heighten the awareness of all local municipalities to potential opportunities for using municipal assets to promote tourism. At the outset, this requires that municipalities publish an audit of municipal assets where these either incomplete or are unavailable it is recommended that they be provided for addition to the Department of Tourism's database. Second, for maximising municipal assets for tourism requires at the local level it is recommended that there be a more active involvement of all tourism stakeholders, including the private sector. For local communities, it requires awareness campaigns, effective training, and exchange of best practices between municipalities. Three, the results from the Overstrand revealed the need for municipalities to change the mindset from one of simply managing municipal assets to instead seek to maximise their potential for the local economy. In order for this shift to occur, it was recommended that workshops be organised by national and provincial governments in order to educate local government departments how to integrate tourism activities more comprehensively into local economic development planning.

3.2. Overview of the Phase Two Research

This section first describes the research case studies investigated in phase two and then discusses the research methods used. The research methods applied parallel closely those with phase one's study, allowing for comparison of findings.

3.2.1. Addo Elephant National Park

As a follow-up to the study of the Pilianesberg National Park, the UJ research team chose to undertake a similar study on the Addo Elephant National Park (AENP) using the same methodology as was used in Pilianesberg. The AENP is located in the Sunday's River Valley Local Municipality, which is part of the Sarah Baartman District Municipality in the Eastern Cape Province. It is in close proximity to Nelson Mandela Bay Metropolitan Area, particularly the city of Port Elizabeth (Nelson Mandela Bay Tourism, 2019). It was first established in 1939 as a protected area for the rapidly declining African elephant population (Carruthers, 2008). It has since expanded, covering the Zurrburg Mountain Protected area



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and further to encompass the Wood Cape Nature Reserve to form the Greater Addo Elephant National Park. The Woody Cape Section borders the Indian Ocean and includes a marine protected area. Within this marine protected area is Bird Island which houses some of the largest marine bird populations, particularly the African Penguin and the Cape Gannet (SANParks, 2019). Addo Elephant National Park is currently 1,640km², making it the third largest national park in South Africa (SANParks, 2019). It is also in a strategic tourist location, as many international tourists will travel the route between Cape Town and Port Elizabeth to experience the famed Garden Route.

The purpose of including Addo Elephant National Park is to expand the study of a single large state-owned asset within the context of public procurement. Addo Elephant National Park was chosen for a number of reasons. Firstly, this extends the Pilanesberg study to a different geographic region, the Eastern Cape, which although being one of the country's poorest province, has heavily emphasised tourism development (NMBT, 2019). In addition, nature-based tourism is one of the primary drivers of tourism in the region (Giddy & Webb, 2016). The park also contains a number of state-owned tourism assets which vary significantly.

Although similar to the Pilanesberg case study, the primary assets include lodges, Addo has a wide range of accommodation offerings and other facilities, such as a restaurant, visitors centre and two established camps. Therefore, a wider range of assets can be assessed in this case study (SANParks, 2018). Addo is also run by the national governing body, SANParks, which differs from the Pilanesberg which is operated by provincial government (the North West Parks Board). This allows an investigation into the different dynamics of public procurement within a tourism environment based on the level of government which oversees the asset. Addo also presents a useful case study as it is located in a region which produces a significant amount of agriculture (Munro, Fraser, Snowball & Pahlow, 2016). This is in sharp contrast to the Pilanesberg, where it was discovered that little primary activity takes place which could feed into tourism supply chains. Therefore, the UJ research team anticipate more potential suppliers in the local area surrounding Addo through agriculture-tourism linkages. Finally, despite being a major tourism asset within the country, Addo is a relatively understudied park, within the broader academic literature, from a tourism perspective (Boshoff, Landman, Kerley, Bradfield, 2007).

3.2.2. King Sabata Dalindyebo Municipality



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The King Sabata Dalindyebo Municipality (KSD) is part of the O.R. Tambo District in Eastern Cape. It is the largest of the five (5) municipalities that comprise O.R. Tambo and accounts for a quarter of its geographical area. The KSD municipality comprises a major section of what was the former Transkei Bantustan and thus presents a markedly different locality case study to that of the Overstrand Local Municipality. The municipality was formed in 2000 before the local government elections as a result of the merger of the Mqanduli and Mthatha Transitional and Rural Councils. The majority of the population resides in rural settlements; the two largest centres are Mqanduli and Mthatha. The KSD Municipality also incorporates a small section of the Wild Coast as the mandate of the municipality stretches to include the coastal tourism hub of Coffee Bay.

In terms of local development, this municipality was negatively impacted by 1994 democratic transition and the 're-incorporation' of Transkei into South Africa. Umtata lost its status as a preferred 'growth point' for decentralisation of manufacturing in terms of changes in location incentives. In addition, it lost also its former capital city function and later suffered further misfortune in the decision to locate the function of provincial capital of Eastern Cape at Bisho. The town's local economy is dominated by community services, finance and trade. Considerable interest though surrounds the possibilities for tourism development in KSD Municipality particularly as it is the birthplace of Nelson Mandela and as a result, a number of heritage developments have been instituted, the most important being the Nelson Mandela Museum in Mthatha and the museum at Qunu. At the coastal centre of Coffee Bay, the tourism focus is on the area's natural scenic beauty which has resulted in the development of a leisure tourism economy an important component of which is International backpacker tourism.

In terms of the investigation, the KSD municipality has a range of municipal assets that offer the potential for tourism development. These include dams, visitor centres, small nature reserves in the surrounds of Mthatha and the beaches and Hole in the Wall natural attractions in the environs of Coffee Bay.

3.2.3. Municipal Resorts, Caravans and Camping

An analysis conducted for the most common types of municipal assets using the Department of Tourism database reveals a large number of municipal resorts which link to caravanning and camping. Although the analysis was based only on the available data for Western and Eastern Cape, it is evident that throughout South Africa there exist a substantial number of such resorts which remain under municipal control.



The development of these resorts has a chequered history which goes back to the late 19th century and the establishment of Badplaas at the mineral hot springs. The period of the 1960s witnessed a surge of municipal resorts which were promoted by Provincial Administrations as a vehicle for extending leisure opportunities to domestic (mainly White) tourists. Many of these resorts were collectively managed as Overvaal Resorts which subsequently became Aventura resorts. With democratic transition moves to privatisation, there occurred the sell-off of a number of these state-owned resorts which were taken into the ownership of Forever Resorts, a private American based leisure company. Notwithstanding the privatisation of Aventura and the emergence of Forever Resorts, there remain a considerable number of resorts that provide leisure facilities, including for camping/caravans, throughout the country. The extent to which these resorts are maximised for tourism development and extending opportunities for Black-owned SMME development is the focus of this third investigation to be undertaken in phase two. This thematic study represents essentially a pilot study that could be applied to similar common municipal assets such as those relating to heritage and conference centres, both of which are widespread forms of municipal assets that might be leveraged for tourism development and Black-owned SMME involvement.

3.2.4. Methods

The methods employed in phase two (2) of the study are almost an exact replica of those implemented in phase one (1). Below is a brief overview of the methodological approaches which will be undertaken for the various case studies included in phase two (Table 1).

Table 1: Summary of Different Case Studies and Research Approaches

Type of Asset(s)	Phase One Case Study	Phase Two Case Study	Methods Employed
Large Nature-based Tourism Asset	Pilanesberg National Park	Addo Elephant National Park	Mixed-method Approach <ul style="list-style-type: none"> - Interview with key stakeholders including the park manager and park facilities manager of Addo Elephant National Park. Also, possibly someone who oversee procurement for SANParks - Interviews with general manager and/or facilities manager(s) for facilities found within the Addo Elephant National Park - Interview with a selection of Black-owned SMME owners, both those who are currently involved in the tourism supply chain and those who have the potential to be involved in the tourism supply chain - Questionnaires distributed to local Black-owned SMMEs
Locality Study	Overstrand Local Municipality	King Sabata Dalindyebo Local Municipality	Use of documentary sources and qualitative interviews. <ul style="list-style-type: none"> - Interviews with key municipal stakeholders relating to Local Economic Development (LED), tourism



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			<p>development (Including the museum) and municipal assets</p> <ul style="list-style-type: none"> - Interviews with existing Black tourism entrepreneurs both in accommodation and tour services on development and their business challenges (NB this locality has a substantial number of tourism black-owned SMMEs which is markedly different to the Overstrand research). - Quantitative Analysis of IHS Global Insight data on tourism economy - Documentary sources, IDP, tourism plans etc.
Thematic Study	N/A	Municipal Resorts and Caravan Parks	<p>Use of documentary sources and qualitative interviews.</p> <ul style="list-style-type: none"> - Documentary sources include historical material on municipal resorts sourced through National Library in Cape Town and archival depots. - Planning reports on contemporary municipal resort planning and operations. - Interviews with select municipalities on the state of management and operations of existing resorts and potential for leveraging



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4. THE LARGE STATE ASSET STUDY: ADDO ELEPHANT NATIONAL PARK (AENP)

This section presents findings on the study of a large state-owned tourism asset, namely that of the Addo Elephant National Park (AENP), located in the Eastern Cape Province. The focus of this case study is to examine SMME development linked to a large, functioning, nature-based tourism asset. The purpose of including AENP is to expand the study of a single large state-owned asset within the context of public procurement. Addo Elephant National Park was chosen for a number of reasons. Firstly, this extends the Pilanesberg study to a different geographic region, the Eastern Cape, which although being one of the country's poorest province, has heavily emphasized tourism development (NMBT, 2019). In addition, nature-based tourism is one of the primary drivers of tourism in the region (Giddy & Webb, 2016). The park also contains a number of state-owned tourism assets which vary significantly. Although similar to the Pilanesberg case study, the primary assets include lodges, AENP has a wide range of accommodation offerings and other facilities, such as a restaurant, visitors centre and two established camps. Therefore, a wider range of assets can be assessed in this case study (SANParks, 2018). AENP is also run by the national governing body, South African National Parks (SANParks), which differs from the Pilanesberg operated by provincial government (the North West Parks Board). This allows an investigation into the different dynamics of public procurement within a tourism environment based on the level of government which oversees the asset. AENP also presents a useful case study as it is located in a region which produces a significant amount of agriculture (Munro, Fraser, Snowball & Pahlow, 2016). This is in contrast to the Pilanesberg, where it was discovered that very little primary activity takes place which could feed into tourism supply chains. Therefore, we anticipate more potential suppliers in the local area surrounding AENP. Finally, despite being a major tourism asset within the country, it is a relatively understudied park, within the broader academic literature, from a tourism perspective (Boshoff, Landman, Kerley, Bradfield, 2007).

This section is divided into three primary sections, which includes background information on AENP and its policy context, as a SANParks operated asset; the results of primary data collection; and finally, the overall conclusions based on the findings. The second section is further divided into a demand-side analysis, which focuses on the park itself, and a supply-side analysis which examines the local SMME environment.



4.1. Addo Elephant National Park

Addo Elephant National Park is located in the Sunday's River Valley Local Municipality, which is part of the Sarah Baartman District Municipality in the Eastern Cape Province. It is in close proximity to Nelson Mandela Bay Metropolitan Area, particularly the city of Port Elizabeth (NMBT, 2019). It was first established in 1931 as a protected area for the rapidly declining African elephant population (Curruthers, 2008). It has since expanded, covering the Zurrurg Mountain Protected area and further to encompass the Wood Cape Nature Reserve to form the Greater Addo Elephant National Park. The Woody Cape Section borders the Indian Ocean and includes a marine protected area. Within this marine protected area is Bird Island which houses some of the largest marine bird populations, particularly the African Penguin and the Cape Gannet (SANParks, 2019). AENP is currently 1,640km², making it the third largest national park in South Africa (SANParks, 2019). It is also in a strategic tourist location, as many international tourists will travel the route between Cape Town and Port Elizabeth to experience the famed Garden Route and will then proceed to AENP.



Figure 1: Addo Elephant National Camp
 Source: SANParks (2019)



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The AENP currently operates six sections, the Addo Main Section, the Nyathi Section, the Zuurburg Section, the Kabouga Section, the Darlington Section, the Colchester Section and the Woody Cape Section. Three primary camps are found within the Addo Main Section, Mathyloweni Camp, Addo Main Camp, and the most recent addition, Nyathi Camp.

Addo Elephant National Park was conceived in the early 1900s when nearly all elephants were eradicated from the Cape Colony region, aside from a few in the Knysna forests and a small herd in the area around Addo (van Sittert, 2005). Although during early settlement, elephants and other large mammals were prominent throughout the country, as settlements grew, their populations rapidly declined. In the case of elephants, this is largely attributed to hunting practices amongst settlers and the extensive global ivory trade (Brett, 2019). In addition, in the Addo area in particular, conflicts emerged in the early 20th century between farmers and large game such as elephants, over water resourced. Thus, a campaign was launch to eradicate elephant populations and redistribute water resourced towards the profitable citrus farms. This campaign resulted in the decimation of local elephant populations (Hall-Martin, 1992). In 1921 a forest reserve was specifically established to preserve the lone elephant heard which remained in the Addo area and by 1931 it was established as a national park, just after the passing of the national parks bill in 1926 (Pringle, 1982). It was originally just 4,517 hectares and was specifically designed to protect the small heard of 11 elephants native to the area (SANParks, 2015). In 1954 the land was enclosed and Africa's first elephant-proof fence was erected (Brett, 2019). Elephant populations subsequently began to grow. The park was expanded in 1961 and again in 1989, in part to accommodate the growing elephant populations (SANParks, 2015). Then in 1997, it was proposed that the park be expanded again to encompass other protected land in the region. This eventually resulted in the incorporation of the Darlington, Zurrberg and Woody Cape sections of the park (SANParks, 2015). In 2008, the islands of St. Croix and Bird Island were also incorporated and established as a marine protected area (SANParks, 2015). In this period, other large animals have been introduced, with mixed levels of success. The introduction of non-native subspecies of rhino in the 1950s caused major issues, though these have since been rectified (Brett, 2019). In addition, SANParks reintroduced predators, partially to deal with rapidly expanding elephant populations (Brett, 2010). The park now houses more than 600 elephants. However, predator populations have also significantly increased and due to the relatively small territory they are able to occupy, in early 2019, there were a total of 18 lions of in the park, 7 of which were relocated to other parks. It is considered a "Big Five" game reserve due to the presence of buffalo and leopard in



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addition to the above-mentioned rhino, lions and, of course, elephants. Furthermore, aside from animal introductions in the main section of the park, SANParks has, in the past 20 years, also slowly introduced large game into other sections of the park (Brett, 2019).

4.1.1. Tourism in Addo Elephant National Park

The majority of accommodation offerings are found in the Addo Main Camp. In addition to the SANParks operated camps, concessions have been given to two additional enterprises which operate luxury camps within the boundaries of the park. They were awarded tenders to develop and operate privately managed facilities within the park and given concession rights. More recently, the operation of the curio shop and restaurant have also been outsourced and are therefore privately managed by large national companies.

The first visitors to AENP were not allowed within the elephant enclosures and elephants were lured to the fences where visitors could see them from specified viewing points outside of the fences (Brett, 2019). Up to the early 1970s, there was only one rest camp and accommodation was limited 24 beds with a caravan park opening in 1976 (Brett, 2019). It has since significantly expanded its accommodation offerings and now sleeps up to 275 in the main camp with another 68 in newly opened camps. In 2005, the park opened a second overnight camp, Matyholweni Camp and in 2010 Nyathi Camp. The Narina Bush Camp was established in the Zuurberg section of the camp and offers rustic accommodation as well as campsites (SANParks, 2011). There is also a hiking trail within the park which has accommodation in the form of huts along the route, called the Langebos Huts. The total, therefore, is 383 beds within the Greater AENP (SANParks, 2018).

Visitor numbers have increased significantly over the years, with a peak in 2017/2018 fiscal year at 305,510 visitors (SANParks, 2018). This is major increase from early recorded visitor numbers of 37,512 in 1975 (De Graaff, 1976). The primary purpose of visiting the park, according to a few previous studies, has been wildlife-viewing (Boshoff et al., 2007). Furthermore, due to the relative size of the park, visitors noted exceptional viewing capabilities for a national park. Boshoff et al. (2007) also noted the important role national parks play in attracting international visitors who seek wildlife experiences. The demographics of visitors were also found to be relatively homogenous with mostly international and white South African visitors (Kruger & Saayman, 2015).



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Addo Main Camp & Camp Matyholweni Game Viewing Road Map

KEY

- Park Entrance Gates
- Private Lodge
- Information Centre
- Lookout Point
- Toilets
- River
- National Road
- Secondary Road
- Tertiary Road
- Tarred Game Road
- Gravel Game Road
- Waterhole
- Distance Markers
- Map Position Indicators



Figure 2: Addo Main Camp and Matyholweni
Source: SANParks (2019)



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4.2. The Localities Surrounding Addo Elephant National Park

As mentioned above, the AENP is found in the Sunday's River Valley local municipality. The main section of the park, which will form the basis for this study, has two entrances, one at the southern portion of the park and on to the northwest, near the town of Addo. The southern entrance, which is linked to the Mathoyweni Camp, is approximately 40 kilometers northeast of Port Elizabeth. The main entrance, which is found at the Addo Main Camp, is approximately 70 kilometers from Port Elizabeth.

The area surrounding the park, which is known as the Greater Addo area, includes four primary towns, Addo, Kirkwood, Colchester and Paterson. Paterson was found to be very small and have few businesses, and therefore did not form a significant part of the study. Kirkwood was found to be the largest and most developed of the towns and is an important center serving the predominate farming communities found throughout the region. The town of Addo was found to be slightly lower income and appeared to house many residents who work in the farming and tourism industries. Colchester, on the other hand, appeared to consist primarily of middle-income residents and many second homes.

For the purpose of this study, research is limited to the facilities located within the geographic boundaries of the Pilanesberg National Park and does not include those located in Black Rhino. In the following discussion, the methods and findings for the demand-side analysis and supply-side are separated.

4.3. Demand-side Analysis- Methodology

A qualitative research approach was used for the collection of data from the facilities within the state-owned park, in this case, the AENP. The study investigates a relatively new topic, particularly within the South African context and is therefore exploratory, which warrants use of a qualitative methodological approach. In addition, a great deal of information was needed from key stakeholders of the AENP, in order to gain deep insight into the concepts under scrutiny. The qualitative portion of the AENP study focused on the perspectives of those involved in and responsible for procurement within the park (i.e. the consumers). This process was significant for informing the quantitative research which assessed the experiences and perceptions of current and potential local suppliers.

4.3.1. Data Collection

An initial visit was made by the researchers to make initial contact with the park and to scope out the area in which fieldwork would commence during the second visit. As we had not yet obtained permission from SANParks to be in touch with park staff, the visit primarily consisted of obtaining a list of facilities within



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the park, as this was not available in the provided Department of Tourism database. In addition, extensive visits to the communities surrounding the park were made, as these would be the primary location for fieldwork during the second visit. And understanding of the area was provided during an extensive interview with the manager of one of the most reputable guesthouses in the area, which has been operating for some time. This guesthouse is also located on an operational citrus farm, which allowed additional insight into the agricultural industry in the area.

The second field visiting involved the role out of the majority of the fieldwork relevant to the study at hand. The demand-side team conducted qualitative interviews with relevant parties within the Addo Elephant National Park. This included interviews with the following stakeholders:

- The Park Manager of the Addo Elephant National Park
- The Tourism Manager of the Addo Elephant National Park
- The Hospitality Manager of the Addo Elephant National Park
- The Procurement Manager of the Eastern Cape SANParks region
- The Duty Manager of the Addo Main Camp Rest Camp (the largest of the three main camps found within the park)
- The manager of the one restaurant found within the park
- The manager of a spa facility found within the park

2. Documentary sources collected/produced:

- A geographic overview of the Greater Addo Area
- A compilation of facilities found within the Addo Elephant National Park
- Recorded interviews with five relevant personnel from the Addo Elephant National Park
- Recorded interviews with 3 managers of privately managed facilities found within the park.
- Recorded interviews with a wide range of tourism operators within the Addo area
- Recorded interview with the chair of the Addo Tourism Board.

4.3.2. Research Instruments

The interviews were semi-structured in order to obtain the necessary information but also to allow respondents to elaborate on procurement processes and their linkages with local businesses. Due to the wide variety of stakeholders involved in the management of park facilities, it was determined that four



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different research instruments would be required to obtain accurate and relevant information from the different types of stakeholders involved. Therefore, a unique interview guide was constructed for all of the above. For ethical reasons, names of individual interviewees are withheld.

Some of the aspects included in the interviews were understanding the procurement process undertaken by SANParks, the AENP and the facilities located within the park. The interviews also sought to establish the existing policies with regards to procurement across the range of state-owned assets found within the park and how these processes are monitored. This interview also importantly assisted in profiling the services used by the park and its facilities according to those which are in-sourced versus those which are out-sourced.

In terms of potential opportunities linked to state-owned assets in nature parks the following products and services were under scrutiny:

- Fresh food supplies
- Non-perishable food supplies
- Transport of guests
- Transport of staff
- Construction services
- Laundry
- Cleaning
- Maintenance (Electrics/Plumbing)
- Gardening
- Security services
- Furniture
- Craft

Furthermore, the standards required for specific goods and services are included in these interviews, for example, standards required for specific food products or certifications required by contactors. This was of particular importance for the lodges, many of which have four- and five-star tourism gradings.

The ability to gain information from a wide variety of tourism assets within a specific geographic area and related to a specific tourism subsector (i.e. nature-based tourism) is significant for understanding the potential differences in the processes utilized by various types of assets and facilities and the differences between the governing NWPB and the privately managed facilities. These interviews sought to elicit



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information on the precise companies they utilize which could have helped inform the interviews with, and questionnaire subsequently distributed to black-owned SMMEs; however, this was not always possible. Insight into why these companies are selected, the characteristics companies look for in suppliers and some of the challenges faced in the procurement process were also included. In the interviews with specific facilities, we sought to gain insight into the amount of flexibility and concessions given to these direct managers in terms of the procurement of the specific goods and services they require, or whether they must strictly adhere to policies governed by the SANParks, provincial or national government. Finally, the interviews attempted to elicit possible opportunities for local businesses to better benefit from these tourism assets.

4.3.3. Limitations

The most significant limitation found during research was the structure of the procurement process within AENP. This is detailed in the findings below. In addition, although it was anticipated that there would be several duty managers responsible for different camps within the park, in actual fact there were only two. We were able to interview the primary duty manager, responsible for the Addo Main Camp which houses the majority of the tourism assets within the park but were unable to make contact with and set up an interview with the duty manager of Mathyloweni Camp. Furthermore, it was discovered that at present, the duty manager of the Addo Main Camp also oversees management of the newly established Nyathi Camp. And, despite multiple attempts, only one of the two private luxury lodges found within AENP responded and granted an interview. In addition, the vast distances between the various localities found surrounding the park increased not only the distances travelled but also the time it took to get between different localities and different businesses throughout the area. In addition, the communities found throughout the Greater Addo Area were found to be much smaller, in terms of population, than those found surrounding the Pilianesberg.

4.4. Demand-side Analysis - Findings

The findings discussed below relay the results from the qualitative interviews focusing on the demand-side (i.e. the perspectives from the state-owned assets). The demand-side analysis primarily considers the practices and perceptions of the park, focusing primarily on the practices, perspectives and input of various staff within the AENP. The following results are based primarily on interviews with the park manager, the procurement manager, the tourism manager, the hospitality manager and the duty manager for the Addo Main Camp. In addition, interviews were conducted with two of the state-owned privately



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managed facilities found within the park, namely the restaurant at the Addo Main Camp and one of the luxury lodges located within the boundaries of the park.

4.4.1. Procurement Procedure within Addo Elephant National Park

The procedure for procurement within the AENP is relatively rigid and must adhere to national SANParks policies, discussed above. The park manager explained that SANParks has implemented policies, more recently, in response to concerns over the awarding of tenders, corruption and nepotism. Therefore, the policies and procedures for procurement have grown increasingly strict. The paperwork which must be submitted, in particular, has increased.

There is one procurement manager who oversees four different parks, including AENP, Camdeboo National Park, Mountain Zebra National Park and Karoo National Park. This single manager is responsible for approving all procurement needs. She explained that the system has become decentralized, where previously procurement was sent to the SANParks head office for approval. The SANParks head office has a much larger procurement department. This decentralization of procurement has meant that the entire weight of the procurement process now falls on one individual for all four national parks in the region.

The procurement manager explained that for any procurement requirements until R30,000 the end-user is responsible for searching for and obtaining quotations. Any procurement below R2,000 is typically approved relatively efficiently. However, anything between R2,000 and R10,000 requires three quotes. The quotes, within this range are approved entirely based on price. For goods or services between R10,000 and R30,000, more attention is given on the quality of the goods and services, ensuring that it meets the necessary requirements. However, a three-quote system is still implemented and the onus of obtaining the three quotes is still the responsibility of the end-user. For anything above R30,000 the procurement manager, herself, is responsible for sourcing an appropriate supplier. For anything between R30,000 and R500,000, the procurement manager must source the supplier and apply what is called the Triple BFA. In this case, the BEE accreditation of the business is given weight in the procurement decision. It works on an 80/20 principle, where 80% of the decision is based on price and 20% on BEE compliance, rating and accreditation. For any procurement requirements over R500,000, a public tender is issued and a bid process ensues. In this case, procurement is overseen by SANParks head office.



In terms of SANParks policy, according to the procurement manager, there is no mention of the need to prioritize business to local business or SMMEs. She mentioned that they have hardly any established providers, as the procurement process is so tedious and the issues over late payment by the government. The majority of their suppliers of goods and services come from Port Elizabeth. Theoretically, the procurement procedure is to seek out local suppliers in the immediate area and then move to Port Elizabeth. However, she mentioned a major issue of non-availability of local suppliers. She did mention some links with a local contracting organization, but they have only been sparsely utilized for small projects. She mentioned an issue of lack of suppliers for the goods and services needed in the immediate area.

Interestingly, and in stark contrast the case of the Pilanesberg, AENP does not currently have a limit on the number of operators which are given traversing rights. However, they have strict regulations and relatively high fees for operators wishing to conduct game drives in open-air vehicles.

4.4.2. Privately Managed Facilities Operating in Addo Elephant National Park

Although the majority of facilities within AENP are managed by SANParks, there are a few private companies which operate/manage facilities within the park. The management of these facilities is similar to the structure utilized in the Pilanesberg National Park where certain operators are granted tenders to operate or manage facilities within the park. According to our research and discussions with management in AENP, there are three facilities which are entirely privately operated, including two private luxury lodges and a spa, though they are based within the park. These facilities were created entirely for their respective purposes by these private operators. They will be discussed further below. Furthermore, there are two facilities developed by SANParks which form part of the SANParks camp, but for which management tenders have been obtained by private companies, namely the restaurant and the shop located in the Addo Main Camp.

There are two private luxury game lodges located within the boundaries of the Addo Elephant National Park. As mentioned above, only one lodge granted an interview. The lodge offers all-inclusive 5-star luxury accommodation in the AENP. It has been operating for 19 years, opening in 2000. As was the case in the Pilanesberg, the company that operates this lodge obtained a long-term lease (40 years) and the right to build and operate this facility within the park boundaries on a 5,000 hectare property. Although they have a private access route to get to the lodge, there are no fences and so animals are able to roam



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free between the site of the lodge and the rest of the park. The manager of the lodge stated that they have a good working relationship with the park. In addition, in order to continue operation of their facilities they are required to undergo an audit by government once every quarter, they must adhere to a SANParks code of conduct and they must divulge information on their suppliers to SANParks. However, since it is privately operated, their actual procurement process is completely independent of AENP and SANParks. The only interaction with SANParks in the case of their procurement processes is the need to provide the park with a list of suppliers, though SANParks has no influence on their selection of suppliers. The majority of their goods are obtained from a large national corporation, due to the price quality and effective delivery standards provided by this corporation. The manager stated that they have tried to obtain locally sourced goods, particularly craft, but there is a significant lack of availability in the local area. As is the case with many remote lodges, the majority of their services are insourced. They do, however, use a local business for laundry, though it is not black-owned. The same is true for their security which is overseen by a local business, based in the Greater Addo Area, but which is also white-owned. They also outsource the transport of guests, but to a company based in Port Elizabeth. In addition, for major construction projects, they have tried to use local providers, including contracting local construction workers.

There is a restaurant facility found in the Addo Main Camp. This has more recently been under the manager of a national chain restaurant which operates restaurants in three national parks. Until 2001, the restaurant was run by the park itself. However, it became apparent that there was a lack of capabilities to effectively run the restaurant facility and so management was then outsourced to external company. However, this current chain only took over management of the restaurant in 2012. According to the manager, they had an initial five-year contract which has since been renewed. They have a working relationship with the AENP, which includes the need to adhere to a certain code of conduct and provide a list of suppliers, as was the case with the private lodge. However, the manager of the restaurant stated that, in addition, the restaurant must adhere to specific environmental regulations including the use of biodegradable materials for all containers and straws and implementing water-saving and energy-saving measures. The restaurant must also source a minimum of 80% of its staff from the local area. Procurement, however, is primarily done in accordance with the procurement procedures for the chain, nationally. Therefore, nearly all goods are sourced from large national corporations. Due to the franchise standards, there is little flexibility, on the part of the individual manager, to select the majority of suppliers.



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The only good noted by the manager which is supplied from the local area is bread which is supplied by a local bakery. In terms of services, because the facility is found within the Addo Main Camp, which is operated by SANParks, the vast majority of maintenance of the facility is done by SANParks staff as the facility itself is owned by SANParks. In addition, one of the staff members has begun supplying a laundry service to earn additional income. The primary challenges noted by the manager was difficulty in finding employees with the necessary skills and so significant in-house training is conducted. Furthermore, the vast distances many of the staff must travel to get to the camp is significant and can cause challenges, particularly when there are issues of protests along the road, poor road maintenance and transportation issues.

The shop found in Addo Main Camp is managed by a large national corporation. It doubles as a souvenir shop and has some provisions for visitors staying in the Addo Main Camp. We were unable to conduct an interview with the shop manager. However, upon discussion with staff operating the shop at the time of the visit, it was determined that the large corporation which manages the shop is responsible for the selection of suppliers based on need. According to the staff member, she was not aware of any locally sourced goods which are sold in the shop. It was clear from observations that many of the products sold are mass produced and found in similar souvenir shops throughout the country.

One of the most novel privately owned company which operates in the park is the spa facility. It is a relatively novel facility to be found within this type of park/camp and so an interview was conducted with the owner of the company. The owner was a beauty therapist in Johannesburg but moved to Addo for family obligations. She then realized that there was a gap in the market in terms of spa offerings in the area despite the relatively high visitor numbers. She thus put together a proposal to offer spa treatments to visitors in the Addo Main Camp and presented it to park management. Although park management was interested, it had to go through SANParks tender processes. Therefore, a formal tender was advertised to the public for the specific service/facility she had proposed. She was then required to apply for the tender, though she was the only applicant, so it was eventually obtained. The entire process took approximately three years. Although she is now happy to be operating the facility and it is successful, she said the process was tedious and mentioned that it is not something that would have been possible without supplemental income. Part of her original initiative and motivation for starting the spa, aside from filling a gap in the market, was to train local women in providing spa services. The owner stated that this was part of the motivation which kept her going through the long process before the spa was officially



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opened in 2018. She now has five full time employees; they have built a small facility where the services are offered and they have expanded their product offerings. In addition, the company now offers mobile spa services to other local tourism businesses, most notably local accommodation. When questioned about the use of any local goods or services, she said that she sought out local goods, including spa products, but did not find an availability in the area. She also noted the need for a certain quality of products which are needed to maintain a level of standard in the spa treatments. For this reason, her products are sourced online and come primarily from Gauteng, though she does use a smaller South-African based company.

4.4.3. Challenges with Procurement

All managers who were interviewed for this study noted numerous difficulties in terms of procurement. The primary issue which emerged was the lack of staffing within the finance and procurement office. At the time of publication, as mentioned earlier, only one individual is responsible for procurement across four different national parks, which are geographically distributed. This means that all procurement must be overseen and approved by a single individual. In some cases, for larger procurement requirements, this single manager is required to also source quotations. This can create a major backlog of procurement requests. As such a large operation, AENP has numerous daily procurement needs. Due to the numerous procurement needs of the park (and the other three parks) and only one manager, it means that the responsibility for sourcing quotations and complete paperwork related to procurement increasingly falls on the end-user. This creates the issue of many staff members spending the majority of their time completing paperwork related to procurement rather than fulfilling the primary duties of their position. Nearly everyone interviewed within the park noted this as a major problem. The procurement manager noted that in many cases the end-users end up not following proper procedure because the policies and procedures can become incapacitating, not only preventing them from doing their jobs, but also in the case of running an effective conservation area and tourism product.

In response to this issue, the park manager has initiated a solution in drawing up longer-term large tenders for some of the contractors they require regularly. This means that, for example, a single maintenance company will be awarded a three-year tender to service all the daily maintenance issues required by the park. Although the process takes longer, in the end, it will save time when daily issues arise regarding specific goods, but more importantly, services required frequently by the park.



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Another important challenge mentioned by the procurement manager of the park was the issue of the way that government contracts work, and the bureaucracy involved. She noted that many businesses do not want to work with the government because the government gives no upfront deposit and has a waiting period of 30-90 days to render payment once the service has been rendered. It was mentioned that in many cases it takes even longer for payments to be made, with one example given that in the case of a construction project, it has been excess of four months and the payment has still not been made to the service provider. This has major implications for the ability of SMMEs to opt for contracts with AENP, as it would mean significant upfront capital would be required to complete the project, both for materials and also for labour. Therefore, the procurement manager noted that in dealing with many businesses, they would rather work with private industry which is more efficient in making payments.

4.4.4. Engagement with Local SMMEs

Although many managers discussed the need to involve local SMMEs in the supply chain, overall there does not appear to be much involvement by local SMMEs in the procurement of goods and services, particularly from the Greater Addo area. Due to the close proximity of a relatively major metropolitan hub, Port Elizabeth and the Nelson Mandela Bay Municipality, many of the “local” goods and services utilized by the park and its facilities originate from that area. One of the primary difficulties mentioned by all managers was the lack of local SMMEs found in the area which could directly serve the park supply chain. In fact, in contrast to many other major tourism assets, there are not even informal craft sales adjacent to or in the vicinity of the park. Therefore, even procurement of small-scale goods often proves difficult.

The procurement manager mentioned some of the more specific challenges in utilizing local SMMEs. She stated that they have attempted to distribute fliers or advertise services needed on social media, but that there is often no response. In addition, service delivery issues were mentioned. In cases where an attempt had been made to use a local service provider, often services were not provided on time or did not meet the necessary standard requirements. In this case, the entire procurement process, which is already lengthy and tedious, becomes even more delayed.

The primary economic activity, other than tourism, in the area surrounding the park, as mentioned earlier, is agriculture, namely citrus farming. However, the majority of citrus farms are large-scale, white-owned



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and nearly entirely grown for export. There was little evidence of any of the surrounding farming activities entering the tourism supply chain at all, even indirectly through other local tourism operators.

The primary links, therefore, between the park and local SMMEs in the surrounding communities is the indirect supply of local SMMEs of secondary tourism assets. Although very few suppliers exist which could directly feed into the park supply chain, there has been significant development of supplemental tourism SMMEs, most notably the accommodation sector. The emergence of a relatively large tourism economy which has no association with the park demonstrates a significantly different situation than was found in the Pilanesberg region. In the areas surrounding the Pilanesberg, aside from Sun City, very little additional tourism assets were found. In the Addo region, however, there is a thriving tourism economy which has emerged outside the park, with the park as the primary tourist attraction. That being said, the vast majority of these are white-owned. As mentioned previously, the vast majority of external accommodation facilities and other tourism products are located on farms and operated by individuals linked to the agricultural sector as a secondary source of income.

Most SMME owners and managers discussed the role of the park as an asset which attracts visitors, but otherwise have very little interaction with the park itself. The majority stated clearly that the only reason any tourism businesses have emerged in the area is because of the park. The park does engage with local SMMEs via the Addo Tourism Association. The Addo Tourism Association is a local network of tourism businesses which operate in the Greater Addo Area. Some members, initially, stated that there had been issues with a lack of engagement on the part of the park with local businesses. However, more recently, and likely due to changes in park leadership, began engaging with the Addo Tourism Association and now sits on the board. This was noted by many local SMMEs as an important step in facilitating effective tourism management of the region. It not only assists in allowing local SMMEs to directly engage with park management but also always the park to effectively relay information which may be useful to tourism business, such as changes in policies.

4.4.5. Local SMME Development Programs

Mentioned both by the tourism manager and then in more detail by the hospitality manager of the park, was a program which had recently emerged which sought to help develop local SMMEs. The park created two primary initiatives in which local SMMEs were developed to assist with services for the park's tourism maintenance. The first is a contract given for laundry and the second a contract given for the cleaning



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and maintenance of ablutions. According to the hospitality manager, the laundry program operates by granting a local business owner a one-year contract. This business owner subcontracts individual workers, also from the local community.

In addition, the park developed a unique offering called a “Hop-On Guide” service. This service allows visitors to the park to hire a trained guide to guide visitors around the park in their own vehicles. The purpose of this project was both to offer an affordable option for visitors who would like more information while touring the park, but more importantly to offer a mechanism for economic upliftment among locals. The park assists in training a total of six “Hop-on” guides, all of whom were from the adjacent Addo community. Although initially successful, currently only one of the six trained guides continue to offer the service. The duty manager noted that the reason behind the other guides dropping out was a lack of sufficient business in the early stages of the program. According to this source, although qualified, none of the other trained guides have remained in the tourism sector. The single guide who still offers the hop-on services, however, is apparently very successful and is often fully booked in advance.

The primary SMME development which has occurred through the AENP, has been in the conservation sector. According to the park manager and the duty manager, the park has assisted in the creation of SMMEs directly related to conservation. One of the most successful programs has been the water quality management program, which trains locals to assist with water quality testing throughout the park. The duty manager herself actually began as an employee in this specific program and was then able to work her way up to employment as a duty manager for the Addo Main Camp.

The duty manager explained that there is significant opportunity for SMME development within the tourism sector of the park. She envisions opportunities for development similar to those which have emerged in the conservation sector. This could primarily be facilitated by developing SMMEs to operate the gift shop and the restaurant. These facilities are currently being contracted out to large, national suppliers and therefore provide little benefit to the local communities other than job creation.

4.5. Supply-side Analysis - Methodology

In undertaking the supply-side study of state procurement from SMMEs in the AENP area, a mixed methods approach was adopted to obtain a balanced and consistent understanding of the economic environment. Consistent with the study’s objectives and the first phase of the study, only black-owned businesses in the study area were surveyed. The objective was to approach businesses in the immediate



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communities surrounding the AENP to complete the survey questionnaire. Preliminary venture into the field revealed a shockingly limited number of black-owned small businesses in the study area.

This resulted in the adjustment of the data collection approach to (1) investigate the reason for this seeming limited engagement of blacks in the local economy, and (2) reach as many existing small businesses as possible, especially those that would otherwise be ignored due to not having a physical business location. To do this, fieldwork was extended beyond the initial localities which had been originally planned. In addition, the vast distances between the various localities found surrounding the park increased not only the distances travelled but also the time it took to get between different localities and different businesses throughout the area. Also, the communities located in the Greater Addo Area were found to be much smaller, in terms of population, than those found surrounding the Pilanesberg. Furthermore, in-depth interviews were scheduled with key stakeholders in the Greater Addo area to better understand the socio-economic environment in the area and how it explains black engagement in the local economy. The meetings with these stakeholders were also leveraged to link up with groups of black small business owners who did not have a physical business location. Focus group interviews were held with these groups to better interrogate their contexts and the questionnaires were handed to them to complete. From these, detailed information on the local socio-economic environment in the Greater Addo area was obtained, in addition to increasing the survey numbers.

Based on information condensed from interviews with the supply side, black-owned SMMEs, and with stakeholders in the development space, a survey instrument was developed to further investigate the supply side of state procurement from Black owned SMMEs. Although due to high unemployment rates in the area which results in issues of drug and alcohol abuse from locals, it was, in many cases, unsafe to allow fieldworkers to travel throughout the townships without familiarity with the area, survey questionnaires were administered to 122 black-owned SMMEs in the AENP area.

In terms of sampling, the population distribution in the Greater Addo area is geographically dispersed with various settlement clusters existing around the park, separated by wide expanses of mostly farmland and unfarmable, uninhabited land. Economic activities are concentrated around settlement clusters, hence, the sampling method adopted had to take into consideration the spatial spread of economic activities around the area to ensure that a significantly representative picture is captured. Due to the non-availability of a documented sampling frame of SMMEs in the area, or of the population distribution of these SMMEs, a probability sampling method could not be adopted.



Furthermore, given that the population of interest was specifically black-owned SMMEs around the AENP, and the challenges in encountered in identifying such businesses (given the lack of physical business locations and safety concerns), a convenience census approach was adopted in which all businesses that could be identified and reached were included in the sample as long as they met the requirement of being black-owned, an SMME, and being located around the AENP. The Snowball sampling technique was also adopted to reach as many businesses as possible and ensure that, based on the required criteria, the characteristics of these sub-population are adequately captured and represented in the survey.

The supply-side fieldwork also found that there were not many SMME activities or self-employment enterprises run by small businesses (across all sectors), especially when compared to the Pilanesberg study. This had significant implications for the study design as the supply side evaluation had to be adjusted to include investigating the reason for the low occurrence of Black-owned SMMEs, in addition to widening the sample area to include Port Elizabeth. Further investigation revealed that about 99% of existing Black-owned SMMEs are owned by non-South Africans. Consequently, the qualitative section of the study had to be expanded to include key stakeholders in the locality who had experience and information on the workings of the local economy and could proffer explanations for the scarcity of locally owned black SMEs, and more importantly, strategies for filling this gap. These stakeholders included:

1. Some members of the only community trust in the valley who represent the interests of the 8 communities in the Sunday's river valley.
2. A citrus farmer who volunteers as a mentor to one of the locally owned farms. This individual was relevant because of the government's BBBEE program where white farmers were appointed as mentors to emerging black farmers to train and supervise their farming endeavours.
3. SMME representatives (as focus groups) in the some of the communities – 3 focus group sessions were held in 3 of the local communities, each consisting of an average of 2 groups with approximately 8 participants per group.
4. A few black farmers in the Sunday's river valley.
5. Two municipality staff in charge of different aspects of SME engagement and community development.



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6. Three SANPARKS employees at the Addo national park who were also responsible for various aspects of SME engagement and local economic development;
7. Two long-time integral member of the community development forum – one a representative of the single police station in the area, providing information about the crime scourge and its impact on tourism and the local economy; and another a high school principal who also doubled as the head of the local pastoral forum, providing information on the challenges of school dropout rates, teenage pregnancy, youth unemployment resulting in high crime, and previous interventions in the area.

While this strategy resulted in the extension of fieldwork in order to reach key stakeholders, as well as reach SMMEs in remote areas, it proved to be very productive as the research team able to obtain rich, contextual information on the local economic environment in the Sundays River Valley Municipality and the greater Addo Area. Furthermore, all fieldworkers on the supply-side of the study, which focuses on black-owned SMMEs, were asked to take fieldnotes and write reflections which served as additional data sources for confirming certain findings that might be observer-biased. The supply-side data, hence, tipped to a more equal balance between the quantitative and qualitative components, as opposed to the quantitative-dense approach taken in the Pilaesberg study.

4.6. Supply-side Analysis – Findings and Discussion

In this section, a thick description of the socio-economic environment is first provided, followed by findings from the survey responses.

4.6.1. The Socio-Economic Environment in the Greater Addo Area

As previously indicated, AENP sits within the SRVM located in the Greater Addo Area, consisting of the areas surrounding the 1 640 km² of the AENP and includes four main towns – Addo, Kirkwood, Paterson, and Colchester. Although these areas constitute the main economic hubs, interactions with local stakeholders revealed that they do not provide a true reflection of local SMME activities. This is because black SMME activities in this area typically take place in the residential communities where the black and coloured populations live.



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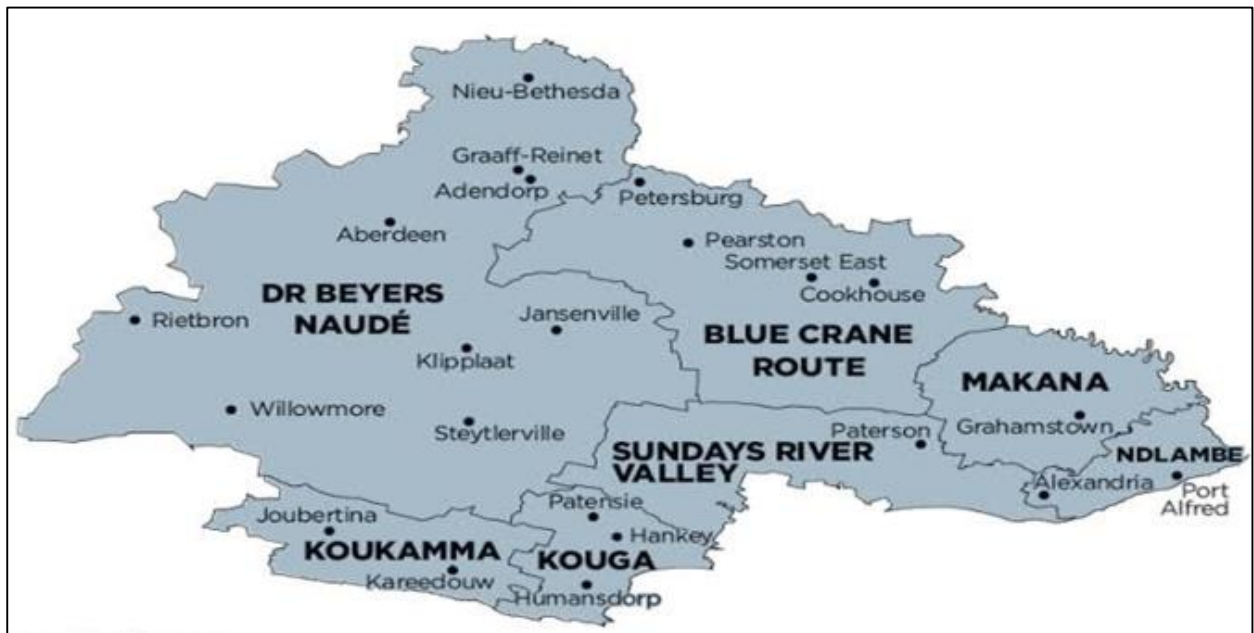


Figure 3: The Sundays River Valley Municipality (SRVM) and Surrounding Areas in the Eastern Cape Province

Source: Municipalities of South Africa, (2019)

There are eight (8) main communities in the area – Bersheba, Enon, Nomathamsanqa, Valencia, Joe Slovo, Moses Mabhida (located next to Addo central), Paterson, and Colchester (South African National Parks (SANParks) 2019). These communities consist mainly of townships and locations (Pernegger & Godehart 2007) the majority of which are rural or highly underdeveloped with some of the areas lacking in portable water supply, sanitation services, and sewerage services (Sundays River Valley Municipality (SRVM) 2016). As at the 2011 census, the SRVM housed a population of 54503, 39116 (approximately 72%) of which are Black African, 11644 Coloured (about 21%), 96 Indian/Asian (less than 0.2%), 439 other (less than 1%), and 3209 white (about 8%). The majority of the Black African and Coloured population, accounting for over 90% of the population, stay in the rural and township areas.

The sectioning of the area according to wards plays a significant role in local social and economic relations (see Figure 4 and Table 2). For example, small businesses are typically restricted to servicing their immediate wards and access to state-funded economic opportunities for SMMEs is based inward division. The ANEP and citrus production are two important economic drivers in the SRVM. Its proximity to the Coega Industrial Development Zone is said to have led to an 'Addo Tourism Development corridor'. Citrus farming in the area stimulates seasonal migration during the harvesting season with people moving



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in in-season and migrating to other areas (typically the Cape for the apple harvest season) when the harvesting season is over.

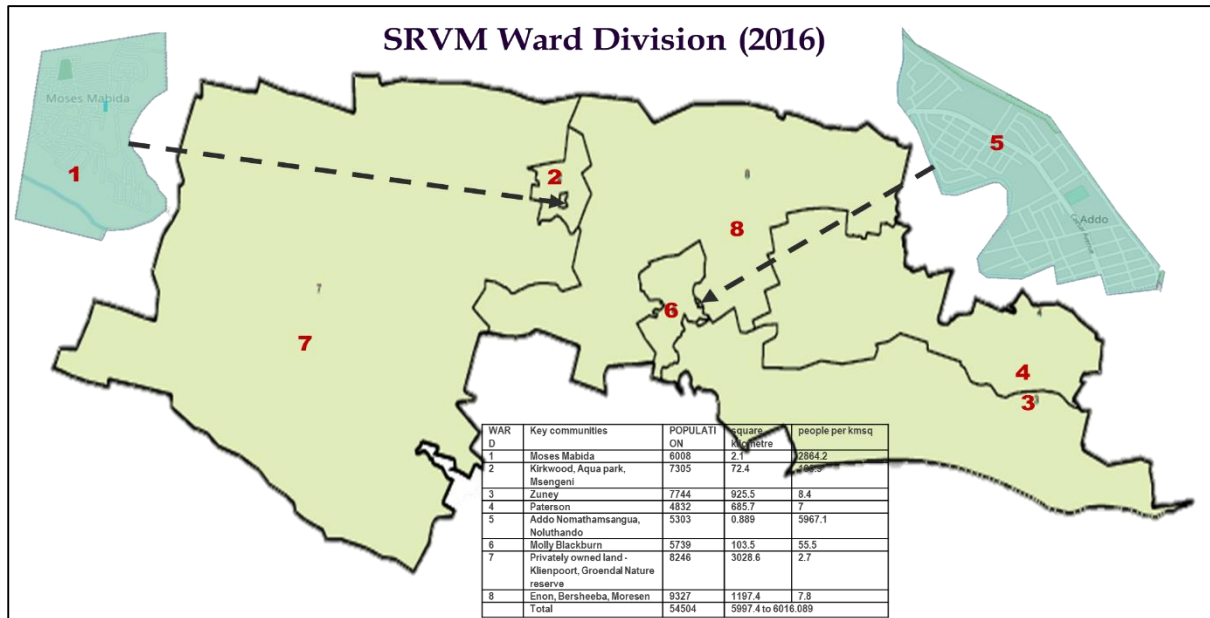


Figure 4: Map of Survey Areas Surrounding Addo National Elephant Park
Source: Municipal Demarcation Board (2016)

Table 2: SRVM – Ward Demarcation (as at 2011 Census)

WARD	Key communities	POPULATION	Km ²	People/Km ²
1	Moses Mabida	6008	2.1	2864.2
2	Kirkwood, Aqua park, Msengeni	7305	72.4	100.9
3	ANEP – Colchester section, Zuney, Kinkelbos, Schotia game reserve, Appolisville	7744	925.5	8.4
4	Paterson	4832	685.7	7
5	Addo Nomathamsangua, Noluthando	5303	0.889	5967.1
6	Molly Blackburn	5739	103.5	55.5
7	Privately owned land - Klienpoort, Groendal Nature reserve	8246	3028.6	2.7
8	Enon, Bersheeba, Moresen	9327	1197.4	7.8
	Total	54504	5997.4 to 6016.089	

Source: Wazimap (2011)

Furthermore, the extent of opportunities each locality had access to seemed dependent on the extent of citizen engagement in local activities, as well as the ability of the trust representatives to source external opportunities for their local community and SMMEs. For example, the trust representative of the Paterson



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area, working together with a dedicated small business owner in the area were able to obtain funding for some community development activities from a foreign-based university through student tourists visiting the area from that university.

A characteristic of the local SMME environment, especially as relating to black-owned businesses, was the fact that aside from the tourism sector, the primary economic activity within the area were large-scale commercial farms. This resulted in the majority of the agricultural business being for export and also meant that the need for small businesses was much smaller than was the case in the Pilanesberg. The reason for this, as gleaned from the demand side interviews, is the fact that many workers are either seasonal or live on the farm property, minimising the need for small secondary businesses which serve the working population. Similarly, in the case of the tourism sector, the majority of tourism establishments found outside the park were located on working farms and were, therefore, secondary businesses to the farms themselves. It also meant difficulty in entering the tourism sector if one does not have access to land already. Also, due to high unemployment rates in the area in issues of drug and alcohol abuse from locals is a daunting challenge in the communities around the AENP.

4.6.2. Respondents Characteristics

In keeping with the study's objectives, only black-owned businesses in the study area were surveyed. The characteristics of participating business owners/operators are provided in Table 3. The age distribution of respondents shows that the majority (50%) of black-owned SMME establishments are owned/managed by youths under the age of 40 (75% of all business owners are less than 48 years, and 90% less than 56 years). This indicates a somewhat older population of business owners than was found in the Pilanesberg area (i.e., 70% were under 40 years), indicating a lower level of interests of youths in this locality in entrepreneurial activities, as opposed to job seeking.

Similar to the Pilanesberg study, the majority of business owners are male (over 71%) indicating that the black-owned SMME environment in the Addo area is also very gendered. The gender domination in the Addo area might, however, be attributed to the migrant nature of many of the residents where Men are more likely to migrate seasonally for work. This explanation is plausible if the gender composition of residents has shifted from the 51:49 male to female ratio of the 2011 census towards a more male population. Nevertheless, this indicates significant room for more female empowerment in the area.



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In total, about 87% of respondents are owners, co-owners, or partners in the business, and an additional 10% of respondents were managers. This 97% representation of owning or managing stakeholders in the sample justifies their responses as authoritative on the subject matter(s) being interrogated.

Table 3: Respondent's Characteristics

Age (In years)				
Frequency	122			
Missing	13			
Mean age	41.73			
Standard Deviation	10.35			
Variance	107.13			
Minimum age	20			
Maximum age	78			
Percentiles:				
10%	30			
25%	34			
50%	40.5			
75%	47			
90%	56			
99%	75			
	Frequency	Percentage		
Gender				
Female	34	27.87		
Male	88	72.13		
Grand Total	122	100.00		
	Frequency	Percentage		
Role in Business				
Co-owner	17	0.14		
Manager	12	0.10		
Other	3	0.02		
Owner	79	0.65		
Partner	11	0.09		
Grand Total	122	100.00		
Are you from the Eastern Cape?				
Residency Status	Yes	No	No response	Grand Total
Foreign national	14	22	0	36
Refugee	2	7	0	9
South African Citizen	50	6	2	58
South African Permanent Residence	12	7	0	19
Grand Total	78	42	2	122



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Over 70% of all respondents are South African citizens, permanent residents, or refugees. This indicates that the vast majority of respondents meet the basic qualification requirement for most government concessions and engagement for procurements. Similarly, more than 53% of respondents report being originally from the Eastern Cape, further highlighting the migrant nature of local population, especially when compared to the Pilanesberg study where over 70% of respondents were from the North West area. Furthermore, this reflects the fact that the migrants are more entrepreneurially minded than the locals considering that they constitute a smaller relative population to the locals.

4.6.3. Business Characteristics

Based on the survey data collected, the dominant activity sector of black-owned SMMEs around the ANEP is the services sector, similar to the Pilanesberg study (see Table 4). The services offered were dominated by those into 'Arts, Craft, and Entertainment' (including sewing and beadwork), followed by those in 'Catering, Restaurant, and Banqueting services', Construction, and Wholesale trade.

Table 4: Key Commercial Industries and Sectors

	Key industrial sectors	Frequency	Percentage	Cumulative percentage
Agriculture	Agriculture	4	3.28	3.28
	Fruit and vegetable supply	6	4.92	8.20
Manufacturing	Art, Craft, and Entertainment	26	21.31	29.51
	Manufacturing	7	5.74	35.25
Services	Catering, Restaurant and Banqueting services	16	13.11	48.36
	Hair salon	5	4.10	52.46
	Tour guide OR Game Ranger	2	1.64	54.10
	Transport, Storage and Logistics	4	3.28	57.38
	Communication, Telecommunication and Internet Services	2	1.64	59.02
	Community, Social and Personal Services	16	13.11	72.13
	Electricity, Gas and Water	1	0.82	72.95
Trade	Construction	15	12.30	85.25
	Retail/Distributor	3	2.46	87.70
	Wholesale Trade	14	11.48	99.18
No response		1	0.82	100.00
	Grand Total	122	100.00	

This further indicates the small-scale level of operations of the black-owned SMMEs in the AENP area as the majority of these services rendered did not require a separate business space and were run from home. This excludes the wholesale traders were mostly from the Port Elizabeth area.



Similar to the findings in the Pilanesberg study, analysis field data and evidence from field observations in the Addo area shows that the concentration of these businesses does not reflect the farming and tourism specialisation of the area. The local black-owned SMMEs are, hence, not very engaged in the key sectors that drive the local economy. Also similar to the Pilanesberg study, this finding is further evidenced by the distribution of clientele base as reported by respondents (see Table 5), which shows that the largest proportion of the surveyed businesses (over 77%) mostly supplied local residents, occasionally supplied residents from outside their locality (27%), and rarely supplying local and near-by businesses and tourists to the area (less than 30%). Also, similar to the challenge in the Pilanesberg study, it was identified that the citrus industry dominated the market, thereby contributing to local economic development primarily by paying employees' salaries during the citrus picking season. Also similar to the Pilanesberg study, the average age of these SMMEs is about 8 years (see Table 6), with 50% of them being about 6 years old (5 years in Pilanesberg).

Table 5: Business Clientele

	Yes	No	Grand Total
Tourists	30	92	122
%	24.59	75.41	100.00
Individual Residents within the area	95	27	122
%	77.87	22.13	100.00
Individual Residents outside the area	33	89	122
%	27.05	72.95	100.00
Businesses within the area	21	101	122
%	17.21	82.79	100.00
Businesses outside the area	11	111	122
%	9.02	90.98	100.00
State/government departments/agencies	11	111	122
%	9.02	90.98	100.00

Table 7 provides a rough estimate of the contribution of the surveyed black-owned SMMEs to the local labour force. Using conservative estimates calculated by multiplying the lower-bound for each employee size range by the frequency (except for the '0 to 4' range where the median value (i.e., 2) was used), we estimate that the SMME sector engages about 590 employees in their daily operations.



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Table 6: Age distribution of black-owned SMMEs

Business Age		Business age, by industry	Mean	Std. Dev.	N
No. of Observations	122	Agriculture	3.75	4.99	4
Mean	8.20	Fruit and vegetable supply	12.67	15.07	6
Std. Dev.	7.33	Art, Craft, and Entertainment	10.27	8.17	26
Variance	53.73	Manufacturing	9.29	6.97	7
Percentiles		Catering, Restaurant and Banqueting services	5.06	4.61	16
25%	2	Hair salon	6.20	4.76	5
50%	6	Tour guide OR Game Ranger	2.50	0.71	2
75%	12	Transport, Storage and Logistics	2.50	1.00	4
90%	19	Communication, Telecommunication and Internet Services	13.00	1.41	2
99%	28	Community, Social and Personal Services	9.56	5.97	16
		Electricity, Gas and Water	3.00	0.00	1
		Construction	6.13	6.37	15
		No response	5.00	0.00	1
		Retail/Distributor	6.00	1.00	3
		Wholesale Trade	11.00	7.95	14
		Grand Total	8.20	7.33	122

This is particularly significant in ANEP's surrounding economy which is dominated by Citrus farming which only provides seasonal employment, as the local economy would be dependent on this sector in the off-season periods.

Table 7: Employee and Ownership Structure of black-owned SMMEs

Number of employees	Frequency	Percent	Cumulative percent
0 to 4	94	77.05	77.05
10 to 49	8	6.56	83.61
5 to 9	18	14.75	98.36
50 to 200	1	0.82	99.18
No response	1	0.82	100
Grand Total	122	100	
Business' legal status			
Cooperative	3	2.46	2.46
Limited partnership	1	0.82	3.28
Other	1	0.82	4.10
Partnership	31	25.41	29.51
Shareholding company with non-traded shares	2	1.64	31.15
Sole proprietorship	80	65.57	96.72
Trust Company	3	2.46	99.18
No response	1	0.82	100
Grand Total	122	100	



However, similar to the findings in the Pilanesberg study, the sustainability of the SMME sector’s contribution is threatened by their legal status as predominantly sole proprietors and unlimited liability partnership entities (over 90% - see Table 7). This indicates that their liability in the case of a business challenge is unlimited (SARS 2019) and limits their access to capital and the risk-taking options of the business.

4.6.4. SMME Engagement in State procurement – a Supply side analysis

In this section, the extent of SMME engagement in the procurement chain of government assets is explored from the supply side. To allow for comparison to the Pilanesberg study, the analysis is extended to all government establishments and assets, and not only tourism assets, to demonstrate that the trends being picked up are not unique to the tourism sector only. As previously highlighted, the main demand base for the black-owned SMMEs in the survey area is local residents. These SMMEs have very limited business linkages with the bigger businesses, government agencies, and tourist attractions in the area.

To further explore the extent of SMME involvement in the supply chain of government assets (including tourism assets), the survey interrogated the level of SMME’s interest in engaging with government agencies and assets.

Table 8: SMME engagement with government agencies

Have you ever competed for a tender	Frequency	Percentage	Cumulative Percentage
Competed and got it	8	6.56	6.56
I have completed but did not get it	8	6.56	13.11
Never competed for a tender	104	85.25	98.36
No response	2	1.64	100
Grand Total	122	100	
Business Relationship with Government	Yes	Percentage	Cumulative Percentage
I have business relationship with a government agency	8	6.56	6.56
I receive support from a government agency	8	6.56	13.11
I have other relationship with a government agency	4	3.28	16.39
No relationship	89	72.95	89.34
No response	13	10.66	100.00
Grand Total	122	100.00	
Have you worked with any business or private support agency?	Yes	Percentage	Cumulative Percentage
No	97	79.51	79.51
Yes	22	18.03	97.54
No response	3	2.46	100.00
Grand Total	122	90.37	



Table 8 shows that more than 85% of respondents have never competed for a government tender. Also, about 73% report not having any business or even support relationships with government establishments, and 80% percent have never worked with any form of support agency in the past. Similarly, only 21% of respondents reported having had any business relationships with the lodges and tourism establishments in the area in the past (see Table 9).

Table 9: SMME engagement with private tourism attractions

Do you supply any of the lodges/private businesses in the area?	Yes	Percentage	Cumulative Percentage
No	88	72.13	72.13
Yes	26	21.31	93.44
No response	8	6.56	100
Grand Total	122	100	

This trend is similar to that observed in the Pilianesberg area in Phase 1 of this study. Table 10 shows that compliance rate with legal business operation requirement is poorer than observed in the Pilianesberg study as less than 65% of respondents indicated that their business is registered. Furthermore, less than 40% of these respondents' report being registered on any supplier's database. While this proportion is larger than that observed in the Pilianesberg study, it is still quite low and indicates that the SMMEs surrounding the ANEP are also not positioned to take advantage of business engagement opportunities that might arise from the government or larger private organisations. Hence, consistent with the Pilianesberg study, this ANEP study shows that black-owned SMMEs economy around the AENP are significantly disconnected from government activities and assets in the area. This finding is particularly significant in consideration of the fact that the sample also included black-owned SMMEs in the Port Elizabeth area – one of the largest commercial and economic hubs in the Eastern Cape province.

Table 10: SMME readiness for business opportunities

Business Registration	Frequency	Percentage	Cumulative Percentage
No	45	36.89	36.89
Yes	77	63.11	100
Grand Total	122	100	
Suppliers Data Base Registration	Frequency	Percentage	Cumulative Percentage
No	74	60.66	60.66
Yes	47	38.52	99.18
No response	1	0.82	100.00
Grand Total	122	100.00	



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This finding also demonstrates the misplaced impact of government activities at the national, provincial, and even municipal levels, particularly in these two case studies, and raises the question of who benefits from these activities, as well as, the best way to ensure that intended recipients benefit. This is particularly important in lieu of the fact that these local economies become increasingly dependent on the state coffers for sustenance, not just financially, but with the significant burden of other social ills (like teenage pregnancy, crime, etc) which this lack of independence breeds.

To adequately address this concern, however, a critical understanding of the reason for this gap in black-owned SMME engagement with external agencies is important. Consequently, respondents were asked structured questions to interrogate why they did not apply for tenders or engage with the government and private business structures available in their locality.

4.6.5. Reasons for not applying for tender or engaging with government and private agencies:

Table 11 provides a summary of responses to the open-ended question asking respondents why they did not apply for tenders or engage with the government and private business structures available in their locality. Although the response rate to these set of questions was lower than recorded in other sections of the questionnaire (i.e. between 50 and 60 percent response rate only), the leading reasons cited for not engaging with business opportunities by the government are lack of information on the tender process, beginning with information/knowledge on what opportunities are available, the process and requirements for application, and the applicability of this opportunity to their business type/concern (see Table 11). This mirrors the findings in the Pilanesberg study, although respondents in this study seemed more informed about what a tender is. This is most likely due to the structure of the communities where community representatives typically get information on tender opportunities and are responsible for sharing them with members of their constituencies.

This also explains the difference in the findings from the Pilanesberg study where respondents were largely unaware of the types of services the government requires and when/how tender calls are advertised when available. Responses from this Addo study also hint at corruption concerns in the government, although this is less overt than observed in the Pilanesberg study.



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Table 11: Reason for limited SMME engagement

Reason for not applying for tender	Frequency
Business not registered	5
Difficult/Complicated process	4
Foreigner constraint	5
Resource constraint – Funding and time	4
Lack of information	7
Not applicable to business type	3
Small/New business	4
Stiff competition	1
Unaware of tender opportunity/procedure/applicability to business	7
Uninterested	4
Total	44
Reason for not engaging with government agencies	
Don't know how	1
Foreigner limitations	6
Government challenges - connection needed, rules, corruption	7
Lack of information	16
New/Small business	4
No Access	3
Unaware of available agencies/opportunities	16
Uninterested	9
Total	62
Why do you not supply businesses in the area?	
Access challenges - connection, bribe	6
Irrelevant to business type	8
Lack of information	11
No Opportunities	18
Resource constraint - personnel, funds, time	7
Small/New Business	7
Unaware of procedure	3
Uninterested	7
Total	67
Why no database registration?	
I am unaware of any supplier's database	51
Uninterested	8
The process/requirements are too difficult	6
I do not have the time	1
I do not qualify	7
Other	10
Total	83



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Although the words 'distrust' and 'corruption' were seldomly picked up in the Addo study, especially when compared to the Pilanesberg study, respondents seem to hold a general belief that some sort of 'connection' inside the government is needed to get tenders or be included in the state's supply chain.

Key reasons cited for not engaging with the Private sector in the area were 'the lack of opportunity', 'lack of information', and 'lack of access'. While these reasons do not point to a severe challenge of 'blocked access by the larger businesses' as was found in the Pilanesberg case, it does indicate that a 'lack of awareness of opportunities and relevant information' is a significant hindrance to these businesses accessing any available opportunities. Also, the structure of the Addo economy in which land ownership, as well as the means of production and distribution of wealth, is predominantly domiciled in the hands of the government and minority white individuals, which is in contrast to the Pilanesberg economy where a larger majority of the population in the lower income bracket and belonging to the black-racial group had access to land and other production means, can significantly explain the fact that black-owned SMMEs in the Addo area are not even positioned with the business types/means to supply the larger businesses. This is evinced by the fact that the majority of these businesses sampled do not have physical business addresses and the few who do operate from a small space within/next to their homes – with the capacity to only service the immediate resident neighbours. Also, the large presence of the non-South African community in these areas is further evidenced by the predominance of the 'foreigner challenge' as a reason for non-engagement as the respondents indicated that even where they are aware of opportunities, they are legally excluded from harnessing these opportunities because they are not South-African citizens.

While this scenario is immediately different from the Pilanesberg's where findings indicated an unexpected attitude of disconnect from the business environment by the black-owned SMMEs, whereas the Addo study points more to the challenge of a severe 'lack of capacity' challenge, we still investigate the extent of disconnect with the local business environment by interrogating actions and attitudes related to SMME development activities and other external linkages.

4.6.6. SMME Attitude to Business Development and External linkages

To explore the actions and attitudes related to business development and external linkages in the ANEP area, various structured and open-ended questions were included in the survey instrument to understand



the reasons for the limited engagement of SMMEs with external bodies. Specifically, information about their engagement with available business support and enterprise development structures was sought.

The SMME support environment surrounding the ANEP is significantly different from that in the Pilanesberg area in that it has a limited supply of SMME support programs and initiatives. Based on desktop research as well as inquiry during the course of fieldwork, the SRVM does not have any dedicated government SMME support/development agency in its locality. The responsibility for SMME support is vested in a few individuals in the municipal office and the Department of Rural Development. While these individuals conduct significant work, more support is required for SMMEs in this area. On the private sphere, the only SMME support identified were by individuals who choose to occasionally dedicate their time to train the local entrepreneurs, mostly for free or a nominal fee. The Sunday Rivers Valley Citrus Corporation (SRCC) – the biggest employer of labour in the area – were said to have some mentorship programs for black small farmers. They were however hesitant to talk about it, and feedback from the local population suggested that the small black farmers engaged in this program were largely exploited and unhappy.

Given this background, the results in Table 12 is remarkably unexpected, in a positive sense, in that it indicates that while only 18% of respondents reported working with a government/private support agency, over 40% of respondents indicated participating in some form of SMME training.

Table 12: SMME engagement with business support and training

Have you worked with any government or private support agency?	Frequency	Percentage	Cumulative Percentage
No	97	79.51	79.51
Yes	22	18.03	97.54
No response	3	2.46	100
Grand Total	122	100	
Participated in SMME training?			
No	73	59.84	59.84
Yes	49	40.16	100
Grand Total	122	100	

This is markedly different from the findings in the Pilanesberg study where the results were about 10% and 29% for government/private support agency, and SMME training, respectively. This is very significant as it indicates that although individuals in the Addo region might be severely capacity constrained, they



invest more effort in developing themselves than those in the Pilanesberg region. This attitude for improvement is supported by the 2017 report where over 300 entrepreneurs marched to demand better support from the government (Chirume 2019) and is in direct contrast to the attitude observed in the Pilanesberg study and buttresses the finding in the Pilanesberg study which indicates that black-owned SMMEs in the area exude a sense of complacency with their economic position and contribution to economic activities.

This is further confirmed by the results in Table 13 where over 62% of respondents to the question (66 of 106) indicated that the reason for not engaging with any support agency is because they are unaware of any (as these did not exist), and about 70% (28 of 40) of respondents to the question on attending SMME training indicated that the reason for not attending was because they were lacked information, or were unaware of such opportunities.

Table 13: Reasons for not engaging in business support and training

Reason for not engaging with support agencies	Frequency
I am unaware of any support agency	66
I am not interested	10
I cope well on my own	5
The process is too difficult	6
The requirements are too difficult	7
I do not have the time	2
I do not qualify	6
I do not think it is necessary/important	2
Other	2
Total	106
Reason for not attending SMME training/seminars	
Foreigner constraints	2
Lack of information	7
Not necessary	8
Unaware of training opportunities	21
Uninterested	2
Total	40

4.6.7. SMME Challenges and Limitations

To further understand the limits in the environment these black-owned SMMEs operate in, they were asked to rate the significance level of certain business constraints gathered from the literature and from



preliminary interviews. Their responses are provided in Figure 5 and show that the biggest challenges to SMME success in the Addo area are ‘crime and corruption’, followed by high business cost and access to affordable finance.

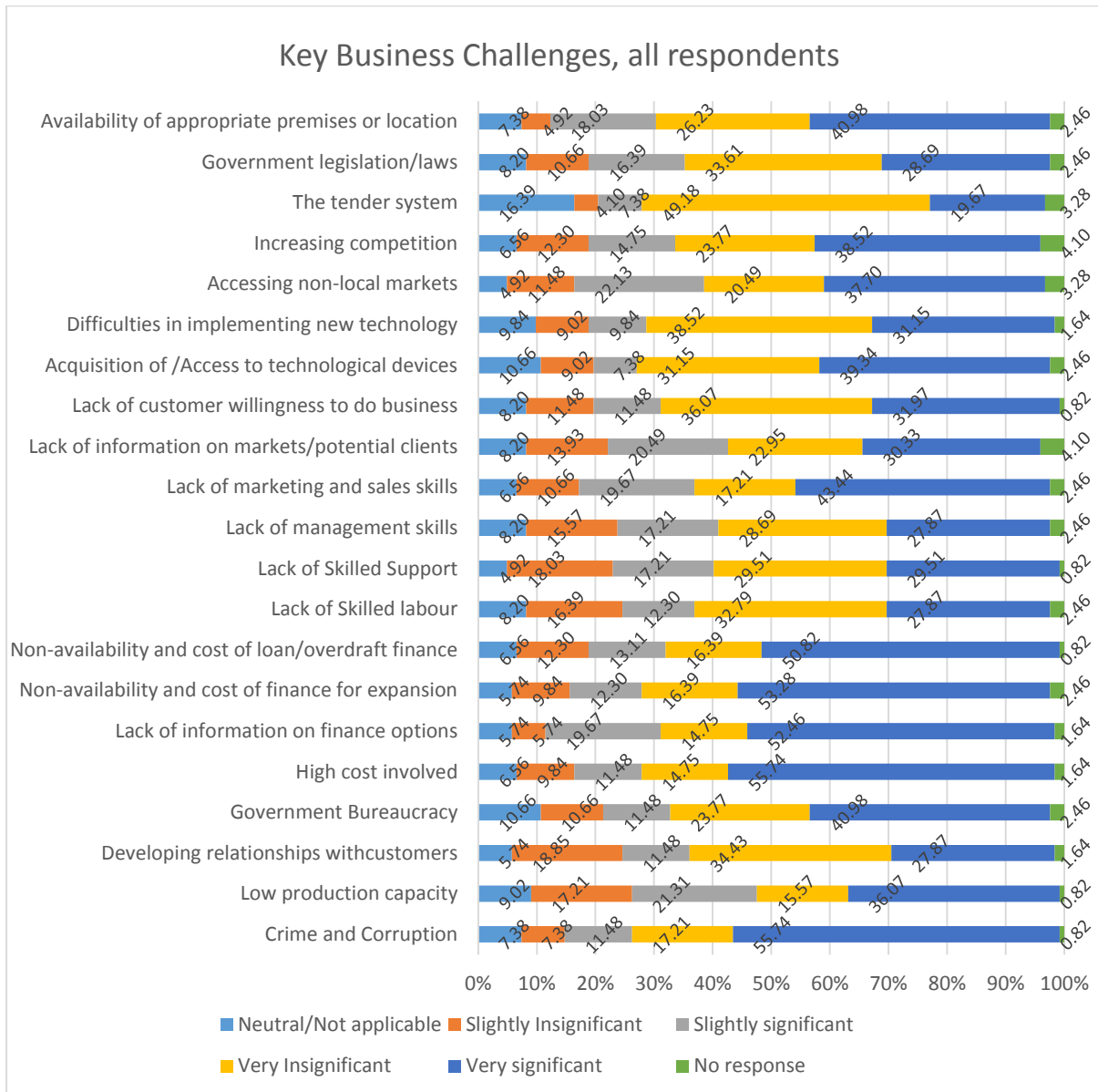


Figure 5: Rating of Key Business Challenges, for all respondents

Intense competition, accessing the local market, accessing required technology, lack of relevant business and sales skills, and government bureaucracy also ranked among the top challenges faced by the black-owned SMMEs in the area. This pattern seemingly repeats itself amongst the small sample of individuals



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who reported haven obtained a government tender in the past (see Figure 6), reinforcing the validity of these challenges to the businesses in the area.

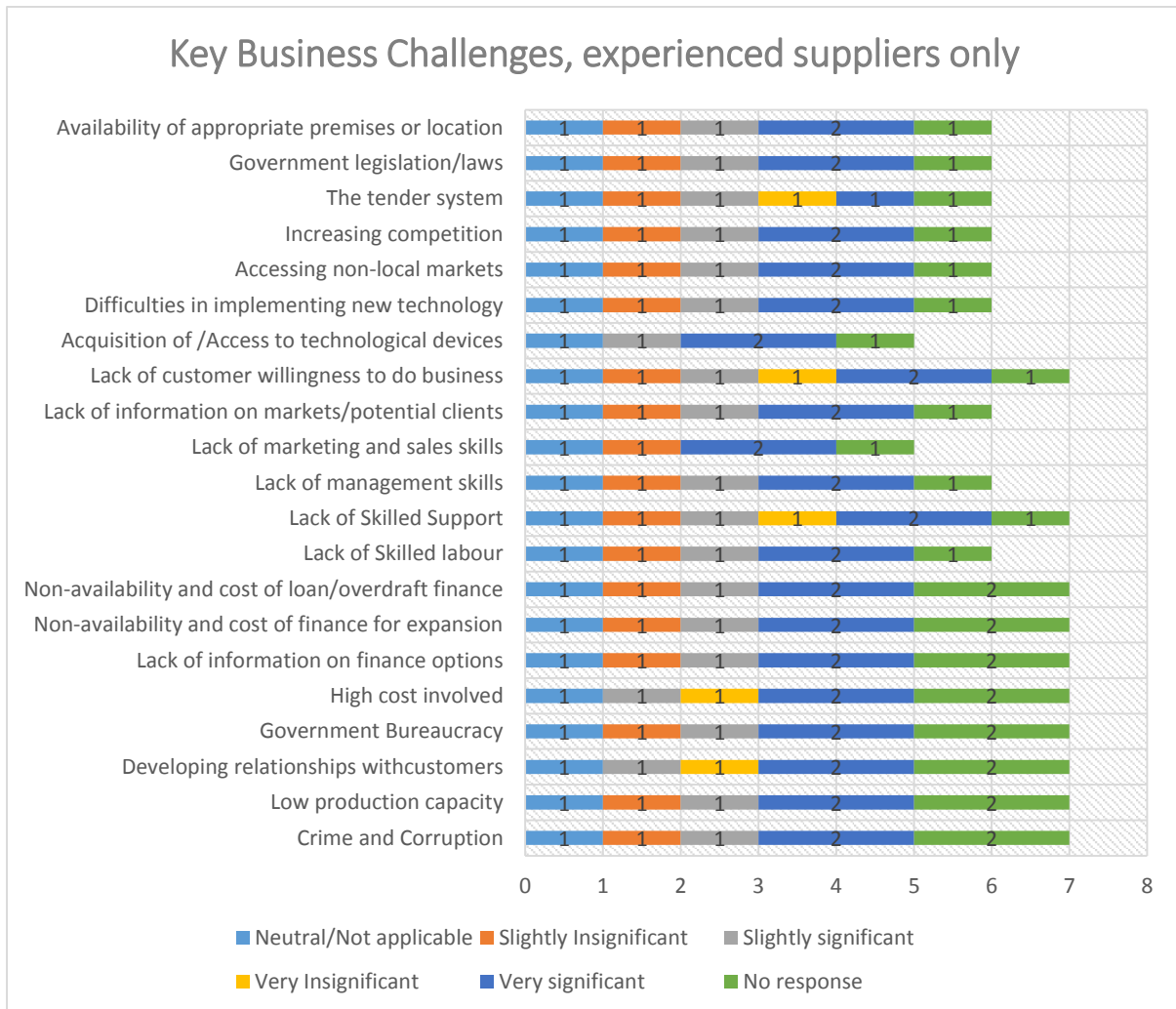


Figure 6: Rating of Key business challenges for businesses in government supply chain

4.7. Conclusions for the ANEP Study

The ANEP study highlights a unique case of misaligned government policies and the need for a policy re-evaluation in a local context. For example, given that the local SMME economy is dominated by White-owned and black-owned Non-South African SMMEs, who are primarily excluded from government concessions and opportunities, there exists an opportunity for a closely-monitored collaboration with these business concerns to develop South-African black-owned SMMEs. This is necessary in consideration of the fact that the local black-owned SMMEs are ill-equipped and could benefit from hands-



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on partnership with the more experienced White and non-local businesses. Such a strategy might have the added benefit of addressing Xenophobia in addition to equipping locally owned SMMEs. The need for close monitoring of such a process cannot be over-emphasized, especially given the negative precedence of White-Black collaboration in the Citrus industry in the Sundays River Valley Municipality, where many black citrus farmers report being exploited most of the White farmers through the water-land rights policies and farm-mentoring initiatives put in place to redress racial economic inequality in the municipality.

Also, the findings suggest that given the severe capacity constraint in the ANEP area, the policy of including black-owned SMMEs in the state's supply chain in the area surrounding the AENP is not only premature but also has the potential to chronically exacerbate racial and economic inequalities in the area, thereby achieving the direct opposite of the intended aim of the policy.

The study results also highlight the importance of taking into consideration the local context when implementing higher-level government policies. In this regard, the local SMME economy surrounding the Pilanesberg National park is markedly different from that surrounding the ANEP as the Pilanesberg area has some capacity for adoption while the ANEP area is severely lacking in capacity and would first require capacity to be developed from scratch, which would involve huge resource re-allocations; populace re-orientation, training, and development; and policy adjustments to fit the local context, before the black-owned SMMEs in the area are ready to be incorporated in the state's supply chain.

According to these results, there are relatively few links between the AENP and local black-owned SMMEs found in the immediate vicinity of the park. One of the primary reasons for this is the lack of local black-owned SMMEs, more broadly, and even fewer which could potentially feed into the tourism supply chain. The majority of local tourism SMMEs are white-owned. The reason for this, in this particular area, is the cost of operation of tourism facilities due to the high price of land as a result of its arability. The farming industry dominates the area and so the majority of tourism SMMEs are secondary business found on or directly linked to large-scale farms. These farms are still predominately white-owned and so provide little opportunity for local communities other than as employees of these operations.

Furthermore, as was the case with the Pilanesberg, it appears that the primary way in which local communities are integrated into the park, both in the case of SANParks and privately owned/managed facilities is through employment. This also appears to be the case for the largely white-owned tourism



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businesses in the area. Although they do not source many goods and service from local black-owned businesses, they provide employment to locals which it was mentioned can be more secure than the seasonal farm work which is the primary alternative source of employment. However, in contrast to the Pilanesberg study, the majority of tourism facilities found within the park are run by the park itself (i.e. run by SANParks). The only exceptions are two private luxury lodges and the spa which are private facilities, and the restaurant and shop, which are privately managed.

The strict SANParks policies, lack of sufficient staff for procurement and the large quantities of paperwork required for procurement are impeding the abilities of a large portion of the staff to effectively execute their duties. Their response is to get tenders for required service providers over longer periods. However, this will decrease, even more, the capability of local SMMEs entering the supply chain.

The primary way in which the park engages with local SMMEs is through SMME development within the park. This is most prevalent in the conservation sector although small strides have also been made in the tourism sector. The most significant of these is through the contracting of local SMMEs for laundry and servicing ablutions. However, although useful programs, these two operations only grant contracts for individual SMMEs for one year, with no possibility of renewal. In addition, as the park provides the equipment and goods required to facilitate the services, there is little chance that the SMME will survive in the same capacity once its contract has ended.

As was the case with the Pilanesberg, the conceptualization of “local” is also quite significantly more broad than was utilized for the purposes of this study. Due to the very close proximity of the Nelson Mandela Bay Metropolitan Area, many of the so-called “locally” sourced goods come from this area. It is a major regional hub for the area and therefore has a large availability of goods and services at competitive prices. Therefore, much of the procurement of externally sourced goods and products, both by the park and many of the tourism SMMEs, is done from the Nelson Mandela Bay Metropolitan Area.

4.8. Recommendations for the AENP Study

A few recommendations on how to deal with the above challenges are discussed in this section. Overall many of the challenges outlined above are quite substantial and some of them would require significant structural changes at higher levels of government. As mentioned above, since, unlike the Pilanesberg, the majority of facilities are both owned and managed by government institutions, namely SANParks, the scope for implementing real change in order to encourage local black-owned SMME development is more



significant than was the case in the Pilanesberg. The manner in which this could occur, however, is debatable, though some suggestions are outlined below.

One of the biggest issues, discussed above, is the issue of the structure of payments for short-term government contracts. One recommendation would be for the government to encourage the use of local SMMEs by offering special contracts which would allow businesses who do not have access to large sums of capital to fund contracts prior to payment under certain conditions. The most notable would be to offer deposits for aspiring small business who would like to obtain contracts with the park in order to allow them to acquire necessary goods and labour to complete the project, prior to final payment. Although there are programs in which government offers start-up capital to small businesses, this might be a more direct way of encouraging these businesses to apply for specific contracts with the park and execute these projects effectively.

Another major issue, which we believe SANParks should highly take into consideration, is the workload of the single procurement officer which oversees AENP and three other national parks in the region. The amount of procurement required for these facilities is impossible for a single individual to both oversee and process. This current structure has resulted in many employees throughout the park focusing their efforts largely on issues of procurement rather than their assigned duties. It is, therefore, our recommendation that SANParks relook at this position and consider hiring additional staff which are specifically responsible for employment. Due to the size and nature of AENP, and the procurement requirements of the park, it is suggested that there should be a procurement manager who is solely responsible for AENP and, at minimum, another procurement manager for the other Frontier parks. IN the future, as these parks grow, it is likely that procurement managers will be required for each individual park, and to be based in the park they oversee. This is the case in the Kruger National Park, which appears to operate more effectively, from a procurement perspective. Furthermore, as mentioned above, it has resulted in the creation of longer-term tenders being developed for goods and, particularly, services which could potentially be provided by local businesses if they were given more manageable, short-term contracts.

In terms of SANParks policy, according to the procurement manager, there is no current policy which given significantly preferential treatment to local black-owned SMMEs, particularly for smaller contracts. The only way in which these businesses might be given some type of preferential treatment in the procurement process is in the application of BEE policy. However, BEE accreditation is only considered



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for larger contracts and it is unlikely that these small businesses would qualify for such contracts. This is something that should be considered in the policies going forward.

Another recommendation which could be more effectively implemented would be to develop more programs, similar to those developed for conservation, to facilitate the development of local SMMEs in the tourism sector. Although the above-mentioned ablutions and laundry programs are a good initiative in theory, the way they play out means that, essentially, an individual “SMME owner” is subcontracting staff. Due to the fact that they are only allowed one-year contracts and they are not provided with equipment which they own/can take after the contract is completed, it is hard to imagine that the SMME will continue to operate effectively after the one year contract expires. In addition, as mentioned in the interview with the duty manager of the Addo Main Camp, one major aspect which should be considered in the development of local SMMEs, is to facilitate the management of the shop (and possibly restaurant) by a local business owner or members of the local community. This would not only assist in the development of local communities but would also, likely, result in the utilization of more local business in the procurement of goods and services by these facilities. Rather than outsource these facilities to large corporations who acquire goods and services from other large corporations, it could facilitate the use of more local business and possible subsequent business development. Most notably this could be possible in the procurement of crafts and possibly some food products.



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5. THE LOCALITY STUDY: KING SABATA DALINDYEBO MUNICIPALITY

5.1. Introduction

This section of the report presents our findings from the locality study which was undertaken concerning the use of municipal assets for tourism development in the Eastern Cape local municipality of King Sabata Dalindyebo (KSD). The material is organized into three uneven sections. First, a background context is given in terms of an introduction to the case study municipality. Attention then narrows and turns to tourism in the second section by giving a brief chronicle of tourism development in the area paying special attention to the apartheid period by examining the ramifications of Transkei 'independence'.

Section three provides a major part of the report in terms of the presentation of research material and discussion. It is sub-divided into four sub-sections of discussion. These relate to (1) an overview of contemporary tourism trends in the municipality looking in particular at the period 2006-2018, (2) an analysis of the changing accommodation sector in the municipality, (3) an investigation of the use and leveraging of municipal assets for tourism development; and finally, (4) a critical dissection of the current challenges that face the growth of the tourism economy of the KSD municipality.

5.2. Methods

The report, discussion and analysis combine the findings from historical archival research, documentary sources, quantitative data analysis, and most importantly, the results of interviews conducted with key local tourism stakeholders as well as tourism entrepreneurs in the case study municipality.

The historical archival research draws from material in the National Library of Cape Town, historical hotel and travel guides and material from the South African Railways and Harbours collections. Documentary sources examined are (1) existing published secondary sources as well as a collection of research dissertations conducted on the municipality (as compared to Overstrand this municipality has attracted considerable academic attention); (2) planning documents including the municipal and District Integrated Development Plans, consultancy reports produced for the Municipality on tourism; and reports by the Eastern Cape Socio-Economic Consultative Council.

The quantitative analysis of tourism trends draws from the unpublished database of IHS Global Insight data which was also used in the Overstrand locality as well as an audit that was undertaken all 172 accommodation establishments in the KSD municipality. Key stakeholder holders were undertaken with individuals responsible for tourism, local economic development and asset management. The following



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stakeholders were interviewed: KSDM Local Economic Development Manager; Local Economic Development Officer, Mthatha; the Acting Municipal Tourism Manager; Manager DSBD and Tourism Authority (ECPTA); Tourism Officer, ECPTA; Asset/ Supply Chain; Assistance Manager, KSDM; Senior Officer Asset Department KSDM; and, Researchers and the Research Coordinator at Nelson Mandela Museum, Mthatha. In addition, a small sample of 15 black tourism entrepreneurs (10 in Mthatha and 5 in Coffee Bay) were interviewed to investigate their business challenges and operational characteristics.

5.3. King Sabata Dalindyebo Municipality: Context

The King Sabata Dalindyebo Local Municipality (KSDM) is part of the O.R. Tambo District Municipality (DM) in Eastern Cape province. It is the largest of the five municipalities that comprise O.R.Tambo DM accounting for a quarter of its geographical area. The KSD municipality comprises a major section of what was the former Transkei Bantustan and thus presents a markedly different locality case study to that of the Overstrand Local Municipality, which was the research focus during the first phase of this project.

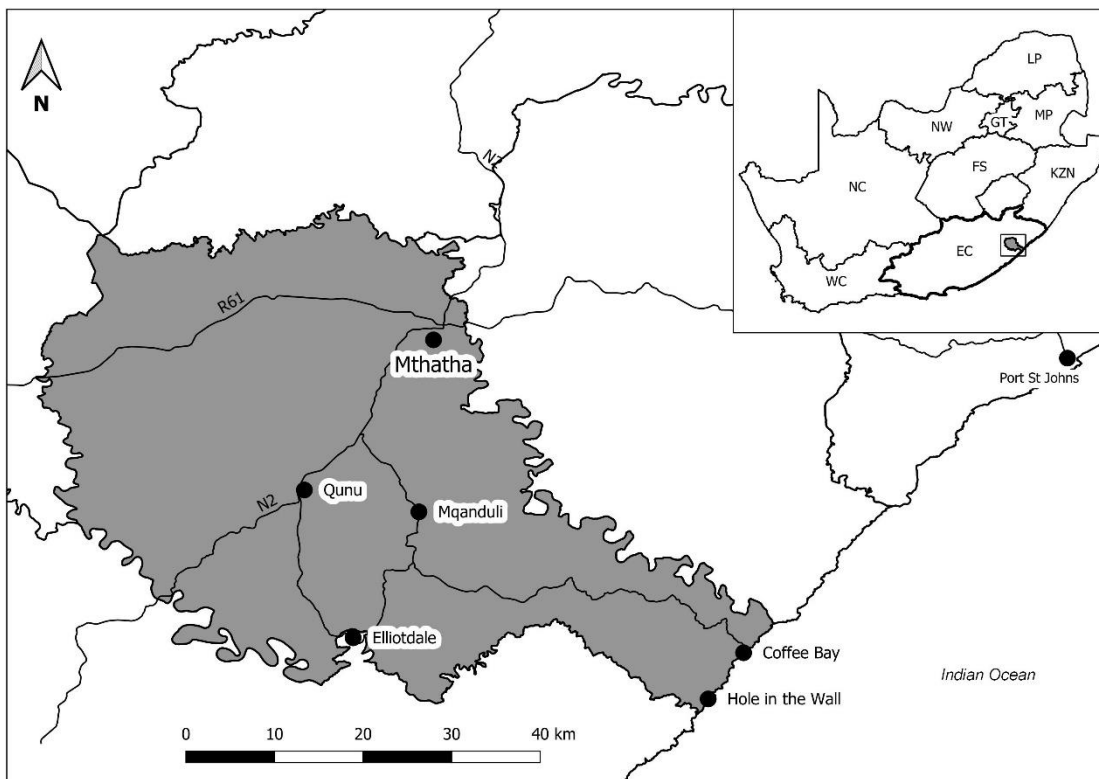


Figure 7: The Location of King Sabata Dalindyebo Municipality



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The KSD municipality was formed in 2000 before the local government elections as a result of the merger of the Mqanduli and Mthatha Transitional and Rural Councils. The majority of the population resides in rural settlements; the two largest centres are Mqanduli and Mthatha, which was formerly named Umtata until March 2004 (Ngwira, 2011). The KSD Municipality also incorporates a small section of the Wild Coast as the mandate of the municipality stretches to include the coastal tourist hub of Coffee Bay and the iconic visitor attraction of the Hole in the Wall (Fig 1). The municipality has a total population estimated (2016) as 490 000 (99.1 percent described as Black African) of which 310 000 are classed as living in rural traditional settlements (Eastern Cape Socio-Economic Consultative Council, 2017). A gender imbalance exists with 54 percent of the population female which is a reflection of the area's history as a cheap labour reservoir for male migrant workers employed elsewhere in South Africa. The main urban centre of Mthatha has a population of about 150 000 albeit it caters for the needs of over 1.5 million people who live within a 50km radius of the town (Dzinotyiweyi, 2009). Mthatha is one of South Africa's urban centres where a major section of its residents are accommodated in characteristically rural settings (de Witt & Ndzamela, 2018). In functional terms, Mthatha is a regional powerhouse as it serves as an economic and social focus for the functionally lower order settlements, both the small towns and their surrounding rural communities (O.R. Tambo District Municipality, 2017).

In respect of development indicators, it is important to appreciate that KSDM would be classed as one of South Africa's most economically distressed and marginalized areas. Widespread poverty exists across the KSDM as well as the O.R. Tambo District Municipality which is one of South Africa's municipalities recording a declining district economy (O.R. Tambo District Municipality, 2017). For Mthatha Harrison (2008) and Tsheleza et al. (2019) state that two-thirds of its citizens live in poverty and as much as 52 percent of them are formally unemployed. Service levels for households and infrastructure are major challenges. De Witt & Ndzamela (2018: 4) provide a profile for 2016 for the district which reveals only 15.7 percent of local households with indoor water access, 36.7 percent with flush toilet access but with 84.5 percent of households having electricity access, the latter lower than the national South African average. It is argued that the spatial extent of urban sprawl outside the formal urban boundary onto traditional land is one key factor constraining improved service delivery (de Witt & Ndzamela, 2018).

Harrison (2008) draws attention to historical factors that explain the municipality's current infrastructural challenges. It is argued the town suffers from a legacy of "historical mismanagement" and that the bulk infrastructure network "was developed for 'the colonial Mthatha of a 100 years ago' and cannot meet the



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demands of the current population” (Harrison, 2008: 26). Mzamo (2018: 79) records that today Mthatha is overcrowded and has “relapsed into a town of potholes, out-dated sewerage systems, electricity outages and dilapidated buildings”. Residents often have to endure lengthy periods without water and with sewerage spills and uncollected garbage a constant sight (Dzinotyiweyi, 2009). Solid waste management is emerging as a major environmental hazard (Tsheleza et al, 2019). Ngwira (2011: 51) adds the impact of HIV/Aids is a further issue “of major concern within the Municipality”. A diagnostic research investigation produced by Eastern Cape Socio-Economic Consultative Council (2017) pointed to 12.4 percent of the municipal population as infected with HIV.

In terms of the local economy, this municipality was negatively impacted by 1994 democratic transition and the re-incorporation of Transkei into South Africa (Siyongwana, 2005). Umtata lost its status as a preferred ‘growth point’ for decentralization of manufacturing in terms of changes in location incentives enacted in 1991. By 1994 it had lost also its former capital city function and later suffered further misfortune in the decision to locate the function of provincial capital of Eastern Cape at Bisho (Siyongwana, 2009). A rebound in the local economy began from 2000 when Mthatha secured its role as administrative centre for the O.R. Tambo DM as well as being the administrative heart for KSDM. The town has only a small manufacturing base although there are announced plans for promoting new agro-industrial enterprises at the Wild Coast special economic zone in Mthatha (Ngcukana, 2018a). The ambitious plans for this zone coincide with aspirations of the KSD municipality “to become the first rural metro in the country by 2021/22 and to build a new town in Coffee Bay with a harbour” (Ngcukana, 2018a).

The contemporary (formal) economy of KSDM is dominated by government services, finance and trade (de Witt and Ndzamela, 2018). For Mthatha Harrison (2008: 26-27) describes the existence of “a structurally unequal economy” with a small number of large firms dominating the formal economy, a structure that “encourages massive leakages from the town”. Beneath the formal economy is an extensive informal economy within which micro-enterprises compete against each other in “the lowest ends of the market owing to their inability to compete against large established firms” (Harrison, 2008: 27). In light of the fragile state of economic development, the making of place-based initiatives is urgent for sustainable development of KSDM as a whole and of Mthatha in particular. The capacity for developing such initiatives is, however, constrained. De Witt and Ndzamela (2018: 7) assessed the municipality’s institutional capacity and concluded “it to be seriously lacking”. Of particular concern is that in relation to



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planning for local economic development (LED) the research study by Mbontsi (2008: xi) revealed “the municipality does not understand the concept of LED” and as an outcome “LED is not living up to expectations in the area”. This said, in many spheres of its mandate the municipality has good plans in theory albeit “the municipality lacks the people with the competencies to implement” (de Witt and Ndzamela, 2018: 7). In turn, this results in ineffective use of resources and a recurrent crisis in municipal governance (Msi, 2009). It is against this backdrop that attention turns to examine one of the identified drivers for growth and poverty alleviation in KSDM, namely the tourism sector.

5.4. History of Tourism

The historical development of tourism in what is now KSDM remains part of the unwritten and so far little researched tourism history of South Africa (Grundlingh, 2005; Rogerson & Rogerson, 2018, 2019; Rogerson, 2019). From scattered available information there are certain indications of early tourism development in this area. Originally, what is today Mthatha was built as a white settlement in the mid-1800s as a buffer between warring black communities over land disputes. Subsequently, the town became a significant logistical hub in the early days of trade and travel in South Africa (de Witt & Ndzamela, 2018).

For 1920 there is clear evidence that the settlement of Umtata was attracting a flow of travelers in need of commercial accommodation. The Illustrated South African Hotel Guide for 1920 lists the existence of three hotels in Umtata, namely the Imperial, the Grosvenor and Royal (The Union Publishing Agency 1921: 222). By 1935 Umtata was the terminus of the railway line from East London and an important trading centre for trade for the Transkeian territories. A marketing brochure produced in 1935 by the East London publicity association describes the town as the “Administrative Capital of the Transkeian territories” and geographically situated “amidst fine mountain scenery” and enjoying “an equable climate” (East London Publicity Association, 1935: 92). In terms of further publicizing the town for visitors, the guide stated as follows: “Umtata is rich in history, closely bound up with that of the troublous early days in the Transkei, and with devoted missionary enterprise” (East London Publicity Association, 1935: 92). Further, it was pointed out that the town was “romantic in history” and “situated in the heart of a native population of well over a million souls” (East London Publicity Association, 1935: 95). A national guide for 1936 describes the town as “capital of Tembuland situated on the banks of the Umtata River near Umtata Falls” (South African Railways and Harbours, 1936: 192). It recorded the three same established hotels – Grosvenor Hotel, Hotel Imperial and Royal Hotel - each of which charged between 10s 6d and



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12s 6d per day for accommodation (South African Railways and Harbours, 1936). At the coast whilst there existed no formal accommodation establishments the beginnings of Coffee Bay as a leisure destination were marked by the appearance of holiday cottages during the 1940s (Ashley & Ntshona, 2003; Wildman, 2005).

For travellers, detraining at Umtata marketing material produced in 1937 for South African railways to promote South Africa for tourism characterized it as “the gateway to a region which is one of the most beautiful in Southern Africa” (Carlyle-Gall, 1937: 75). In detail its attractions were described as follows:

In this entrancing land live, in quaint primitiveness, over 1,000,000 natives. The impressions which the traveller of this modern age gains while touring so unique a territory must surely come to him as a revelation. The South African, accustomed as he is to see the native as a labourer, in European clothes of sorts, endeavouring to adjust himself to a complex – and what is to him a totally foreign – environment, will observe, almost at every turn, some new aspect of untrammelled and picturesque Bantu life which will increase his understanding of this interesting human type.

To the overseas visitor, inured to the day-and-night clamour of incessant traffic and to the seething population of a crowded capital of the Northern Hemisphere, a journey in this strange and primeval land is still more impressive. The markedly progressive towns and villages, collectively of only some 17, 000 Europeans, are in striking contrast to their surroundings, and once he departs from these centres of the white race, the sightseer leaves civilization behind and finds himself in a region over which reigns the age-less peace of Africa (Carlyle-Gall, 1937: 75).

The appeal of the Transkei was viewed as particularly strong for international tourists visiting South Africa. Just prior to the outbreak of the Second World War it was observed: “It is the unique privilege of the visitor to South Africa to be able, as it were, to step from the pulsating twentieth-century scene into a vastly different world – the ancestral domain of the native. And in the Transkeian Territories human society in its very beginning is to be seen in the weirdly-romantic native reserves” (Carlyle-Gall, 1937: 77). Further later publicity material produced by South African Railways Tourist Office (1949) and targeted mainly at potential international travellers to South Africa continued to emphasise the “primitive” attractions and customs of the people of the “Native Territories”. Indeed, in 1949 the Transkei was described as a “singularly rich field for the searcher after the primitive” (South African Railways Tourist Office 1949: unnumbered page 2). The following description was offered to lure the curious international tourist:



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Here the Native goes about his daily round in much the same manner as he did before the coming of the white man. Tribal customs are observed with all their colourful solemnity; periodical dances are staged with vigorous enthusiasm; and even in respect of simple domestic duties, the ways of the Native are full of quaintness and interest to folk accustomed from infancy to European ideas (South African Railways Tourist Office 1949: unnumbered page 2).

During the apartheid period, national government began to express growing interest in the potential for encouraging tourism development in the so-termed Bantustans or Homelands. In particular, mounting policy concern occurred in the 1960s. It was inseparable from the imperative of providing some façade of economic legitimacy to national government planning of these spaces as 'separate' from and potentially 'independent' of the space of so-termed 'White' South Africa. In 1963 Transkei assumed the status of a 'self-governing' territory with the powers of the Transkeian General Council (or Bunga), endowed with a new Constitution, expanded as it became the Transkei Legislative Assembly.

From the limited available source material on accommodation, there are signals of some growth in the tourism economy of what would become KSDM. The 1965 national guide lists four hotels in Umtata, *viz.*, the Grosvenor (46 rooms 5 with private bath), the Imperial (40 rooms 8 with private bath), the Royal (53 rooms 2 with private bath) and - the largest - the newly established Savoy (92 rooms and 44 with private bath) (Hotel Guide Association, 1965). In addition, the 1965 Hotel Guide lists the 10 room Union Hotel in Mqanduli; no hotel establishments were given for the coastal area (Hotel Guide Association, 1965). By 1972, however, the national Hotel Guide records the Union at Mqanduli as well as five hotels in Umtata, with the most recent addition being the unregistered 40 room Transkei Hotel (Hotel Board South Africa, 1972). Further, the same guide lists two unregistered hotel establishments now operating at Coffee Bay, those being the 42 room Lagoon Hotel and the 40 room Ocean View Hotel. Wildman (2005: 88) argues that during the 1960s Coffee Bay began to attract "a lot of domestic tourists". During the early 1970s, Coffee Bay even could be styled as "a flourishing holiday village" that was an increasing popular focus for the growing market of (white) domestic tourism under apartheid (Wildman, 2005: 96). Indeed, as part of South Africa's pleasure periphery, Wildman (2005: 96) observes that "Coffee Bay had enjoyed a reputation of being a 'trouble free', 'normal' and 'uncomplicated' destination – a place where white South Africans really could be free".

A major turning point in the trajectory of KSDM as a tourism area came with Transkei independence. Notwithstanding widespread opposition expressed towards the implementation of separate development



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and that independence on 26 October 1976 was seen as “illegitimate” and “white-imposed from Pretoria” (Streek & Wicksteed 1981: 7) Transkei became the first of four of South Africa’s ten Bantustans to accede to ‘independence’. Much window-dressing was necessary however, to make Umtata – along with other independence capitals such as Mmabatho, Thohoyoandou and Bisho – an international showcase for Bantustan development (Siyongwana, 2009: 293). During the apartheid period, tourism developers and Bantustan governments were facilitated to take advantage of the status of ‘independence’ as a means to circumvent South African government restrictions towards what was deemed as such ‘morally dubious’ activities as gambling, inter-racial relations and pornography. The Transkei, as with other subsequent ‘independent’ Bantustans, “provided the ideal location for white South Africans to indulge themselves” (Wildman, 2005: 86). The first casino/resort complex to be launched in Transkei by Holiday Inn opened its doors for pleasure seekers at Mazamba which adjoins Natal South Coast in December 1981. It was targeted especially at white domestic tourists as well as the day visitor market from Durban (Crush & Wellings, 1983).

At this time the Transkei was a region newly attracting the investment interest of South Africa’s major hotel enterprises, several of which examined opportunities for casino development mainly in the territory’s coastal areas. That said, it was reported that during 1980 the Southern Sun group were exploring potential hotel sites across Transkei including an investigation of the possibilities of developing “a complex overlooking the sprawling Mtata Dam, 6 km from Umtata” (*Rand Daily Mail*, 24 July 1980). New investment began to flow into the hotel economy of Umtata as shown by the opening of the 117 bed Holiday Inn which became the town’s largest hotel. The 1981 tourism guide identifies, however, few leisure activities for visitors to Umtata. The only exceptions were of “excellent waters for trout fishing” in the local area (Republic of Transkei, 1981: 34) as well as sport fishing for eels along the Umtata river. Nevertheless, the possibilities for enjoying a leisure experience in Umtata were marketed in promotional material issued by the town’s hotels. The Transkei Hotel, for example, proclaimed it was where “international travellers meet” and that “For those who feel romantic we have the Rooftop Terrace. What better way to spend a quiet evening relaxing and watching the sun sinking slowly over the lush greenery that is Transkei” (Republic of Transkei, 1981: 41).

Notwithstanding its limited attractions for the leisure traveller new possibilities emerged with independence for Umtata to expand its economy of business tourism. With accession to ‘independence,’ Umtata acquired the status as well as some of the associated trappings of a ‘national’ capital city



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(Siyongwana, 2009). Opportunities opened up here for the further flow of business tourists including of 'international business tourists' through the steady flow of diplomats and government officials from Pretoria. Arguably, following independence, business tourism must have expanded in significance associated with the growth of government administrative functions (Siyongwana, 2009) and thus a boost overall to Umtata's tourism local economy. Umtata was the road and air transportation focus for Transkei as well as the hub of Transkei Airways which operated 20 flights a week between Johannesburg and Umtata.

By the early 1980s, further promotion was undertaken of Transkei's potential as a leisure tourism destination. Ashley & Ntshona (2003: 8) observed that "tourism came to be seen as a source of income" and planning for the coastal areas was based on the identification of several key nodes, of which Coffee Bay was one, and leaving the rest of the coastline in its natural state. In 1981 the Transkei Department of Planning and Commerce issued an official visitor guidebook which stated as follows: "Transkei is a country of considerable beauty ranging from indigenous forests in its inland mountain areas to a unique coastline which is unequalled for its unspoilt natural beauty. The policy of my Department is to preserve the beauty of the coastline and at the same time to encourage tourist development in selected areas" (Republic of Transkei, 1981: 2). In what is now KSD the major leisure tourism developments occurred not in Umtata but instead at the coastal areas around Coffee Bay. The 1981 guide listed still only two hotels - the Ocean View and Lagoon Hotel - at what was described now as "the picturesque resort" of Coffee Bay (Republic of Transkei, 1981: 44). In its advertising the Ocean View Hotel provides details of its amenities as well as core attractions for tourists that include "private beach, excellent surfing, surf and rock fishing" as well as tennis court, full-sized snooker table and evening relaxation at the hotel's bar.

Using oral testimonies and archival research Wildman's (2005: 87) rich research at Coffee Bay documents that whilst 'independence' for Transkei "may have created new forms of tourism opportunities for the black government, it at the same time upset the region's traditional tourist base". Coastal tourism proprietors reported that occupancy rates dropped dramatically following independence as the core base of regular white domestic tourists was nervous if not 'scared' of holidaying in an area with a black government. The forcing out of white hotel owners after the black government came to power reduced management capacity and standards as by 1982 the two hotels had been taken over by the Transkei Development Corporation with limited managerial capacities (Wildman, 2005: 89). Nevertheless, the main reason for the collapse in Coffee Bay tourism was the decline of essential services including a daily



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bus service that formerly ferried basic supplies to Coffee Bay from Umtata. The situation at Coffee Bay worsened throughout the 1980s especially so following the first military coup of September 1987. A second attempted countercoup was accompanied by attacks both on the hotels and tourists. The consequences of these events for the two Coffee Bay hotels were disastrous. As chronicled by Wildman (2005: 95) “frightened South African holidaymakers cancelled bookings and began staying away in droves”. Inevitably, with the rapid hollowing out of Coffee Bay’s tourism economy both hotels were forced to close operations: “first the Lagoon, which closed not long after the coups, and then the Ocean View in 1989” (Wildman, 2005: 95).

Put simply, Transkei independence was the beginning of the end for the traditional domestic holiday market that had long supported tourism growth at Coffee Bay. The coups immediately and irreparably damaged the region’s image as the perfect pleasure periphery as “white South African tourists looked elsewhere for a new idealized vacationscape to inhabit” (Wildman, 2005: 95). Overall, the ‘innocence’ of Coffee Bay was destroyed and immediately issues of safety became paramount as opposed to traditional established views of Coffee Bay as a ‘value for money’ domestic tourism destination. By the late 1980s, Coffee Bay was described as a virtual ghost town. Even into the 1990s amidst signs of political change a sense of danger continued to define tourism in the local area and for Transkei as a whole (Wildman, 2005). Only with the 1994 democratic transition and reintegration of Transkei into South Africa there began to emerge a radical change in the environment for tourism development in what would later become KSDM.

It can be observed that just as independence in 1976 set the conditions for different trajectories for tourism development in Umtata as opposed to Coffee Bay, so also democratic transition introduced fresh possibilities and divergent tourism development pathways for the two centres. In the case of Umtata political change and Transkei’s re-merger into South Africa meant loss of national capital status and being relegated to the reduced role of “a medium regional urban centre” (Siyongwana, 2005: 201). Transkei was subsumed into the new Eastern Cape Province despite lobbying attempts for Umtata to be capital of “a tenth province consisting of the Transkei, the border (part of Ciskei and East London environments) and East Griqualand” (Siyongwana, 2009: 294). The loss of national capital status was compensated for only partially by Umtata becoming the core administrative centre for the King Sabata Local Municipality and the O.R. Tambo District Municipality. As a result of these regional administrative functions, Umtata



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retained some of its potential attractiveness for business tourism, albeit now almost exclusively for regional domestic visitors as opposed to the former flow of 'international' business.

The altered prospects for business tourism associated with democratic transition were paralleled by different prospects for leisure tourism in the coastal centre of Coffee Bay. Although some observers likened the Transkei in 1995 to a 'war zone' which was besieged by 'lawlessness' in terms of violence and escalating crime, reintegration into South Africa at least brought a degree of political stabilization and the end of the era of military coups and countercoups. The Wild Coast Spatial Development Initiative, part of a series of such geographically targeted planning initiatives launched by South Africa's Department of Trade and Industry in the late 1990s, sought to attract new private investment into several coastal zones of the former Transkei, including Coffee Bay (Kepe et al., 2001; Ashley & Ntshona, 2003). Post-1994 witnessed a return of tourism investors into Coffee Bay. As Wildman (2005: 104) reflects whilst "the question of the former homeland's safety kept white South African family vacationers away, it simultaneously began to attract a more adventurous type of tourist – the independent backpacker". Two entrepreneurial local white residents of Coffee Bay observed this change and in 1996 opened the first backpacker hostels. Prior to 1994 backpacker tourism hardly existed in South Africa as the country was shunned by international youth travellers because of the stain of apartheid planning (Rogerson, 2011). Since the democratic transition, however, South Africa has emerged as an increasingly popular destination for international youth travel, especially of backpackers as well as volunteer tourists (Visser et al. 2003; Visser, 2004; Rogerson, 2011).

As a result of its attractive natural scenery and beach Coffee Bay and its surrounds became one of the emerging 'hotspots' for international backpackers visiting South Africa (Rogerson, 2007a, 2007b). In addition, high levels of visitation were recorded by communities of international volunteers (Heer, 2007). Essentially, Coffee Bay was re-visited and repackaged as an "undiscovered, uninhabited paradise to attract a new generation of voyagers to its shores" (Wildman, 2005: 114). In addition, with safety reassured Coffee Bay also was re-discovered by the mainly white South African holidaymaker as an attractive leisure destination as well as becoming a popular destination for day visitors from local urban centres (Mthatha, Elliotdale) in proximity. Argues Wildman (2005: 114) "by the beginning of the new millennium, Coffee Bay, having been rediscovered and reinvented, regained its popularity as the ideal tourist dreamscape".



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5.5. The Contemporary Tourism Economy of King Sabata Dalindyebo Municipality

Four sub-sections of discussion are provided concerning the contemporary tourism economy of the municipality. First, an analysis is undertaken of key tourism trends and patterns of tourist trips. Second, the nature of the changing accommodation sector in the municipality is reviewed. The third section turns to interrogate the use and leveraging of municipal assets for tourism development. Finally, the discussion turns to reflect on the current challenges that face the growth of the tourism economy of the KSD municipality.

5.5.1. Tourism Trends

Prior to 2000, there is no data available on tourist numbers to the area which could provide a breakdown of the tourism economy in terms of the relative importance of domestic as opposed to international travellers, the different purpose of travel by tourists or of the relative importance of tourism for the local economy of King Sabata Dalindyebo Municipality. From 2001 however, a profile of the tourism economy can be gleaned from the unpublished database of the private sector organization IHS Global Insight. As official data in South Africa is not collected to enable a mapping out of the economic contribution of tourism at a locality scale use is made of this unpublished database obtainable from IHS Global Insight. This South African tourism database represents a subset of the IHS Global Insight Regional eXplorer which is a consolidated platform of integrated databases that, in the absence of official establishment and enterprise surveys, provides a highly valued useful data at the sub-national scale, including down to municipal (and for major cities even at administrative region) level. The IHS Global Insight data is widely used in local economic development planning in South Africa and observed as applied in the case of KSD municipality in its Integrated Development Planning (King Sabata Municipality, 2016, 2019). IHS Global Insight collates data regularly from a wide range of sources (official and non-government) with the primary data reworked for consistency across variables and by applying national and sub-national verification tests to ensure that the model is consistent for measuring business activity. The data set is analysed at the scale of the local municipality as a whole and is supplemented by and triangulated with the results of other investigations of tourism in the municipality.



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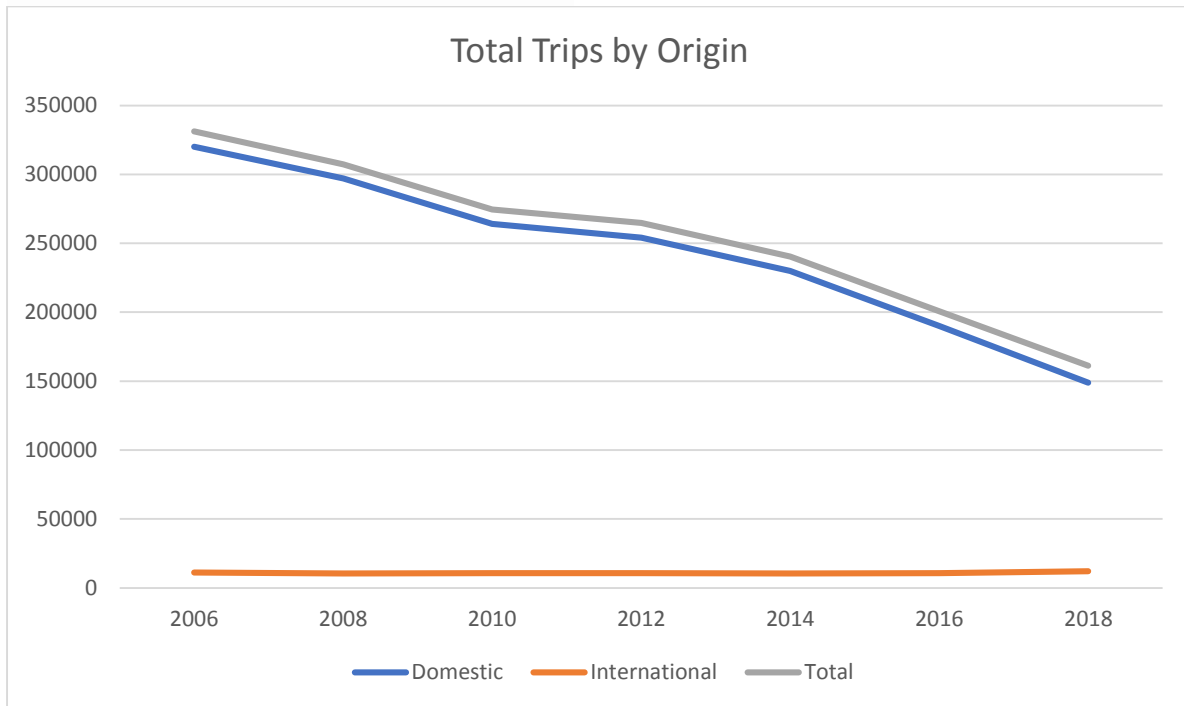


Figure 8: King Sabata Dalindyebo Municipality: Total Trips by Origin 2006-2018
Source: Based on IHS Global Insight data

The key finding that emerges from the analysis of the IHS Global Insight data is that of the increasing weakness of the tourism industry across KSD municipality. During a period marked by a considerable expansion as a whole of the tourism economy for South Africa the performance of the local tourism sector of KSDM has been unpromising. Between 2001 and 2006 in terms of total tourist trips to KSDM, there did occur an upturn and expansion from a total of 250 000 trips in 2001 to 332 000 by 2006. This pattern of growth, however, halted by 2006. Since that time there has been an accelerating decline in total tourist trips to the district. This downturn is particularly marked since the 2008 financial crisis and the subsequent impact of recession and stagnation of South Africa's national economy. The trajectory of decline was little impacted by South Africa's hosting of the 2010 FIFA World Cup which seemingly had minimal impact for this area. By 2018 the number of tourist trips into KSD had fallen further to reach a total of 152 000, the lowest recorded number since data has been available for the municipality.

Figure 8 unpacks also the trip data for domestic as opposed to international travellers. It shows that the major decline in the KSDM tourism trip data is the consequence of the massive downturn in domestic tourism since 2006 and especially since 2010. From a total of 318 000 domestic trips as recorded for 2006 by 2012, the number had fallen to 243 000; by 2018 it was as low as 149 000 trips. It is evident that



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this downturn is a reflection of the broader national pattern of decline in domestic tourism travel in South Africa especially since 2010. For the KSD municipality, this demise in domestic visits means that the relative share of domestic tourist trips is reduced somewhat in the overall total share of trips from 96 percent as of 2006 to 93 percent by 2018. Of note, also, is that the numbers of international tourists visits has been relatively stable throughout this period. But, in one promising signal for the local economy, the numbers of international trips exhibit a marginal upturn from 2016. By 2018 as a result of the falling numbers of domestic travellers as well as marginal growth in international tourism the share of international trips rises to 7 percent of KSD tourism.

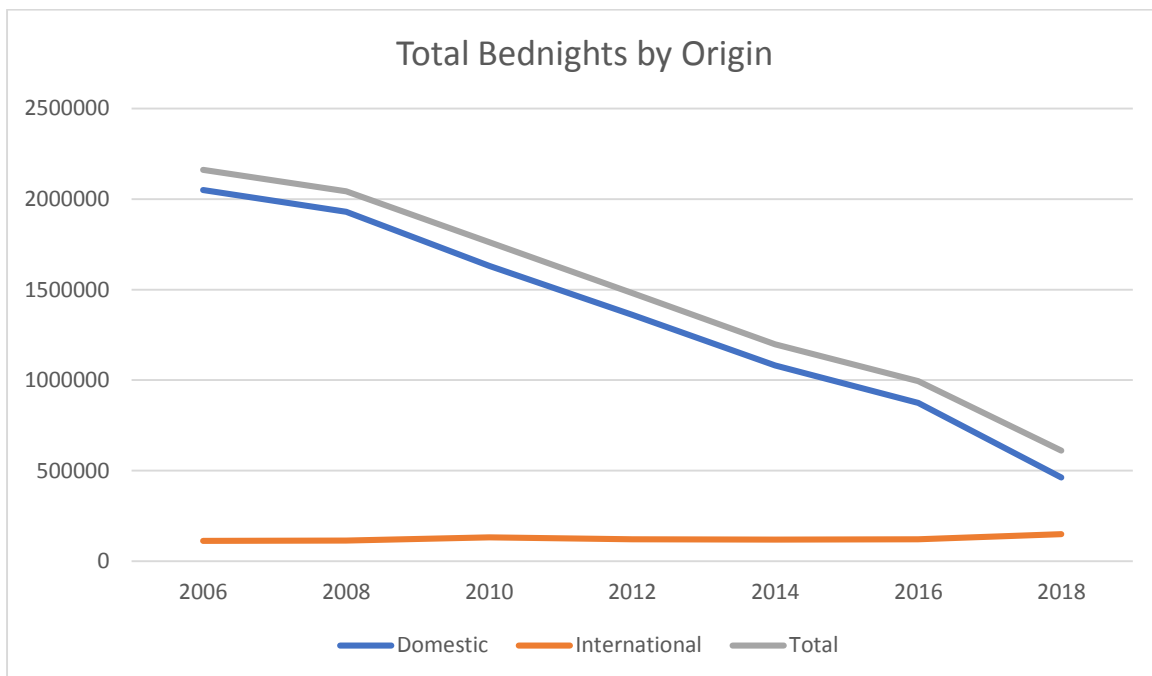


Figure 9: King Sabata Dalindyebo Municipality: Total Bednights by Origin 2006-2018
Source: Based on IHS Global Insight data

In parallel with the decline in total trips there has occurred a fall in the total recorded number of bed nights, a figure that incorporates both paid bed nights in commercial accommodation as well as (mostly) unpaid bed nights in non-commercial accommodation which are represented by overnight stays at the homes of friends and relatives (Rogerson, 2018). The information for recorded bednights for KSD once again discloses a tourism economy that is experiencing distress if not absolute decline (Figure 9). Similar trends to those relating to trip data are in evidence in terms of analyzing bed night data. Overall, there is observed a marked downturn in domestic bed nights (a significant proportion of which would be taking place in non-commercial accommodation) albeit on a more positive tone a marginal increase is recorded



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once again for international bednights with a small upturn in visits between 2016 and 2018. Arguably, given that the majority of these international trips are associated with commercial as opposed to non-commercial forms of accommodation this marginal increase in international bednights is welcomed particularly at Coffee Bay and surrounds which is the core spatial focus for international tourists. Although the observed decline in domestic bednights would impact commercial tourism establishments across the KSDM the most affected area would be Mthatha, the most significant locus for domestic tourism.

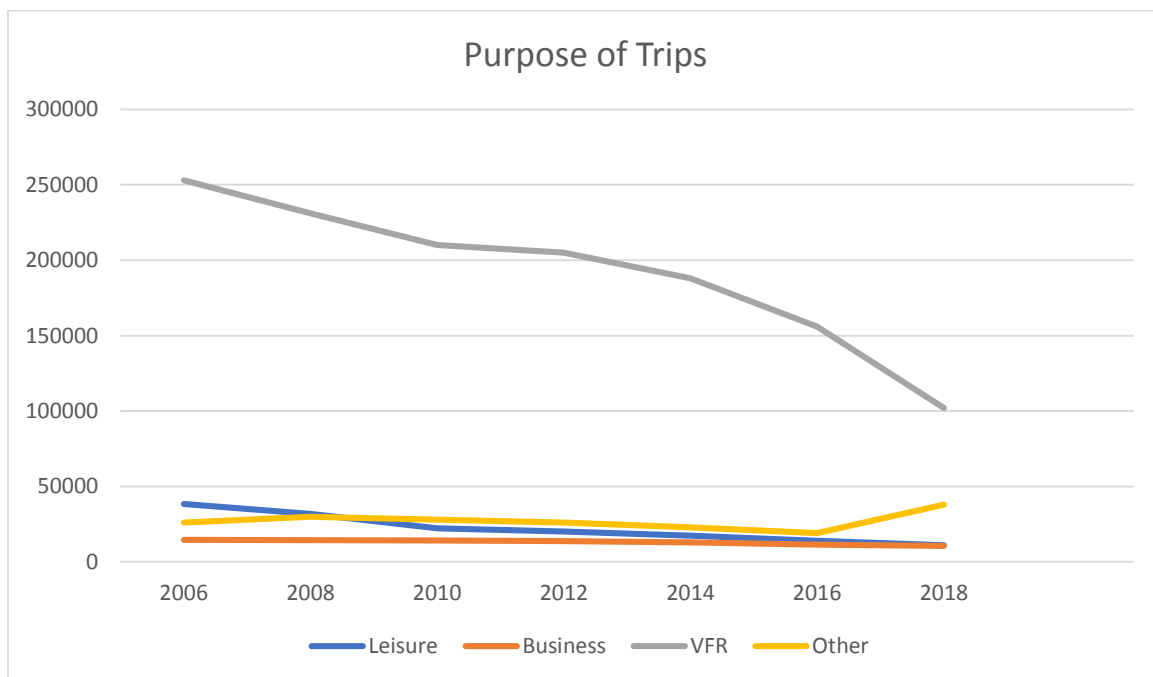


Figure 10: King Sabata Dalindyebo Municipality: Purpose of Travel 2006-2018
Source: Based on IHS Global Insight data

Figure 10 shows that in terms of purpose of visit the tourism economy of KSDM is massively dominated by the sector of visiting friends and relatives (VFR) travel. This finding is accounted for in terms of the historical emergence of this area as a cheap labour reservoir for 'White' South Africa and the extensive growth of an economy of circulatory migrants as well as the corresponding splitting of households which would have both an urban and rural 'home'. The continued high levels of local unemployment in the KSD have reinforced this historical arrangement which has remained little altered since democratic transition and the dropping of influx control legislation. The maintenance of split households has the consequence of spurring significant flows of VFR travellers at certain times of year (especially the Christmas/New Year period) for family visits and ceremonies. VFR travel accounts as a whole for nearly 80 percent of trips to KSD with the overwhelming majority of these being domestic trips and occurring in unpaid



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accommodation (Kyle Business Projects, 2010). It is observed that the VFR travel economy to KSD has been significantly impacted, however, by the downturn and stagnation in South Africa's national economy. Figure 10 shows a remarkable downturn in VFR travel numbers across the period 2006-2018.

In terms of leisure travel, there is recorded a fall from 50 600 leisure visits in 2001 to 39 000 by 2006. Across the period 2006-2018 leisure travel has continued to fall such that 2018 it is approximated only 11 000 trips or 5 percent of total trips. Leisure travel is of particular importance for Coffee Bay; as well as its beach attractions, surfing, kayaking and other forms of adventure tourism are activities in the surrounding area. Visitor surveys at Coffee Bay highlight that the largest share of the destination's visitors are attracted by its relaxed atmosphere, its beach and the natural wonder of Hole in the Wall (Sitinga & Ogra, 2014: 483). The trend for business travel in KSDM is steady; by 2018 it is on a par with leisure travel for numbers of trips. This said business travellers are a critical anchor for accommodation establishments particularly in Mthatha where according to one estimate business tourists represent 81.7 percent of paid commercial accommodation. (Kyle Business Projects, 2010). A minor upturn is indicated for recent growth in travel for 'other' purposes which includes for religion, health or sports. Indeed, 'other' travel has constituted since 2009 the second most significant purpose of travel for the KSDM.

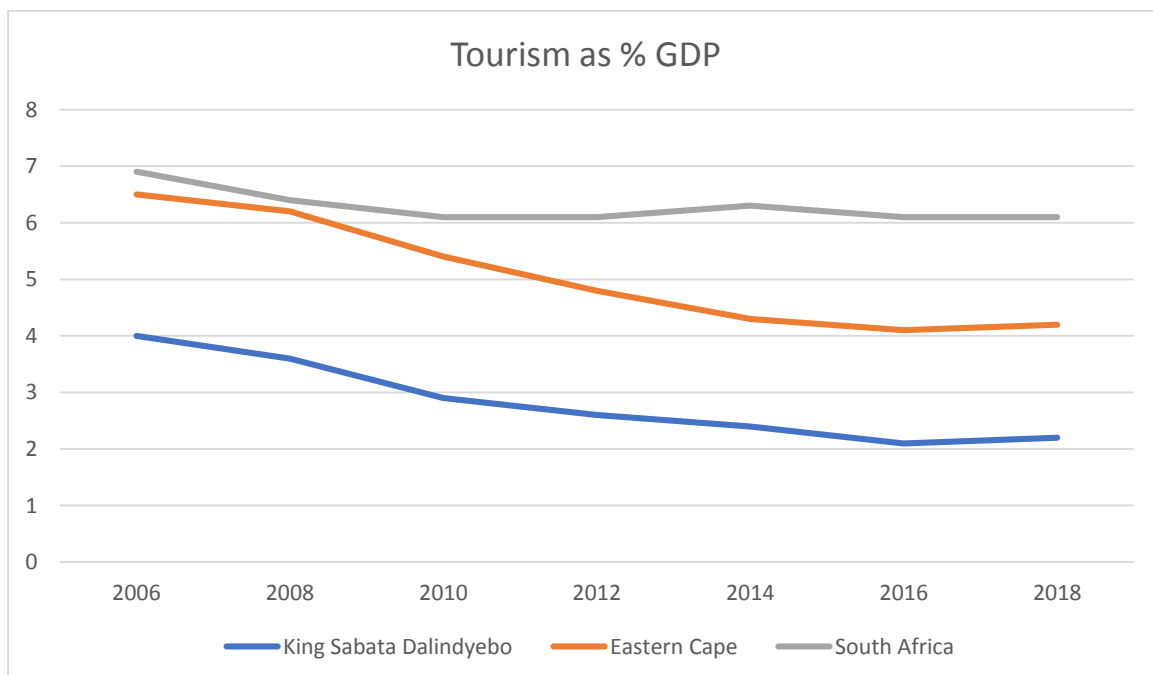


Figure 11: King Sabata Dalindyebo Municipality: Tourism Contribution to Local GDP 2006-2018
Source: Based on IHS Global Insight data



The net impact of these downturns in the KSD tourism economy is that in terms of the municipal economy and for local economic development impacts tourism emerges as a sector of only minor significance. Figure 11 reveals that tourism has been contributing a progressively declining share to local GDP since 2006 when it represented almost 4% to the local economy. By 2018 this share was diminished to just over 2% of GDP for KSDM.

5.5.2. Unpacking the Accommodation Sector

The nature of the accommodation sector of KSD is a response to the changing character of the tourism economy. Information on the structure of the contemporary accommodation economy of KSD is available from a detailed study which was conducted for the KSD municipality as part of developing a sector plan for responsible tourism (Kyle Business Projects, 2010). This is supplemented by more recent information obtained from a research audit conducted of accommodation establishments across the KSD for 2018.

Table 14: Supply-side of accommodation in KSD Municipality, 2010

Accommodation Issue	Key Findings
Numbers of Establishments	104 accommodation establishments with the largest numbers being B & Bs (43), guesthouses (29), hotels (12) and lodges (11). B & Bs constitute 41.3 % of accommodation establishments
Numbers of Available beds	Estimate total 2 894 for the local municipality of which 83 percent were in Mthatha. Marked differences are observable between Mthatha and Coffee Bay in terms of accommodation options. In Mthatha, most beds are in B & Bs (34%), guesthouses (29.8 %) or hotels (23.9%) whereas in Coffee Bay most are found in backpacker hostels (40.3 %), hotels (31.6%) or self-catering (13.2%).
Grading of establishments	Of the total establishments, 82 % are not graded (star rated) by South Africa's tourism grading authority.
Grading status of beds in establishments	Estimated 22.2 % of available beds are in graded establishments
Average Bed Occupancy	32.1 percent across all forms of accommodation. Considerable seasonality is observable in leisure tourism and occupancies at Coffee Bay.

Source: Adapted after Kyle Business Projects, 2010

The 2010 investigation stated that on the supply-side the municipality “has a good selection of accommodation available to the visitor, concentrated mainly in Mthatha and the Coffee Bay/Hole in the Wall areas” (Kyle Business Projects, 2010: 39). The range of different lodging types spans guest houses, bed and breakfast (B& B) establishments accommodation, self-catering, backpacker hostels and caravan/camping parks. Table 14 provides a summary of the results from the investigation which was conducted in 2010. It shows a tourism economy dominated geographically by the Mthatha cluster, most establishments being accommodation SMMEs with the most common form being B & Bs. The largest share of commercial establishments and available bed nights are in ungraded tourism establishments.



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Lastly, a signal of the weakness of tourism economy and of the struggling nature of the accommodation economy is that overall occupancy rates were calculated at only 32 percent.

Further insight into the accommodation structure of the KSD municipality can be derived from a 2019 audit of accommodation establishments conducted across the municipality and from interviews that were conducted with a small number of suppliers of tourism accommodation at both Mthatha and Coffee Bay. The audit reveals that during a period of the demise of the municipality's tourism economy (2010-2018) there occurred an expansion in the actual number of accommodation establishments. The major findings from the 2018 audit are captured in Table 15. The key findings confirm that the largest number of establishments cluster spatially in Mthatha and surrounds with Coffee Bay (and Hole in the Wall) the second most significant node for the supply of tourism accommodation. In terms of forms of accommodation, it is evident once more that the largest number of establishments are small-scale B & Bs or guest houses but that the group of hotels are significant also for number of beds. Geographical variations exist with the Mthatha lodging economy in terms of establishment numbers which are dominated by B & Bs and guest houses whereas backpacker accommodation or hotels are the primary forms of available accommodation in the Coffee Bay/Hole in the Wall area. It is noted that new forms of lodging have made their appearance in the KSD municipality; recent additions include the growth of informal homestays (mainly in Coffee Bay and Qunu) and of temporary 'pop-up' luxury 'safari tent' camping in the Coffee Bay environs.

Finally, the 2018 audit was the first of its kind which attempted to identify the racial ownership of accommodation establishments. The results disclose that a significant share of ownership is by Black South Africans, a finding which makes the KSD municipality highly distinctive in terms of other research findings reported for other South African small towns where only minimal ownership of accommodation establishments occurs in the hands of black South African entrepreneurs (see Rogerson & Rogerson, 2019). At Mthatha the mass of commercial B & Bs are black-owned, all the homestays are black-owned family establishments, several guest houses are black-owned as is the local backpacker hostel, and black ownership extends even to at least two of the leading hotels in Mthatha. By contrast, at Coffee Bay the major hotels and backpacker hostels remain mainly white-owned albeit the survey did disclose the appearance of a number of black-owned accommodation establishments (including of homestays) in the coastal area.



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Table 15: Supply-Side of Accommodation in KSD Municipality, 2018

Accommodation Issue	Key Finding
Number of Establishments	172 in total. The largest number are described as guest houses (68), followed by Bed and Breakfasts (61), lodges (16), hotels (13), self-catering (9), backpacker hostels (4) and camping/caravan park (1).
Grading of establishments	50 of the 172 establishments indicate a quality status ie. 29 percent of establishments are graded
Geography	153 establishments in Mthatha or surrounds and 19 in Coffee Bay or Hole in the Wall. Differences in accommodation mix between the two clusters with Coffee Bay only small hotels, backpackers and camping. Mthatha with major clusters of guest houses and bed and breakfasts as well as of a total of 9 hotels.
Racial Ownership	On the basis of existing evidence, <i>at least</i> half of all accommodation establishments in Mthatha are black-owned including leading hotels, most B & Bs, several guest houses/lodges and the local backpacker hostel. In the Coffee Bay cluster, the share of black owned establishments is much more limited.
Informal Commercial Accommodation	Observed growth of a number of black-owned homestays especially in Qunu and around Coffee Bay

Source: Author Survey

Overall, it is concluded that in terms of actual establishments – including the burst of new informal homestays – that the majority of formal as well as informal accommodation establishments in the KSD are black-owned.

Table 16: Characteristics of Accommodation Enterprises in the Local Municipality

Accommodation Issue	Key Finding
Visitor Profile	Marked differences between Mthatha and Coffee Bay. At Mthatha 80 percent domestic and 70 percent of visitors on business. At Coffee Bay 90 percent international and 95 percent leisure.
Length of Business Operation	80 percent in business for >5 years and 40 percent for more than 10 years
Grading of Establishments	70 percent graded, mostly 3 star operations
Capital for Business start-up	90 percent from own funds or friends/family
Reason for Business start-up	Most respondents highlighted the desire for 'economic freedom', 'need for employment' or 'need for income' as driver for business development.
Participation in Tourism Decision-Making	Majority of entrepreneurs (60 percent) were uninformed about policies that impact tourism development in the municipality. In addition, 80 percent of respondents expressed the view that they were not involved in decision-making processes that impact tourism development in the municipality

Source: Author Survey

Table 16 provides a summary of the key findings that emerge from the small sample survey that was conducted with tourism entrepreneurs in Mthatha and Coffee Bay about the operational characteristics of accommodation establishments. The results from respondent interviews confirm that marked geographical differences exist in the market for accommodation providers in the Mthatha cluster as opposed to the coastal cluster of enterprises. In Mthatha, the core market is for domestic business



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travellers whereas at Coffee Bay it is largely for international and almost wholly leisure-oriented tourists with a substantial component of backpackers. The nature of the important business tourist market in Mthatha was revealed further in the study to be dominated by visitors linked to the town's administrative function as headquarters of the O.R. Tambo District Municipality. Although some respondents observed a small number of private sector business tourists – mainly visits by doctors and lawyers – the vast majority of Mthatha business tourists are related to functions of government. These include visits either by police officials, nurses or teachers who are attending training courses, meetings and strategic workshops in the town or by local government officials from outside Mthatha to attend meetings at the district municipality offices. Other typical government business tourists would include local tourism officials coming to Mthatha for meetings as well as school inspectors to use the town as a base to conduct their regular inspections of rural schools in the area.

In respect of their business operations as accommodation suppliers, the survey highlighted the fact that many of these are long-established operations and with some in business for 10 years or more. In terms of reasons for business start-up, the most common responses concerned the desire for economic freedom and need for employment or source of income which reflect the poor economic circumstances and high levels of unemployment in the KSD municipality. Overall it is evident that entrepreneurial start-up was driven by motivations for financial independence and by the lack of jobs. One respondent indicated that the reason linked to issues of household survival: *"It was because I was not in employment at the time and I was the breadwinner in the family"*. In addition, some respondents cited other motivations for their reason for starting an accommodation enterprise in the municipality: *"Leave a mark for future generations"* or *"I wanted to establish a tourism business within a rural area to prove that rural women can do it"*. In one case the motive was rooted in racial issues: *"It was because of the racial divide – blacks are not usually well received at the white guest houses – so I saw an opportunity to make black guest feel at home"*. Whatever the rationale for business formation, as is typical for most SMMEs in South Africa, the source of capital start-up was either through own savings or financial support from family rather than institutional support. As the sample was dominated by established enterprises it is noteworthy that the majority were registered enterprises and graded in terms of the quality standards of national grading authorities. Of note is that respondents were unaware of tourism policies that impacted their businesses and like many tourism SMME felt excluded from decision-making processes around tourism.



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In general, the findings from the survey confirm and extend those reported in the extant literature dealing with tourism SMME development in the KSD municipality. Acheampong & Tichaawa (2015) document the problematic matter of financing for start-up of formal tourism businesses with the consequence that many tourism SMMEs are compelled to operate as informal enterprises and usually at survival levels of operation with very little profit. In addition, Hlanyane & Acheampong's (2017: 7) study of tourism entrepreneurship in Mthatha highlights the recent growth of female entrepreneurs in the town's accommodation sector and that the prior work experience of many operators of B & Bs was in education, health or as general workers rather than in the hospitality sector. From their research Nyikana & Sigxashe (2017) draw our attention to the significant role played by the accommodation sector in community development for the small coastal settlement of Coffee Bay in terms of both the provision of direct local employment as well as expansion of 'supply chain' opportunities for tour guiding.

5.5.3. Maximising State Assets for Local Tourism

The current Integrated Development Plan (IDP) for KSD highlights a vision as follows: "A developmental people centred municipality spearheading RADICAL economic transformation in an environmentally and socially sustainable manner" (King Sabata Dalindyebo Municipality, 2019: 67). Over several years the local integrated development plan has identified consistently a vital role for tourism expansion (King Sabata Dalindyebo Municipality, 2016, 2019). This emphasis on tourism as a potential base for economic development is further indicated by the planning statements of the O.R. Tambo District Municipality (ORTDM). The District IDP observes as follows: "The district faces a declining economy, high level of poverty, underdeveloped and infrastructure backlogs as well as reliance on the government sector. The economy of the district hinges around the key drivers and growth sector, of which tourism is among them. The ORTDM has identified tourism as one of its economic drivers" (O.R. Tambo District Municipality, 2017: 151). This said, it was demonstrated earlier that as compared to the contribution of tourism to the GDP of Eastern Cape Province and to South Africa as a whole, the tourism economy of KSDM must be rated as 'underperforming' (Figure 11). At one level the weak state of the KSDM tourism economy must be interpreted as a sign of the ineffectiveness of tourism promotion efforts to maximise the potential of local assets for tourism development in support of broader economic development objectives for the municipality.

The policy commitment to tourism development is in evidence in terms of planning commitments albeit it is not always backed up by implementation in respect of maximizing local assets for tourism expansion



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and employment creation. In several of the municipal interviews the importance of tourism was re-iterated for driving economic development and for job expansion across the local municipality. The KSDM Local Economic Development Manager asserted that *“I think tourism is significant in terms of local economic development in KSDM, due to the fact that tourism has been identified as one of the five industries that have a potential to drive economic development of the municipality”* (Interview - KSDM Local Economic Development Manager). Likewise, the Acting Tourism Manager for the Local Municipality maintained that: *“Yes, tourism is significant in terms of local economic development because the tourism industry seems to be the major contributor to gross domestic product in South Africa and provides opportunities for employment, even though some of these employment opportunities are seasonal but it’s better than staying at home. In other words, tourism plays a critical role in transforming lives of community members”* (Interview - Acting Tourism Manager KSDM). Another respondent reflected on the nexus of tourism and planning for local economic development: *“Tourism is an important strategy or branch for local economic development because LED and Tourism have similar mandates or aims. LED programmes are aimed at improving the lives of people and building better economic development. The tourism industry assists LED by providing job creation that caters for well-educated and uneducated people and their skills”* (Interview Manager Eastern Cape Parks and Tourism Authority). This nexus of tourism and LED is reinforced by the institutional structure of KSDM as made evidenced by another respondent: *“Yes, I think tourism is very important for local economic development and that is why KSDM has tourism and LED under one umbrella because both these departments or units act as agents of transforming economic development and change lives of the people”* (Interview -Asset/ Supply Chain, Assistance Manager, KSDM).

Several commitments have been made to assist tourism but concrete actions in support of the sector have been somewhat muted. Prior to 2010, the municipality commissioned detailed research to inform the development of a strategy for responsible tourism, an important issue given the character of KSDM assets for tourism promotion (Kyle Business Projects, 2010). The IDP states on a regular basis that initiatives are pursued by the municipality concerning tourism product development facilitation, tourism infrastructure facilitation and improvement; and, tourism promotion and marketing (King Sabata Dalindyebo Municipality, 2016, 2019). Added impetus for tourism development in the local municipality derives also from the support initiatives given by the district municipality (O.R. Tambo Municipality) and from the Eastern Cape provincial government especially its parks and tourism agency. In terms of tourism



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promotion respondents flagged, however, the municipality's limited budget allocated to tourism support. The Acting Tourism Manager for KSDM admitted that: *"We do have a budget that is allocated for the tourism unit, but the budget is not enough to cover everything that has to be done in order to drive tourism in the municipality"*. Accordingly, as a consequence of budget limitations tourism promotion by KSDM is confined mostly to maintaining the website of the municipality, the production of a number of brochures and the operations of two tourism information centres. Further tourism promotion for KSDM is through the activities of the Eastern Cape Parks and Tourism Authority (ECPTA).

It is significant that the IDP document accords considerable weight to the potential offered by the municipality's "untapped natural resources, culture and historic heritage" which are described as "some of the strategic assets that the municipality possesses" (King Sabata Dalindyebo Municipality, 2019: 200). Certain of these assets are even listed in the IDP material; information on others was obtained through interviews conducted with two officials of the KSD municipality who were attached to the department dealing with supply chains and assets. Overall, it is revealed that the KSDM is responsible for managing a set of critical assets in terms of a range of natural attractions, built attractions as well as tourism information centres. These assets are best discussed separately for the Mthatha and Coffee Bay clusters.

In terms of natural attractions for the Mthatha area, the most important is the local dam resort which the municipality owns but currently rents out to a private operator. The respondent in the asset department of the municipality clarified that *"Mthatha Dam Resort has been rented out to a private company to run it and we share a certain profit at the end of the month, so we are taking care of such facilities"* (Interview, Assistant Manager Asset Department, Mthatha). Most municipal interviewees considered that the core future business for Mthatha would continue to be that of business rather than leisure tourism. For example, the town's acting tourism manager was of the opinion that: *"I think Mthatha town can stick to business tourism because it has many conference venues that can cater for a large number of spectators, For example, we have three big hotels (Mayfair 4 star, Savoy 3 star and Garden Court Hotel 4 star) and two malls (Circus Triangle and Ngebs Mall) and a shopping centre (Mthatha Plaza)"*(Interview, Acting Tourism Manager Mthatha). Equally another respondent stated as follows: *"I think Mthatha is more of a business destination than leisure because it is rare to see tourists roaming around the town. If you see tourists it is either they came to visit the Nelson Mandela museum or passing through to Coffee Bay or Port St Johns."* (Interview – Employee Nelson Mandela Museum, Mthatha). None the less, some respondents were of the opinion that the dam resort offered unrealized opportunities for leveraging



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municipal assets and diversification of the local economy into leisure tourism: *“Leisure tourism in Mthatha is untapped. Take a look at Mthatha Dam Resort. Activities such as canoeing, quad biking and zip line can be introduced in order to attract tourists to spend two days there, visit Nelson Mandela museum and then visit Madiba trails before going to Coffee Bay or Port St Johns”* (Interview, Research Coordinator Nelson Mandela Museum).

Of critical importance for asset leveraging and maximization for tourism growth is that important municipal assets are at least maintained rather than be degraded or left abandoned. Because of a crisis in the local municipality’s finances and budgets, this is not always the case in KSDM. At least one interviewee admitted that: *“We do not have enough funds to maintain municipal facilities, but we are not neglecting them. For example, there is Community Work Programme that has employed youths. These employees are placed to clean municipal facilities such as swimming pools, parks and gardens and the entire town assisting street cleaners of the municipality”* (Interview, Senior Officer Asset Department KSDM). Nevertheless, other interviewees were less optimistic and reflected that certain *“municipal facilities have become a hot spot for criminals, for example the Savoy Park is clean and tidy but there is no safety and security”* (Interview, Local Economic Development Officer, Mthatha).

For Mthatha and its surrounds the core municipal assets of strategic importance for tourism are its several built attractions. Many of these built attractions are highly significant from a cultural heritage perspective and others for the development of sports tourism. Arguably, the most important tourism asset is the Nelson Mandela Museum, a national state asset owned by the Department of Sport, Recreation, Arts and Culture. The municipality provides technical support at Mthatha and Qunu as the museum is under its jurisdiction. Mgxwekwa et al. (2017, 2019a, 2019b) discuss that heritage sites associated with the legacy of Nelson Mandela are gaining increasing interest from local and international tourists. Indeed, since Mandela’s death it is reported that there has been *“a doubling of the daily number of local as well as international visitors”* (Mgxwekwa et al., 2017: 5). The Nelson Mandela Museum was conceptualized as comprising three interrelated components namely the Bhunga Building, the management and administrative centre, which is situated at Mthatha; the Nelson Mandela Youth and Heritage Centre (a community museum) at Qunu; and, the open-air museum with the Mandela homestead situated at Mvezo, Mandela’s birthplace (Mgxwekwa et al., 2019a, 2019b). The museum’s so-termed Footprints Trail *“extends from its physical facilities, the schools and churches once attended by Nelson Mandela, through*



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the playground (sliding stone of Qunu) of his childhood and the villages that nurtured him to the towns and cities beyond” (Mgxwekwa et al., 2019a: 85).

The Nelson Mandela museum development is planned as a centrepiece of the evolving national Liberation Heritage Trail that traces other heroes of the anti-apartheid struggle across South Africa (Bialostocka, 2013). Maximisation of the potential impact of the museum in terms of tourism growth for Mthatha and its surrounds has been affected by several challenges in terms of the history of project development. These include incorrect baseline funding which caused an incorrect human capitalisation of the museum such that it struggles to fill critical positions such as curators, conservators and researchers (Nelson Mandela Museum, 2014). In the annual report of the museum for 2003/2004 “the major resource limitations,” it was experiencing in terms of “limited staff numbers” were clearly set out (Nelson Mandela National Museum, 2004: 6). It was conceded that the “museum continues to operate within a legacy of financial and human resource limitations as a consequence of grant allocation that has not kept track of the evolution of the institution in line with its mandate” (Nelson Mandela National Museum, 2004: 6). Lack of professional staff severely impacts the prospects for the museum’s development and competitiveness as a tourist attraction. Outside of Mthatha further problems have arisen in terms of developments planned at the other sites especially at Mvezo where “the museum has lost control over” the project (Nelson Mandela Museum, 2014: 14). With the groundwork being prepared for the museum as a whole to be nominated as a future UNESCO World Heritage Site (Interview – Acting Tourism Manager KSDM), arguably these funding and human resource development issues require resolution in order for its long-term tourism potential to be actualised.

Beyond its assets, for heritage tourism, Mthatha must be noted for its municipal asset base for sports tourism. These include a cricket stadium, a football stadium, and most significantly the corruption-tainted Mthatha Stadium which had been planned initially as a potential base camp for training by soccer teams playing at the 2010 World Cup (Botha & Ntsaluba, 2010). Much hope attaches to the potential that the completed stadium might offer for hosting sporting events – and particularly South African Premier Soccer League matches - in this part of the Eastern Cape. The construction history of this stadium, however, has been dogged by controversy, several delays and massive tender irregularities. Use was made of an ‘inexperienced contractor’ with the consequence of “bad workmanship” and a stadium that failed to meet required standards to host major league games (Botha & Ntsaluba, 2010). From its inception, the stadium had been planned as a provincial project and branded as a ‘legacy project’ which was to attract high



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calibre sports events and to ensure economic benefits for the town beyond 2010. But, with continual problems surrounding poor quality of construction work as well as funding issues the original 6000-seater ground remained mostly unused for several years. An upgrading programme was launched in 2015 for final completion of a stadium which is to accommodate 21 000 spectators at appropriate quality standards.

Several municipal interviewees in Mthatha stressed the potential for the multi-purpose stadium when complete to be a key base for developing sports and events tourism in the town: *“Business and event tourism could be a market that Mthatha can target as a destination. For example; there is an event that is hosted in December in Mthatha Stadium (Natives Summer Party) and there is an Ocufe event in October which people from outside Mthatha attend and sleepover”* (Assistant Manager, Asset Department KSDM). Another respondent confirmed the leveraging for assets for tourism: *“We use municipal assets such as Mthatha 2010 stadium for tourism when hosting events even though the stadium is not yet finished due to lack of funds”* (Interview, Acting Tourism Manager Mthatha). Once again for successful leveraging for events tourism, it will be critical that the built attractions of Mthatha be properly and regularly maintained. The evidence from the interviews was this was not always happening as explained by the town’s local economic development officer: *“The Town Hall building needs some renovations. It needs paint to bring it back to life”* (Interview, Local Economic Development Officer KSDM).

At the Coffee Bay cluster, the issues surrounding leveraging of municipal assets are in relation to the natural rather than human-made attractions. The tourism assets in this area must be rated as extraordinarily rich and among the best in terms of tourism destinations across the entire Wild Coast of Eastern Cape Province. These municipal assets comprise the natural beauty of the beach at Coffee Bay, the Baby Hole, the Hlungwane Waterfall, Mapuzi cliffs and caves, and most significantly the Hole in the Wall. The remarkable Hole in the Wall is a spectacular natural archway which consists of a hole in a large free-standing cliff which protrudes from the sea approximately 100 metres off the coastline at the mouth of the river. It was reported by the Acting Tourism Manager for KSDM that an application is being prepared for the Hole in the Wall to be recognised by UNESCO as a World Heritage Site (Interview – Acting Tourism Manger KSDM). In view of the positive impact that inscription on the UNESCO World Heritage list might have on tourism the importance of this application for the future maximisation of the impact of this particular tourism asset cannot be underestimated.



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Acceptance on the UNESCO list, however, would impose certain obligations in terms of appropriate environmental management of the site and its surrounds for its long-term preservation as has occurred at other South African World Heritage sites (cf. Van der Merwe, 2019). Such obligations and management regimes urgently are needed as it has been observed that “the environmental and tourism carrying capacity at Coffee Bay and Hole in the Wall is being regularly exceeded” (Kyle Business Partners, 2010: 54). For the maximisation of this most important municipal asset of KSDM, there is a critical need for a long-term sustainable development plan which addresses the over-exploitation of coastal marine resources and tightens existing lax development controls which threaten a deterioration of the tourism experience. Inadequate and inappropriate sanitation is also a current major danger to tourism growth in the Coffee Bay cluster as septic tank leaks pose health and environmental risks. Finally, another challenge for responsible tourism specifically linked to Hole in the Wall is the threats from climate change, rising sea levels and of potentially damaging storms on the archway.

The discussion so far has centred on the direct maximisation of the benefits of rich municipal assets for tourism development and enterprise establishment or expansion. Another research focus was on the potential stimulation of enterprise development through public procurement and leveraging of the supply chains associated with the municipal assets. Respondents were requested to indicate whether they use (particularly black-owned) Small Micro Medium Enterprises (SMMEs) for the maintenance of municipal assets. The results were almost entirely that all work linked to municipal assets is done in-house through local employment or community work programmes. Two respondents from the asset department of KSDM made it clear as follows: “*We do not use private companies because employees of KSDM together with Community Work Programme employees do the work and KSDM has employed individual people as security guards, not a private company*” (Interview- Assistant Manager, Asset Department); and “*We are not utilising any Small Micro Medium Enterprise (SMME) because the unit of parks and gardens has employed people to do the work*” (Interview - Senior Officer, Asset Department). A parallel response was given by the representative of the Eastern Cape Parks and Tourism Authority: “*We are not using any SMMEs for cleaners or security. As for clearing of vegetation, field rangers do the work in the nature reserves*” (Interview – Tourism Officer, ECPTA). Overall, at Mthatha, the only state asset that offers any outsourced work opportunities in the Nelson Mandela Museum. In this case, the procurement offered two enterprise opportunities respectively for cleaning and security operations: “*We use two companies that*



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are black owned namely, Eastern Guard for securities and Zedek Cleaning Company for cleaners. We have a contract of five years with each company” (Interview - Receptionist, Museum).

At Coffee Bay, minimal potential exists for supply chain opportunities linked to servicing the municipal assets which are the natural attractions. One potential opportunity that has been observed is the provision of more and improved facilities in terms of camping sites in the surrounds of Coffee Bay which is a destination favoured by low budget travellers (Sikrweqe, 2013; King Sabata Dalindyebo, 2019). That said, it is important to observe the growth of a number of black tour guiding businesses and of one kayaking enterprise in the area. It is estimated there are currently 20 tour guides in Coffee Bay (mostly males) who take tourists on walking tours from the town mainly to Hole in the Wall and Mapuzi cliffs/caves. Of these 20 guides, four are qualified registered guides the rest are ‘informal’ tour guides who whilst having knowledge of the area do not have an official tour guide qualification.

It was revealed in interviews that the guides do not have ownership of these tours rather they are dependent workers in terms of being linked to the accommodation establishments in the town. As explained by one interviewee: *“When I take tourists from the [backpacker] hostel the bill of that hike is paid to the establishment and not to us. I only get a certain percentage”* (Interview, Coffee Bay Tour Guide). The extent to which the (mainly white) owners of the accommodation establishments control the tour guiding sector is elaborated by another registered guide: *“We tried negotiating with one of the hostel owners to own the hiking activities, but we were discouraged. We were told that we do not even have the business insurance to conduct such activities on our own. The hostel owner asked us what are we going to do if someone gets injured during the hike. By this, we felt discouraged and that prevented us moving forward. Though there have not been major injuries since I started, and I am a qualified guide and first aid training is compulsory”* (Interview – Coffee Bay Registered Tour Guide).

A brief review of the development of the one black-owned kayaking enterprise is instructive in terms of the making of an independent tourism enterprise which links to the municipal assets – in this case, the local Mdumbi River. This registered business (co-owned by two individuals) was started in 2016 and now engages also two part-time employees on a temporary basis during peak tourism season. The kayaking guides are both trained lifeguards and qualified divers. Prior to establishing the business during January to November, they worked as crayfish divers and from November-January were employed as lifeguards. One of the guides also assisted fishermen by driving them around the Wild Coast to show them good fishing spots. The trigger of unemployment resulted in the decision to start the kayaking business. Two



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factors came into play; first, the municipality had trained too many lifeguards so temporary employment opportunities became scarce and second that the crayfish catch was depleted because of unsustainable practices such that their diving livelihood was under threat. In addition, the two entrepreneurs stated that the condition of the local people in Coffee Bay ‘encouraged’ them to start the business. As the two founders observed there were already too many tour guides in Coffee Bay, so they were motivated to start ‘*something different*’. The kayaking entrepreneur expanded on this point by saying: “*We started by purchasing three second-hand kayaks with money we had saved. Only two of those kayaks were for clients (double kayaks) the other was for the guide. This was a challenge, however, because we were limited to only a certain number of clients per trip*” (Interview – Kayaking Entrepreneur, Coffee Bay). Overall, this vignette shows how municipal assets have been utilized successfully for tourism development and employment creation by members of the local community albeit within a context of a ‘vacuum’ in terms of government support activities.

5.5.4. Constraints on Tourism Development and Asset Maximisation

This final section reviews a body of collected material which examines constraints on tourism development in the KSDM in general including the maximization of municipal assets for tourism development. In addition to addressing several municipality-wide issues the discussion also identifies certain specific matters that pertain to the two core clusters which surround respectively Mthatha and Coffee Bay.

The first challenge is undoubtedly that of problem of the geographical “peripherality” of the KSDM. The planning imperative in such cases is for the development of innovative place-based approaches to address the multiple issues that surround peripheralization (Rogerson, 2014; Lang & Görmar, 2019). In terms of the space economy of South Africa, the KSDM is an economically distressed area that is remote geographically from the country’s major centres of power as well as influence. Access to the region is difficult because of its remoteness. The region, and municipality, is served by the airport at Mthatha which until recently had only one direct air route to Johannesburg operated by SA Airlink; in 2018 SA Express began as second operator. Air access from Cape Town requires a flight to East London followed by a three and a half-hour drive with arrival in Mthatha during the evening to struggle with poor street lighting as well as potholed roads.



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It is significant that attempts have been made to improve air access into Mthatha (Nicolson, 2018). In 2015 a competing airline – Fly Blue Crane – was launched on the Johannesburg-Mthatha route with the new airline owned by a black woman. Fly Blue Crane offered one-way flights for R799 as compared to the return Airlink fare of around R4000. The impact of its introduction was an immediate and drastic reduction in costs of flights on the Johannesburg -Mthatha route with SA Airlink slashing its fare for return ticket to R2000. The consequence of this ‘predatory pricing’ was to contribute to the exit of Fly Blue Crane leaving SA Airlink again with the monopoly on this route. In a statement issued by the Competition Commission, it was revealed “Airlink had abused its dominance between 2012 and 2016 by charging consumers excessive prices” and thereby “potentially limited Mthatha’s economic growth”, including for tourism (Nicolson, 2018). The peripherality of KSDM makes imperative that efforts are required to enhance by all means air and road infrastructure access to this area as part of a place-based initiative to address peripheralisation.

Arguably, however, the central problem for economic development as a whole and tourism, in particular, is perhaps that surrounding institutional incapacity and governance processes of the local municipality. The performance of this municipality ranks it among those bottom-third of authorities that the Department of Cooperative Governance and Traditional Affairs (COGTA) rates as “dysfunctional” and requiring significant work in terms of ‘back to basics’ in order for them to function effectively. The poor performance of the municipality is evidenced by a record of corruption, poor financial management resulting in negative audit outcomes, and limited structures for community engagement. An inevitable outcome is the municipality’s poor record of service delivery and infrastructure maintenance. Essential functions such as fixing potholes are not performed, refuse not collected, public places are not maintained and fixing streetlights is not undertaken. Another signal of dysfunctionality is unreliable electricity and/or water supplies. It is considered that while most of the necessary resources to render the functions or to maintain systems might be available the basic mechanics to perform these functions simply are not in place. The consequence is that the municipal government is failing in its responsibilities because of the absence of sound financial governance processes to manage resources, to sustainably deliver services and render development to communities. All these above critical issues are highlighted in detail in the 2019/2020 review of the KSDM Integrated Development Plan (King Sabata Dalindyebo Municipality 2019: 52-53).



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The material collected from the interviews with key informants as well as recent newspaper reports reinforces a bleak picture of the workings of the local municipality and of its ineffectual role as development facilitator, including for tourism. In May 2018 from press reports, it was disclosed that officials of KSDM “squandered R500.6m in fruitless, wasteful, irregular and unauthorized expenditure in the 2016/17 financial year” (Ngcukana, 2018b). It was revealed also that municipal officials “allegedly awarded tenders to close relatives, municipal employees and state officials and broke rules designed to make tender processes fair and competitive” (Ngcukana, 2018b). Although calls have been made for the municipality to be placed under administration COGTA has taken the view that it will intervene only “when there was outright failure to perform” (Ngcukana, 2018b). During 2019 the business community of Mthatha complained that “things aren’t working” in the municipality in the context of “chaos” in the town which was described as “unstable” and thus unattractive to investors (Zweni, 2019).

The key informant interviews identified a set of common themes which relate both to structural issues of peripherality and exacerbated by these shortcomings in municipal operations as constraints for tourism development across the KSDM. The issue of peripherality was highlighted typically by one interviewee from the Nelson Mandela Museum who stated: *“We always get tourists who ask why our airport has one route. Most tourists are complaining that they have to travel to Johannesburg in order for them to land directly to Mthatha because if they land in East London the road between Idutywa and Mthatha is always on maintenance (when they are travelling) so they arrive at night in Mthatha which is known for a high level of crime”* (Interview – Research Coordinator, Nelson Mandela Museum). The constrained budget for tourism support was stressed as a factor by several respondents: *“Limited budget is a challenge that prevents the growth of tourism in KSDM and they rely on funding from the National Department of Tourism”* (Interview - Tourism Officer, ECPTA). Indeed, the low funding allocation for tourism development in KSDM – in part because of low prioritization by the municipality itself - was part of the list of challenges given by other respondents who underlined also the questions of weak local infrastructure as well as safety and security considerations.

Similar challenges for tourism development in the municipality emerge from the results of a small survey which was conducted with (mainly black) tourism entrepreneurs. Respondents were asked to rate on a Likert scale (1-5 not important to very important) their assessment of a list of challenges for business development. On most issues, the mainly male cohort of respondents gave high scores for most factors with the notable exception of ‘gender’. As is shown on Table 17, however, the issues that scored the



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highest overall in terms of the survey were infrastructure, seasonality, government support (lack thereof), market access, mentoring, insufficient funding and competition from existing large businesses.

Table 17: Elements Evaluated as Constraints on Tourism Businesses

Item	Mean Score
Insufficient funding	4.2
Competition from Large Businesses	4.1
Skilled employees	3.7
Lack of income flow	3.8
Government Support	4.3
Seasonality	4.4
Bureaucracy	3.8
Business Environment	3.6
Gender	3.1
Training	4.0
Awareness	3.8
Market Access	4.3
Marketing	4.1
Infrastructure	4.5
ICT	4.0
Crime	3.9
Mentoring	4.3

Source: Author Survey

Finally, the results are presented of a set of qualitative responses available from respondents both in Mthatha and Coffee Bay in order to shed additional insight into the core business challenges from the perspective of tourism entrepreneurs as well as of their expectations of the role of local government. The responses from Mthatha shown below highlight corruption, inadequate infrastructure and the shortcomings of local government as matters of pressing concern.

“Corruption in Department of Public Works”

“Electricity and water supply from the municipality is sometimes not available which affects the running of our business”

“Corruption”

“Things that are challenging us at the moment is our local municipality”

“Guests from overseas are complaining about bad roads and no street names. We have been asking about these things with the local municipality”

“Infrastructure, service delivery – water and electricity”

“Corruption - Nyoba”.



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The responses from Coffee Bay indicate different local issues as well as the municipality-wide problem relating to the poor state of roads and lack of maintenance of the access route to Coffee Bay. Two striking issues can be observed. First, is the racial tension in terms of competition from established white businesses in the area which dominate the local economy and thus limit new opportunities for black entrepreneurs. Second, is the issue surrounding potential lack of support for local individuals for the start-up of tourism enterprises. The responses from Coffee Bay are given below:

"Road infrastructure"

"Electricity is expensive"

"Road infrastructure"

"Advertising is expensive – Coast to Coast Guide"

"Competing with whites that have knowledge of businesses"

"Local people are interested in starting a business but don't have skills or knowledge"

"Whites want business for themselves"

"War against whites in terms of business"

"Racial divide within local businesses"

In terms of respondents' opinions regarding what government could do to address the business challenges around tourism development a number of responses were received. Not surprisingly many of them relate to the core problems around infrastructure, poor quality of basic services, perceived lack of government support, and corruption. In addition, the voices of interviewees suggest that government is simply not engaging with the key issues that are facing the communities of tourism entrepreneurs. The collected responses are provided below with a geographical indication of which tourism cluster the entrepreneur is involved with. From Mthatha, the following was revealed:

"Build roads" (M)

"Provide internet access" (M)

"Infrastructure - roads" (M)

"Funding" (M)

"Each water pipe burst or electricity cable should be fixed as soon as possible whenever they have been ruined" (M)

"Minimize corruption" (M), and

"Improve service delivery" (M).

Respondents in Coffee Bay and surrounds offered these opinions:



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“Come to the people – provide awareness and programmes that will assist in business growth” (CB)

“Build road for economic development of the area” (CB)

“Government officials must come here and hear our cry and be involved” (CB)

“Finance support” (CB), and

“Provide tourism officer dedicated to blacks” (CB).

The final comment relates to issues raised in the detailed interviews conducted with tour guides in Coffee Bay. A significant concern was raised about the lack of inclusion of local communities in decision-making processes in general and specifically in respect of local tourism development. For these guides, this exclusion from decision-making was acting as a real constraint on the potential for tourism development in KSDM. One of the guides expressed the view that: *“Even if the government officials come to Coffee Bay they do not come to us. They meet with the ‘top’ people of Coffee Bay. But what usually happens is that the ‘top’ people would first come to us as the locals and ask for our needs and ideas and then our ideas would be presented to the officials. But when the idea is implemented, we receive nothing, we just get leftovers”* (Interview - Coffee Bay tour guide). One example of the negative consequences of lack of involvement of local communities in tourism decision-making was spelled out, namely access to and the location of the local information centre, which is at Mqanduli, 60km away from Coffee Bay. It was pointed out that the local people were not involved in the decision regarding the establishment of this centre. One guide argued: *“Why is the centre so far from the actual tourism area of Coffee Bay. There is no tourism in Mqanduli? This is because we were not included in the plans in the first place. Look now, the centre is closed and being vandalised”* (Interview - Coffee Bay tour guide). These responses underscore that exclusion from decision-making negatively impacts the local community, its prospects for tourism development, and ultimately serves to reduce the potential for rich municipal assets to be translated into or leveraged for, tourism development opportunities.

5.6. Conclusions and Policy Recommendations for the King Sabata Dalindyebo Municipality

The case study of King Sabata Dalindyebo Municipality is a marked contrast to that undertaken in Phase 1 about Overstrand Local Municipality. The KSD study is in one of South Africa’s most economically depressed regions where the need is urgent for place-based interventions to uplift the local economy. The local authority has identified tourism as a potential economic driver at a time when the tourism economy shows serious signs of decline. For a revival of the local tourism economy, the maximization of local tourism assets is critically important.



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The research on King Sabata Dalindyebo Municipality points to an unimpressive record on the part of this local government in directing the use of local assets for assisting the development of tourism. A host of challenges has been disclosed to explain the underperformance of potentially valuable local assets in this municipality. The most important relate to:

Institutional and governance shortcomings, including widespread corruption, underpin the observed weaknesses both in the everyday workings of the municipality in relation to service delivery and infrastructure support as well as its inability to implement plans for local economic development.

Well-meaning policies proposed for tourism development by local government are not implemented variously for reasons of funding, lack of local support, lack of entrepreneurialism by the municipality and lack of ability to implement because of capacity issues.

Potential state assets which could bolster tourism development (and SMME development opportunities) are not being realized and in many cases, the assets themselves are in a state of deterioration because of neglect.

In terms of policy recommendations:

In terms of under-capacitated municipalities such as KSD external intervention and support will be essential in order to revive and maximise the potential of assets for tourism in this municipality.

As this municipality is unable to provide basic services and must be at risk of being declared as outside intervention will be required from higher levels of government to kickstart a 'back to basics' turnaround programme before wider issues around economic development and tourism can begin to be addressed.

More broadly, the experience of the KSD municipality points to the fundamental need for improved asset management for tourism in local governments and for the development of an asset management framework specifically for tourism assets in South Africa.



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6. THEMATIC STUDY: CAMPING AND CARAVAN PARKS

This section of the report presents our findings from the thematic study undertaken concerning camping and caravan parks which it was shown represent one of the most common municipal assets for potential leveraging of tourism development. The discussion is organised in three parts. First, a context is given in terms of a review of relevant international literature and debates on camping and caravanning. The second part turns to South Africa and provides a discussion of the evolution of caravan parks and the development of caravanning in the country. Part three shifts to analyse the results of our research concerning caravan parks as municipal assets and their potential for leveraging of tourism development, including for Black SMME entrepreneurs. Considerable focus is given to current policy debates taking place of how best to manage caravan parks as municipal assets including of debates for certain parks to be transformed into 'low-budget' tourism resorts.

The report draws from a number of sources. Part one is based upon a desktop review of relevant international and local writings. Part two draws upon a combination of the findings from both historical archival research and contemporary industry sources relating to caravanning and caravan parks in the country. The archival material includes early caravanning directories of the Caravan Club of Southern Africa which were sourced at the National Library in Cape Town, historical material on the development of public resorts and scattered official reports. Other sources are national government House of Assembly debates in *Hansard*, material from newspaper collections of the University of Free State and from newsletters produced during the 1960s by the country's first Department of Tourism. The contemporary industry sources include a number of national guides on caravanning and camping resorts (Huysamen, 2017) the listings of which were triangulated with an internet-mediated search on caravan parks and resorts. Part three uses mainly municipal planning documents, consultancy reports on municipal resorts, and most importantly a set of interviews which were conducted with municipal officials about the local state of caravan parks as tourism assets and of planning directions for these municipal assets.

6.1. International Debates about Camping and Caravan Parks

At the outset, Ward & Hardy (1986: 2) draw attention to the fact that for several centuries "the word *camp* had a purely military connotation: the temporary accommodation of armies in the field using tents and portable huts". The term's meaning gradually evolved to cover also the improvised short-term settlements of variously migratory farm workers, nomads, gypsies, explorers and refugees. Protest camps represent another manifestation of short-term temporary settlements undertaken often with tents and portable huts



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(Feigenbaum et al., 2013). In its most extreme form, the 'non-recreational camp' connotes detainment and incarceration. As pointed out by Collins & Kearns (2010: 59) "the prefix 'concentration' surely signals the grimmest incarnation of 'camping'". Arguably, therefore, the activity of 'camping' initially became an inevitable accompaniment to human activities at locations where permanent buildings were either unavailable or deliberately not provided for shelter. Historically, therefore, much of the phenomenon of camping "was a necessary evil, not an activity undertaken for its own sake" and significantly it "was a penance not a pleasure" (Ward & Hardy, 1986: 2).

In terms of recreation and tourism, Blichfeldt & Mikkelsen (2015) assert that originally camping was defined as staying in a tent in nature as a low-cost form of accommodation when on holiday. For Brooker & Joppe (2014: 335) camping, however, "has matured beyond its origins as an inexpensive, temporary sojourn in a rural environment, evolving into a highly fragmented niche tourism sector". Its definition is contested now with 'traditionalists' simply equating it with tents and outdoor recreation. Nevertheless, for an increasing numbers of campers this view is changing as the activity "involves sleeping at least one night in a recreational vehicle (RV), caravan, cabin or other type of temporary shelter where the comforts of home can be enjoyed" (Brooker & Joppe 2014: 335). This aligns camping with the phenomenon of 'drive tourism' which enables the bringing of a home in the form of a diverse range of recreational vehicles, including caravans (Prideaux & McClymont, 2006; Van Heerden, 2010a; Ostby, 2013; Blichfeldt & Mikkelsen 2015). Caravanning is thus understood to be a subset of drive tourism as well as a component of wider recreational experiences that involve hospitality outdoors (Van Heerden, 2010a; Caldicott, 2011; Brooker & Joppe, 2013; Lashley, 2015).

In seeking to conceptualize camping as a whole Collins & Kearns (2010: 59) start from the proposition that "if all-inclusive resorts and luxury hotels are one end of the tourism accommodation spectrum, then campgrounds surely lie at the other". Beyond cost and amenity-related considerations, campgrounds and caravan parks are seen as distinctive forms of accommodation in two major respects. The actual accommodation (caravan or tent) "is generally owned by the user, hence what is paid for is just short-term rental on the site that includes access to a range of (traditionally rudimentary) ancillary services" (Collins & Kearns 2010: 59). Further, in some instances, "the same holidaymakers who on one occasion might stay in hotels or resorts, on another opt to stay in campgrounds" (Collins & Kearns 2010: 59). In turn, this means that "the privations incurred through access to only basic facilities and exposure to the elements are, generally, a matter of choice rather than necessity" (Collins & Kearns 2010: 59).



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Accordingly, 'camping' must be understood as "a holistic activity and accommodation choice" (Brooker & Joppe, 2014: 335). It encompasses an array of activities from basic camping to luxury RVs as well as upmarket cabins, and most recently the growth of 'glamping'. The latter is a recent innovation in creative accommodation (Cvelić-Bonifačić et al., 2017) and derives from the word's glamour and camping. Brochado & Perreira (2017: 77) view it as "an emergent concept in camping that combines comfort with direct contact with nature". As a whole Brooker & Joppe (2013: 1) reflect that the outdoor hospitality sector, including caravan parks, camping grounds and glamping, "has emerged from a low-cost tourist niche to a mainstream versatile recreation experience valued at different levels by different segments".

The phenomenon of camping – in its various manifestations - is observed throughout the world, albeit is viewed as particularly popular in the tourism economies of North America (Stephens et al., 1989; Janiskee, 1990; Brooker & Joppe, 2014; Young, 2017), Australia (Caldicott et al., 2014), New Zealand (Collins & Kearns, 2010; Collins et al., 2018) and several countries of Europe including the United Kingdom (Rees Pryce, 1967; Prentice & Witt, 1991; Lashley, 2015), Croatia (Grzinic et al., 2010; Cerović, 2014) and Turkey (Doğantan & Gülenç, 2017). According to Cerović (2014: 57) camping "is an important economic branch in Europe which generates nearly 400 million overnights, and which makes up the majority of accommodation units in some countries". In Australia caravan parks are the second highest provider of domestic tourism accommodation (Caldicott, 2011) and the subsector provides at least half of the country's national tourism bed capacity (Caldicott & Scherrer, 2013a). This said, in many destinations camping is weather-sensitive and a highly seasonal phenomenon (Collins & Kearns, 2010; Triantafyllidou & Siomkos, 2013; Hewer et al., 2015; Lashley, 2015). South Africa is noted as another significant focus for the camping sector (Van Heerden, 2008, 2010a, 2010b); other destinations where camping has attracted some academic concern include Iraq (Al-Zahawai et al., 2019), Mexico (Jimenez & Martinez, 2017) and Sri Lanka (Jayakody, 2019).

It is considered that across the international context the economic effects of camping tourism "have been steadily increasing over the past few years, given the fact that camping is transforming from a niche to a mainstream-tourism product" (Mikulić et al., 2017: 227). Despite its widespread occurrence and significant economic contribution for several destinations, Rice et al. (2019: 424) aver that as "compared to other sectors of the tourism industry, camping is relatively under-researched" and for Brooker & Joppe (2013: 1) "has received minimal attention in the literature". Indeed, camping and caravan parks are "a rather neglected element of the tourism and hospitality industry" (Mikulić et al., 2017: 226). The deficit in



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academic research about camping is underscored also by several other scholars (Prideaux & McClymont, 2006; Mikulić et al., 2017). Lashley (2015: 121) maintains that “the amount of research undertaken with the specific intention of exploring caravanning and caravaners is limited”.

One potential reason offered by Mikkelsen & Blichfeldt (2015: 252) concerns the fact that caravanning often is considered only as “a mundane type of holidaymaking”. Caldicott (2011: 10) writes of its representation of “ordinary and routine practices” and suggests its lack of attention relative to other forms of leisure is accounted for by its “fragmented” character. Lashley (2015: 115) states that when caravaners go on holiday they can be likened to snails “in that they carry their ‘homes’ with them”. This said caravan parks offer a range of accommodation options from basic to resort standard and can include in some countries short-term as well as permanent sites (Gilbert, 2013). Caldicott et al. (2018) argue that the caravan park, as a subsector of tourism accommodation services, has been viewed as the traditional symbol of caravanning. But, that the focus in some countries – particularly Australia and New Zealand - is shifting now more on the caravan itself and its serviceability as a long-term, touring residential home as opposed to a temporary short-term holiday unit to be conveniently parked in a caravan park (Caldicott et al., 2014; Collins et al., 2018).

The existing international scholarship on camping and caravanning is dominated by demand-side investigations variously of the demographics, motivations and satisfaction of participants with choices of particular campsites (Stephens et al., 1989; Prideaux & McClymont, 2006; Van Heerden, 2010; Park et al., 2010; O’Neill et al., 2011; Østby, 2013, Brooker & Joppe, 2014; Brocharo & Pereira, 2017; Mikulić et al., 2017). Demographically whilst camping is viewed as appealing to all age cohorts (with the exception of 18-24 years) it is seen as particularly popular with young families (Brooker & Joppe, 2013; Mikkelsen & Blichfeldt, 2015). In Australia, however, Prideaux & McClymont (2006: 57) discern a notable “shift from family to retired and empty nester caravanning”. The travels of ‘grey nomads’ have been the focus of further investigation in Australian research (Holloway et al., 2011; Patterson et al., 2015). Distinctions are drawn between different market segments of campers, the most important being between the short-term segment and those full-timers who live permanently or semi-permanently in their caravan or RV (Lashley, 2015). Gilbert (2013) points out that caravan parks span the void between the sectors of tourism and housing. In Australia and the United Kingdom, they have been providing long stay accommodation options for groups at risk of homelessness (Brooker & Joppe, 2013; Gilbert, 2013). A



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further layer of segmentation is across participants that use static (or rarely moved) holiday caravans as opposed to the group of mobile or touring caravans (Lashley, 2015; O'Dell, 2015).

Kambic (2018) points out the deep historical roots of many Americans with being outdoors and their association with open spaces. An early study into the growth of recreational vehicles in the USA revealed that “the RV lifestyle is characterized by a strong desire to experience the outdoors and socialize with other campers while still retaining the comforts and convenience of a familiar domicile” (Green, 1978: 429). In New Zealand Collins & Kearns (2010) suggest that campgrounds represent “therapeutic landscapes” to the extent that they facilitate literal proximity to areas of natural beauty and a strong sense of being ‘in’ nature and correspondingly away from the stresses of urban environments. Campers embrace self-imposed simplicity and can break away from normal routines and distance themselves physically and psychologically from urban living and enjoy a sense of community in many campgrounds (Collins & Kearns, 2010; Lashley, 2015). Brooker & Joppe, 2014: 336) write of the personal rewards and liminal experience which “provides individuals with opportunities to reconnect with simpler living practices, natural environments and with themselves, family and friends”. For others, however, budgetary considerations are paramount. Lashley (2015) draws attention to caravanning and camping holidays as an affordable option during hard economic times.

The supply-side of camping and caravanning was relatively uncharted academic territory until recent years. Some of the most innovative research has emerged out of Australia and New Zealand. In Australia Caldicott (2011) examines the parallel development of the caravan manufacturing sector and of the caravan park sector. Simeoni & Cassia (2019) maintain that the makers of caravans are ‘co-creators’ of the tourism experience of caravanning. The life cycle of caravan parks in Australia has been analysed within the framework of Butler’s classic tourism area life cycle model. Using historical data it is shown that the pattern of caravan park development and evolution conforms to the involvement, exploration, development, consolidation and stagnation stages of the model (Caldicott & Scherrer, 2013a). In Australia, few caravan parks existed before the 1940s. It was the period of the 1950s and 1960s that witnessed the growth of such parks following the mass production of caravans and falling costs making caravans more affordable to a wider market. In both the cases of Australia and New Zealand the development of these caravan parks was undertaken both under the aegis of the public sector as well as by private entrepreneurs (Collins & Kearns, 2010; Caldicott, 2011). From rudimentary sites caravan parks were upgraded as caravanners demanded “greater amenities within caravan parks to service their new



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gadgetry; running water to internal sinks replaced buckets and kerosene tins to draw water from a well; overhead wiring brought electric light to stamp out hurricane lanterns; and electric followed by gas stoves ushered out the open fire and liquid fuel stoves” (Caldicott, 2011: 155).

The period of the mid-1970s is described as “the glory days” of the caravan sector in Australia (Caldicott & Scherer, 2013b: 117). A progressive downturn began in the numbers of caravan park sites and capacity engineered “through the closure of parks in favour of higher economic yielding development scenarios” (Caldicott, 2011:5). As explained by Prideaux & McClymont (2006) this demise of caravan parks was driven mainly by a conversion in coastal areas of beachfront land to high rise units and hotels. According to Gilbert (2013) while the redevelopment of low impact caravan sites into higher uses creates economic benefits at the same time there are negative ramifications for low-cost family holidays as well as longer-term impacts for the supply of affordable accommodation in coastal areas of Australia. With the reinvention of ‘camping’ in terms of improved quality accommodation and other facilities, there is a recent wave of resurgence in caravanning as a component of drive tourism as reflected in an upturn in registrations of new campervans and motor homes (Caldicott & Scherrer, 2013b). For many caravan parks in Australia and New Zealand, a tipping point emerges with the potential for either closure and redevelopment or rejuvenation and transformation (Collins & Kearns, 2010; Caldicott & Scherrer, 2013b).

In the wake of radical changes that are internationally impacting the camping sector and caravan parks, a critical supply-side research focus is that of the innovative management of these sites (Cvelić-Bonifačić et al., 2017). The key drivers of change in Europe are that for certain groups camping is a lifestyle choice by guests who opt for camping accommodation not out of personal constraints but out of conviction and perceived need. The influence of glamping is seen as considerable and most especially in the United Kingdom (Cerović, 2014; Brocardo & Periera, 2017). According to Brooker & Joppe (2013: 4), glamping removes camping’s negative attributes and whilst contributing to increased profitability and occupancy “glamping represents a transition from outdoor to indoor hospitality”. This trend for ‘neo-comfort’ is “contributing to the renewed interest of tourists for camping” and offering managers of campsites an opportunity for an “extreme makeover” (Cerović, 2014: 57). Alongside these trends, the financial crises experienced in several European countries combined with rising travel costs also are creating another segment of consumers demanding “alternative systems of camping accommodation, whereby camping equipment is no longer bought but rented in the campsite itself” (Cerović, 2014: 57).



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Within this fluid environment of the changing character of 'camping' it is argued there is a need for developing competitive management strategies for traditional camping grounds and caravan parks. From the experience of Croatia, one of the major camping destinations in Europe, it is stressed that "innovative camping management is expected to manage changes of the camping product by embracing a quality mix of accommodation units and introducing innovative forms of camping accommodation" (Cerović, 2014: 56). The management shifts are thus to address the market segments of those seeking low-cost leisure options as well as lifestyle campers with a demand "for comfortable stays in a natural environment, and the desire to spend time in well-kept dream resorts that are technologically advanced at the same time" (Cveli-Bonifačić et al., 2017: 102). In several areas of Europe, the response has been product innovation with the transformation of traditional campsites into "holiday parks" or "camping resorts" sometimes with a mix of offerings (Prentice & Witt, 1991).

From the supply-side perspective, the final strand of literature relates to the development of organised holiday camps in which the activity of 'camping' takes place in purpose-built 'luxury' chalets. The British experience is documented in the seminal works by Dawson (2007) and Ward & Hardy (1986). Dawson (2007) attributes the growth of commercial holiday camps to the successful conclusion of a 20-year campaign with the passage of the Holidays With Pay Act in 1938. The final legislation recommended one week's annual paid vacation for all full-time workers and thus created a market for mass pleasure sites for ordinary working people and their families in Britain. The building of holiday camps was a solution to addressing what was at the time a crisis in terms of the limited affordable leisure options for working-class consumers (Dawson, 2007).

According to Ward & Hardy (1986: 22), the first holiday camp entrepreneur was not Billy Butlin but one Joseph Cunningham who started in 1908 for the working lads of Liverpool a holiday camp on the Isle of Man which "provided cheap accommodation on a massive scale, but instead of chalets, the campers slept in row upon row of candle-lit tents". By 1938 there were approximately 200 small holiday camps in Britain variously organized by commercial enterprises, unions and political groupings; some were tents in the field whilst others had barrack-like accommodation (Dawson, 2007). The two new chains of holiday camps that emerged in the 1930s by Butlin and Warner marked a major change in terms of their size, facilities and organization. Aimed at the emerging mass market the first Butlins camp opened in 1936 (Ward & Hardy, 1936: 22). As argued by Dawson (2007: 300) the chain of camps launched by Butlin and Warner "provided all the entertainment, activities and amenities, necessary for a healthy and restful



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vacation in cheerful surroundings for an inexpensive all-inclusive price". The holiday camps built by Warner and Butlin responded to the perceived demand for low-cost all-inclusive holidays. Overall, these sites of organized pleasure "built on earlier ideas of all-inclusive camping holidays and developed more comfortable accommodation for the emergent working-class family market (Dawson, 2007: 303).

The enduring legacy of these entrepreneurs is evidenced by several proposals which emerged only in the past 5 years for the establishment of low-cost resorts to be developed in South Africa based upon the Butlin's model as affordable holiday options for 'ordinary' families. These unfolding debates about low-budget facilities in South Africa must be understood in terms of the historical evolution and development of 'camping' in the country.

6.2. The Historical Evolution of Camping and Caravan Parks in South Africa

The evolution of the camping and caravan sector in South Africa is one of many unwritten topics in the country's tourism history. One element of that sector's history is the establishment of a network of public resorts in South Africa some of which were based on the assets of thermal springs (Oliver & Jonker, 2013). According to Viljoen et al. (2018: 11), the initial acquisition was of Badplaas mineral springs in 1893 which was proclaimed as a holiday resort and owned initially by the South African Republic, later by the Union of South Africa in 1910. Further resort development followed with the majority of these resorts "owned by government and managed by municipalities" (Viljoen et al., 2019: 2). By 1933 the network of public resorts was managed by the so-termed Board of Curators for Mineral Springs (Viljoen et al., 2018). Several of these mineral springs resorts, such as Aliwal North and Natal Spa (between Vryheid and Paulpietersburg), subsequently offered sites for usage by caravanners.

Although the actual year of the first establishment of a dedicated caravan park in South Africa is not known, material in the state archives shows a trend for requests for permission for caravan sites to emerge steadily in the 1930s. Arguably, as was the case in Australia before the Second World War, in South Africa caravanning and the emergence of caravan parks must have been minimal at this time. Growth in the caravan sector occurred only on the basis of improved automobilities and with the beginnings of a formal caravan production sector in South Africa. By 1950 there is mounting evidence that the activity of caravanning was on the rise in South Africa. This was shown by the appearance of the first guidebooks to caravan parks in South Africa which were issued by the Johannesburg-based Caravan Club of Southern Africa. Its first published guide in 1950 proclaimed "South Africa is a friendly hospitable country. The caravanner who is courteous can almost always secure permission to park on public or



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private land if he asks the local authority, the local Police Commander or the private owner” (Caravan Club of Southern Africa, 1950). The guide provides the details of the principal “recommended parking sites” for caravans, many of which, such as at Butterworth, were not regular sites, but at no charge “caravanners were welcome to park on the outskirts of town” (Caravan Club of Southern Africa, 1950: 1). This said, there were a number of well-established and designated parks with specific sites and facilities for caravans and caravanners. Many of these caravan parks were under private ownership. Others were municipal operations for which users were required to apply for permission to the local Town Clerk. One of the largest municipal facilities was that at Eastern Beach, East London offering 200 sites. The guidebook lists information as follows in respect of its facilities, costs and regulations re-permitted length of stay.

Municipal: no fences; 200 vans. Good approaches, Apply Beach Manger, Orient Beach. Bus services to town. Water and waterborne sanitation. Refuse removal services. Tariff: December, January, February £1 week, 5/- day, minimum 10/-; March to November, 15/- week, 4/-day, 8/- minimum – all payable in advance. Printed regulations available. No dogs, animals or poultry allowed. Sites are 40ft x 30 ft. Maximum 3 months total in any calendar year (Caravan Club of Southern Africa, 1950: 2).

The fact that the largest sites for municipal caravan parks were found in the Cape coastal areas indicates the popularity of these locations for the growing caravanning economy. Cape Town, Port Elizabeth, East London and Mossel Bay all had municipal caravan parks at this time. Nevertheless, the municipal provision of facilities for caravan sites was geographically spread across South Africa. The 1950 guide lists 63 municipal sites in total of which 27 were in Cape Province, 12 in Natal, 9 in Orange Free State and 15 in Transvaal. It is observed that municipal caravan parks existed in all the country’s major urban centres (including Johannesburg and Pretoria) with the one exception of Durban where only private caravan grounds were available. In many small towns such as Barberton, the caravan parks were described and developed as ‘tourist rest camps’ offering alternative accommodation options as well as caravan sites. The information for the small camp at Barberton gives an indication of its location, range of facilities and charges.

Municipal; capacity 20 caravans. Tarred approaches. 3 minutes’ walk to centre of town. Meals available in town. Water; ladies’ and men’s showers (hot and cold), waterborne sanitation, lighting, laundering facilities, including ironing board, electric iron etc.; public telephone. 6 rondavels available (2 beds, no linen) at 5/- per bed. Native attendant on premises. Linen on hire at 2/- per bed per night, 10/- per week.



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Apply Town Clerk, Box 33, Phone 134. Caravan site tariff: 1/- per person per day. Children 6d, native servants 6d. (Caravan Club of Southern Africa, 1950: 21)

In certain small towns the facilities – at private or public sites - were clearly of a rudimentary character. At Jeffreys Bay the site was described as with “primitive facilities”; at the municipal site for Upington it was ‘no charges’ but ‘no facilities’. For the town of Volkrust the guide described the site as “intended as an overnight service” and with “no provision for protracted stay” (Caravan Club of Southern Africa, 1950: 24). The impress of racial segregation on caravan parks was reflected in the entry for Port St Johns which noted “separate areas are set aside for Europeans and non-Europeans”.

During the decade of the 1950s, it is apparent the foundations were laid down for a growth phase in the South African caravan sector that would last for almost 30 years. The industry was on an upward trajectory and buoyed by the fact that the “caravaner is well placed to taste the riches of the country and to sense the warmth and vitality of a land barely scratched by human hands” (Caravan Club of South Africa 1961: 1). By 1960 the caravan economy of South Africa included not just guidebooks but an established sector for the manufacture of caravans as well as a suite of ancillary services such as fleet hire and servicing, and specialist equipment producers (tents). The range of these production and service activities is signalled by several advertisements that appeared in the eleventh annual guide that was published by the Caravan Club of South Africa (1961). The major caravan producers were represented by Jurgens and Sprite (Figure 12.) and with support by several equipment firms (Figure 12). It was disclosed by 1961 South Africa’s “caravan industry is developing at an astonishing rate and new caravan parks are continually springing into existence all over the country” (Caravan Club of South Africa 1961: 1). The burst in popularity of caravanning in South Africa is evidenced by the remark that “During the past Christmas season it was reported that ‘it was easier to book into an hotel than into a caravan park” (Caravan Club of South Africa, 1961: 1).

Expansion occurred in the provision of caravan facilities in terms of parks established both by private entrepreneurs and significantly also with a growth of municipal caravan parks. For 1961 the guidebook provides details for 113 municipal sites which represents a near-doubling in supply as compared to 1950. In terms of this growth, it occurred across all parts of the country. By 1961 the spatial distribution of municipal caravan parks included 60 in Cape Province, 21 in Transvaal, 18 in Orange Free State and 14 in Natal. Between 1950-61 the greatest growth in openings of new municipal caravan parks took place in the Cape Province.



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Come caravan with SPRITE!



South Africa is caravan country! So — let's go with **SPRITE** — the world's most popular Caravan! You'll find **SPRITE** where the going is toughest because all **SPRITE** Caravan models have been torture-tested in actual use for the world's worst conditions... a unique system of independent springing and suspension is the secret of superb towing and riding qualities. The **SPRITE** range offers caravanners an unequalled choice of sizes, styles and prices, and every caravan carries a written warranty for 12 months, without restrictions on mileage.



THE SPRITE 'MAJOR'
R1390.00, 4/5 berth,
for cars of 2000 c.c.
and upwards.



THE SPRITE 'MUSKETEER'
R1090.00, 4/5 berth
for cars of 1,500 c.c.
and upwards.



THE SPRITE 'ALPINE'
R890.00, 4/5 berth
for cars of
1,200 c.c. and
upwards.

MANUFACTURERS:
SPRITE CARAVANS (PTY.) LTD., P.O. Box 261, Pinetown, Natal
FOR FULL LIST OF SPRITE DEALERS AND SERVICE—SEE OVER

MOTORISTS! ACCOMMODATION! ANYWHERE! ANY TIME!

DOUBLE BED ALL-WEATHER SLEEPER




Tent remains on top of car as luggage carrier. Unfolded in five seconds. Folds in same time to eight inches high (including ladder).
Made in S.A.

IMMEDIATE DELIVERY
Write for details to:—
PAUTO TENTS
P.O. Box 8227 Phone 41-8486
JOHANNESBURG

Figure 12: Major Caravan Producers and Equipment Firms

Based upon the provided information it is evident that facilities had been upgraded at many sites and at some parks a range of recreational facilities now were on offer. Arguably, these private camps – such as those at Hout Bay and Ottery in the Cape Peninsula - were competing to a large extent with those run by municipal enterprise (Figure 13).

Park Your Caravan in the Heart of the Peninsula's Scenic Wonderland



POSITION:
Within 12 miles of Cape Town, along Marine Drive, situated amidst mountain scenery, with a view of Hout Bay.

AMENITIES IN AND NEAR PARK: Site 7 acres in extent, fully fenced. Waterborne sewerage, Showers and bath (H & C), Laundry facilities (H & C), Electricity. Water from Council mains. Sand dunes behind Park for playgrounds.


Doctor	1 mile
Barclays Bank	2 miles
Grocer	1/10 mile
Shopping Centre	2 miles
Hotels and Restaurants	2.4 miles
Hout Bay Beach	1 mile

(Tradesmen prepared to deliver)

TARIFF:
Daily: 60 cents per caravan and 15 cents per person; 10 cents N.E. servants; Right of admission strictly reserved.

HOUT BAY CARAVAN PARK

APPLY to:
P.O. BOX 4164,
CAPE TOWN



PELICAN PARK CARAVANSARY

Bordering on Zeekoe Vlei, the Mecca of yachting, rowing and speed-boat enthusiasts.

Modern tiled ablution block - Hot and cold water - Washing and ironing facilities - Waterborne sewerage.

Beautiful, tiled, floodlit swimming bath and children's pool. No wind, and only 4 minutes' drive from beach.

Separate sites for camping (tents, beds, gas stoves for hire).

Shop in park.

Tariff: 60 cents per caravan per day.
Plus: Adults 15 cents each per day.
Children 10 cents each per day.

For bookings and detailed brochure, write to: **P.O. BOX 11, OTTERY, CAPE**

Figure 13: Marketing by Private Caravan Parks



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Across the country caravanners now were to be tempted variously by new swimming pools, games facilities including tennis and bowls, opportunities for rock and surf fishing, improved shading at sites and new tea rooms. At the Bethlehem Loch Athlone Caravan Park, a range of attractions made it “a must for caravanners” (Figure. 14).



Figure 14: Loch Athlone Caravan Park Advertisement

Many parks offered grocery deliveries of meat and milk. The availability of “accommodation for servants” was highlighted as an attraction by several parks with Potchefstroom being one example. Other parks sought to lure caravanners by providing, as at Germiston, meals at kiosks as well as “hot water for tea and washing-up on Sundays and Public Holidays” (Caravan Club of South Africa, 1961: 59). At the Clocolan park close to the Basutoland (Lesotho) border, as well as meals available and unsurpassed scenery it emphasized the attraction of “Raw Native Life!” (Caravan Club of South Africa, 1961: 50). Several municipalities took out special advertising in order to promote their parks for the growing economy of caravanning. Among notable examples are in Orange Free State Bloemfontein with Mazelsport, Amanzimtoti or Pietermaritzburg in Natal and of Barberton and Vereeniging (Figure 15 and 16 in the Transvaal.

With the largest amount of municipal parks being in the Cape Peninsula that region was the first to attract the attention of government regulators. In 1964 in order to ensure the highest practical standards in the development of caravan park facilities the Cape Provincial Administration “promulgated a set of Standard Caravan Park Regulations and, the adoption and implementation hereof by local authorities in the



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Western Cape will be yet another contribution towards the improvement of our tourism facilities” (Schultz, 1966: 178).

MAZELSPORT—

South Africa's premier inland holiday resort on the banks of the Modder River, offers the largest fresh water swimming bath in the southern hemisphere, paddling pool and sandpit for kiddies, restaurant service, boating, swimming, tennis, dancing, fishing, spacious shaded lawns. Furnished bungalows and rondavels with fridges. CARAVAN and CAMPING SITES: Shady, private, spacious, levelled and drained. Flush sanitation, hot and cold water baths and showers, electric floodlighting.

ENQUIRIES: THE TOWN CLERK, BLOEMFONTEIN.



- SPACIOUS
- BEACHES
- SWIMMING
- POOL
- RIVER AND SEA
- BATHING
- BOATING
- BOWLS
- FISHING
- GOLF
- TENNIS

Stay your caravan and relax on the most beautiful stretch of holiday coast in Natal. Ideal climate all the year round. Here, happy hours are enjoyed by all the family.

AMANZIMTOTI

All caravan sites are close to the beach. Fresh water, showers, sanitation and electric street lighting. Provisions obtainable near the sites. Apply to Town Clerk, P.O. Box 26, Amanzimtoti, South Coast, Natal.

A PARK IN THE CITY OF GARDENS

Situated just off the Pietermaritzburg-Durban main road, amidst 8 acres of lawns and shady trees and only five minutes' drive (on the Durban side) from the City Hall and shopping centre. The Caravan Camp, controlled by the Municipal Parks Department, provides the following facilities: Water laid on at several points in the grounds, illumination of the camp, public telephone, up-to-date ablution facilities consisting of hot and cold showers, ladies' bathrooms, ironing points, washing area, etc., and free firewood. Milk and bread are delivered daily. There is no necessity to reserve sites in advance, as ample accommodation is available. The tariff is 50 cents for each period of 24 hours, per site, or R3.00 per week.

Enquiries to be addressed to:—
Director of Parks, P.O. Box 31
(Tel. 22970),

PIETERMARITZBURG



BARBERTON

The Gem of the Lowveld

The Barberton district — said to be the "California of South Africa" — enjoys fine weather and blue skies in the winter and warm summers with frequent cooling rains.

EXCURSION FROM BARBERTON

TO BADPLAATS — HEALTHFUL MINERAL SPRINGS.
PIGG'S PEAK — FINEST MOUNTAIN SCENERY.
SHIYALONGUBU DAM—EXCELLENT BASS FISHING.
LOMATI FALLS — 35 MILES FROM THE KRUGER NATIONAL PARK.

CARAVAN PARK

Close to town centre. Excellent sites with plenty of shade. Hot and cold baths and showers. Fresh water. Laundry facilities. Provisions delivered by arrangement. Camp electrically lit. Modern sanitation. Tariff — 10 cents per person per night. For advance booking apply to The Town Clerk, P.O. Box 33, Barberton, Transvaal.

Figure 15: Municipal Caravan Parks Advertising.

During the 1960s the first estimates appear of the number of caravans in South Africa. In a 1965 talk on promoting tourism and of development in Western Cape the Town Clerk of Oudtshoorn suggested that “there are some 15, 000 caravans in use in the Republic today and that this number is increasing at the rate of 4, 000 a year” (Schultz, 1966: 178). By the end of the decade the number of registered caravans in South Africa had reached 60 000 in total (National Productivity Institute, 1990: 22). The boom in caravanning spurred the attention of national government in the 1960s as a budget form of tourism which would broaden the tourism economy. It was viewed that tourism no longer was reserved only for wealthy



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people able to afford the high process of hotels and escalating costs of travel. With improved roads and enhanced automobilities the following was observed in parliamentary debates about caravanning and its impact for domestic tourism:

VEREENIGING *LEADS IN CARAVAN PARKS*

Incomparable Dickenson Park on the Vaal River offers:

- Unlimited number of grassed and shady sites;
- Hot and cold baths and attractively-tiled showers;
- Porcelain handbasins with hot and cold water taps;
- Laundry block with hot and cold water and electric ironing facilities.
- Twelve covered barbecues in beautiful sylvan surroundings;
- Accommodation and facilities for non-European servants;
- An interesting Children's Zoo and
- Plentiful supplies of firewood.

Further details from :

**The Director of Parks,
Recreation and Estates,
P.O. Box 15,
VEREENIGING.**

Telephone :
642-0294

Figure 16: Municipal Caravan Park Advertising: Vereeniging.

The position is changing now with the cheaper modes of transport we have with our good roads. With the developing of caravanning and camping tourism is now being enjoyed by the middle classes and other people who form the majority of the population. It is no longer restricted to the favoured few at the top (Hansard, House of Assembly Debates, 11 May 1967 Col. 5822).

Arguably, the growth of the caravan industry was causing a positive geographical spread of the impacts of domestic tourism. It was apparent that the "number of caravan parks and camping grounds in the country is increasing every month" with the consequence that "little known places are being opened up" for tourism (Hansard, House of Assembly Debates, 11 May 1967 Col. 5822). The 1966 newsletters of the Department of Tourism announced the opening of new municipal resorts which would include facilities for caravans. It was remarked that the "Free State recreational resorts have become so popular that the



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demand for accommodation could not be satisfied” (Cape Archives Depot 3BFWP.42/1 Department of Tourism Newsletter May 1966). At Parys, the town council “has carried out a long-term plan for the development of two fine resorts” (Cape Archives Depot 3BFWP.42/1 Department of Tourism Newsletter May 1966). The private sector was also alert to the expansion of market opportunities relating to caravanning. In the June 1966 government newsletter it was announced that: “Two miles from Jan Smuts Airport on the banks of the Bloupan Dam one of the most modern caravan parks in the Republic is being planned by a Kempton Park firm” (Cape Archives Depot 3BFWP.42/1 Department of Tourism Newsletter June 1966).

The 1967 parliamentary debates afforded insight into the production side of the caravan industry in the country. It was stated as follows: “Estimates of the number of caravans in South Africa at the moment vary from 34, 000 to 45 000. The production of caravans in this country increases every year. Production during 1966 was approximately 5,200” (Hansard, House of Assembly Debates 11 May, 1967 Col. 5822). With the caravan industry’s maturation, national government began to consider the introduction of regulations to control its development. In 1967 legislation was passed to enable the four provinces to control matters. This followed upon national regulations which had been promulgated in February 1967 to control caravan parks and camping grounds by laying down minimum standards for such facilities. The need for such minimum standards – especially in terms of health regulations – was evident from one speaker who announced that “I have stayed in caravan parks where conditions, to say the least, were disgusting” (Hansard, House of Assembly Debates 11 May 1967 Col. 5825).

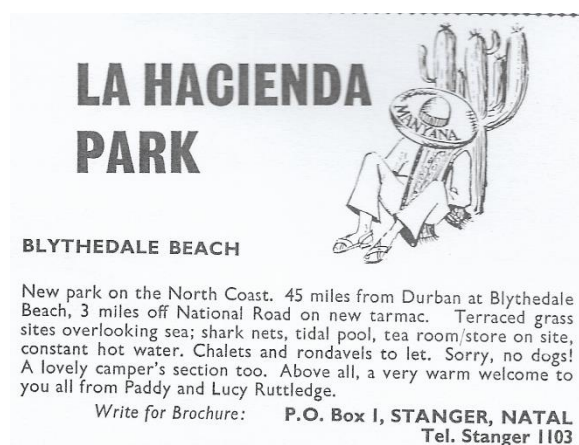


Figure 17: Advertising of Family-Owned Caravan Park.

Among major new public resort developments during the 1960s and 1970s which included provisions for caravanners were the Jim Fouche Holiday Resort in Free State (South African Railways and Harbours,



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1964) and the opening of the Loskop Dam Resort, 50 km north of Middelburg in Transvaal which offered attractions of angling and visits to a well-stocked local nature reserve. According to Nupen & Burger (1981), the Board for Public Resorts was active in the Transvaal in upgrading facilities particularly at several mineral baths resorts. The 1969 Caravan Guide provides further evidence of the continued expansion of the industry and of the new growth of caravan parks – private and municipal-owned across South Africa (Caravan Club of Southern Africa, 1969). It is evident that family-owned private caravan parks were actively marketing themselves in the guidebook (see Figure 17).



First 5-star luxury caravan range comes to South Africa

**Tour-tested in 5 European countries and South Africa.
Tough-tested over a tank assault course.
Major award-winner in 1967 British Caravan Road Rally.**

Here at last is the truly European-style luxury you've always longed for – inside and out. All Bluebird models have everything from fitted Van Dyck carpets to smoothly functional end-kitchens with running water. Yet they cost *less* than the more expensive South African vans!

The overseas Bluebirds have been tough-tested in a gruelling 3,000 mile trip through alpine country in Switzerland, Austria, Italy, Germany and France...over an army tank assault course...romped home with 4 awards in the '67 British Caravan Road Rally.

Finally the Bluebird was modified to suit South African climate and conditions and tough-tested over the roughest Zululand roads. Log-recorded results by independent experts show: towing – smooth and easy; braking – safe and sure; comfort – 5-Star. Now test-tow the irresistible Bluebird – at all Gypsy dealers.



Bluebird Tourers made in South Africa by Caravan Manufacturers (Pty) Ltd., Pinetown, Natal. A partner in Caravans International

So Ritzy – the only extra you need is a Butler!



Figure 18: Advertising New Caravan Product Innovations

Industry advertisements highlight new 'luxury' innovations in caravan design (Figure 18). In terms of municipal caravan parks at least 173 such parks can be recognised by 1969 suggesting an increase of over 60 since the publication of the 1961 guide. As a whole 102 municipal caravan parks were located in Cape Province which by 1969 accounted for 59 percent of the national total. Once again growth in



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numbers of municipal caravan parks occurred in all provinces with the Transvaal the second most significant with 34 parks representing nearly 20 percent of the national share.

<p>WESTONARIA MUNICIPAL DAM AND PLEASURE RESORT</p> <p>ON RANDFONTEIN-VEREENIGING MAIN ROAD</p> <p>4½ miles from Johannesburg-Potchefstroom National Road</p> <p>NEW LUXURY CARAVAN PARK</p> <p>Every modern facility — see entry under Donaldson Dam large roofed-in dance floor. Drive-in theatre 6 miles cafe and provision store on site. All sites large and on lawn grass.</p> <p>Apply: Town Clerk, P.O. Box 19, Westonaria</p>	<p>PLANNING YOUR NEXT HOLIDAY?</p> <p>For unforgettable scenery and the beaches you have been dreaming about, visit . . .</p> <p>THE GEORGE MUNICIPAL CARAVAN PARK</p> <p>where you can enjoy the facilities of one of the most popular caravan camps in the Republic</p> <ul style="list-style-type: none">● Modern ablution blocks and laundry rooms, hot and cold water. Electric light. Children's playground.● Pleasant setting with many trees for shade.● At western entrance to George, one mile from shopping centre of town.● Ideally situated for visiting beaches, scenic beauty spots and places of interest in the Southern Cape.● Modern bungalows also available. <p>Tariff: Car and caravan for 24 hours: R1.00. Servants: 30c per servant for 24 hours.</p> <p>Please Note: Advance bookings are not accepted.</p>
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Figure 19: New Municipal Caravan Park Advertising

Of significance is the increasing range of municipalities which placed advertisements in this particular guide (Figure 19). The total of caravan parks in South Africa was estimated at 500 for 1970 which would suggest that privately owned parks represent roughly 80 percent of total supply. The Chairman of South Africa's tourist corporation spoke in 1970 of "the increased demand for caravan park facilities" and that "more will have to be added" (Steyn, 1970: 30). In addition, attention was drawn to the quality upgrading of facilities and that "as people become more discerning caravan parks are obliged to provide more than just toilet and ablution facilities" (Steyn, 1970: 30). The growth of demand was overwhelmingly from domestic caravanners but was boosted also by cross-border regional tourists. As was noted: "Our Rhodesian neighbours are also taking to caravans in bigger numbers, probably for the same reasons that apply to South Africans. Coming from a land-locked country, they, like the people of the Transvaal and Orange Free State, usually make for the coast, where there are too few facilities to cope with the demand" (Steyn, 1970: 30).

The pressures for expanded resort and caravan park development are highlighted by the expansion in the numbers of official caravan registrations in South Africa from 60 000 in 1969 to 84 000 by 1972 (National Productivity Institute, 1990). During the early 1970s overseas tourists arriving in South Africa could even have a package deal (organised by Trekliner) that allowed them to pick up in Johannesburg a motorised caravan for use for their travels (*Rand Daily Mail*, 4 December 1973). In 1970 parliamentary debates it was reported there was an estimated increase of "about 400 percent in caravans along our



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roads” (Hansard, House of Assembly Debates 31 August, 1970 Col. 2952). Across South Africa it was evident that the four provincial administrations were all actively engaged in new holiday resort development not least “so that congestion cannot take place at a few very popular spots” (Hansard, House of Assembly Debates 31 August, 1970 Col. 2964). In addition, it was remarked that the provincial administrations “are also scattering our holiday resorts more evenly over the country”, with the further advantages of “splitting up of our holiday makers, and also splitting up of the traffic on our roads” (Hansard, House of Assembly Debates 31 August, 1970 Col. 2964).

The strict splitting up of South African caravanners along racial lines was one of the objectives of petty apartheid. Nevertheless, during the 1970s it was evident that at certain private resorts close to Johannesburg racial intermingling was taking place. In 1975 “Government could not condone the unlawful use of the resort by mixed groups of Coloured, Indian and White people” (*Rand Daily Mail*, 25 September, 1975). The increasing impress of apartheid legislation on the caravan sector was manifest in the construction of separate caravan resorts for whites and for ‘non-Whites’. Opened in 1979 the Roodeplaat Dam Public Resort, 30 km from Pretoria, was the first of its kind in South Africa to cater exclusively for ‘Coloureds’ and ‘Indians’. The resort had two camps – one for each racial group – each with an Olympic sized swimming pool, children’s paddling pool and shop (The Automobile Association of South Africa, no date). At the Indian resort, it was stated also “there is a special swimming pool for ladies” (The Automobile Association of South Africa, no date).

For Africans, however, apartheid legislation did not permit their entry into either the large number of exclusively white caravan parks or for those specially built for Coloured or Indian South Africans. In 1978 Dr Nthato Motlana, one of the well-known leaders of the Soweto Committee of Ten purchased a caravan because of the difficulties of securing hotel accommodation as a result of apartheid restrictions. His experience was reported as follows:

After taking the caravan on holiday, once, however I had to sell it. No caravan parks or holiday resorts would allow my family to use their premises because I am black. When I tried to camp at the side of the road the police threatened to lock me up. I felt degraded and humiliated by the whole affair because I am black. All I wanted was a pleasant holiday. Instead, my trip was completely ruined (*Sunday Times*, 29 October 1978).



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Under the absurdities of apartheid legislation, the only caravan parks that were available to Dr Motlana would be those situated in the 'separate black Homelands' or Bantustans such as the nominally 'independent' Republic of Transkei. The scrapping of racial apartheid in South African hotels occurred in 1986. Such nationwide changes would have been logical but did not follow in the case of all public resorts. By 1986 the public resorts in Natal were multi-racial and in Orange Free State the major resorts of Maselspoort, Hendrik Verwoerd Dam and Jim Fouche were no longer racially segregated. In the Cape Province, the parks linked to all the Provincial Administration's nature reserves were open to all races. The major exception was the Transvaal where the 12 public resorts administered by the Overvaal Board for Public Resorts remained racially segregated. Roodeplaat dam continued to be only for Coloureds and Indians and the remaining 11 resorts, including Badplaas and Loskop Dam, were for exclusively whites only use (*The Star*, 8 July 1986).

The implementation of apartheid policies cannot explain the downturn that occurred in the caravan sector of South Africa. According to a study conducted by the National Productivity Institute (1990) a progressive decline is recorded in the annual growth of registered caravans from the mid-1970s. In 1972 the annual growth rate of new registrations was as high as 11.9 percent; in the following 15 years later it was down to 4.4 percent. Between 1972 and 1987 the total number of registered caravans in the country rose from 84 000 to 160 000. In the next 3 years, it actually decreased to 140 000 in total (National Productivity Institute, 1990: 22). These trends towards a decline in the sector are confirmed also by another investigation which focussed on numbers of caravan stands and their usage (Xcel Engineering and Management, 1991). This study revealed that caravanning peaked in 1982 at which point there were 64 000 caravan stands across the country. More revealing is that "occupancies have declined from 27 % to 11%, amounting to a drop from 6,3 million caravan stand nights sold in 1989" which would be equivalent to 600 000 caravan weeks (Xcel Engineering and Management, 1991: 60). These trends meant that the market base of many caravan parks and resorts was eroding at a rapid pace. Particularly troubling was the low occupancy of stands which at 11 % compared unfavourably with estimated average occupancy levels for hotels (approximately 58 %) and the utilisation of fixed accommodation at resorts (between 65-75%) (National Productivity Institute, 1990: 24).

As caravans were the anchor business for caravan parks as well as an important business source for resorts this declining trend meant that income from caravanning as a percent of total income at resorts was in decline (National Productivity Institute, 1990). An observed trend was that the performance of



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fixed accommodation as opposed to stands in resorts was stronger. It was disclosed that “even caravans for hire at resorts enjoy better occupancies than the stands themselves”; the occupancy levels of such caravans were recorded as high as 45 % which was much better than for caravan stands. Between 1982 and 1989 it was calculated that the decline in caravan stands in South Africa was from 64 000 to 53 000 in total. In addition, there was a precipitate drop from 6.3 million caravan stand nights sold in 1982 to 2.1 million by 1989 which represents 15 percent per annum compounded fall in sales. Accordingly, one report in 1990 described “medium-term prospects for caravan parks as bleak” (Xcel Management and Engineering, 1991: 59). One response was the growth in fixed accommodation at the expense of caravan stands for rental by mobile caravanners (Xcel Management and Engineering, 1991). In particular, the conversion of caravan stands to self-catering units in fixed accommodation was a trend taking place especially in privately-owned caravan parks and resorts.

Several factors have been put forward to account for this downturn in the caravan sector of South Africa during the 1980s. These include the increasing costs of petrol, the move toward fixed accommodation, and the introduction in the 1980s of the segment of time-share accommodation as a competing segment for the leisure-time of South Africans. It is evident that the market of caravanning and caravan parks was overwhelmingly white domestic travellers and had not diversified. The international market was less than 1 percent of all guests and the black caravanner by 1990 was estimated at 0.1 % of the total market of the caravan sector (Xcel Engineering and Management, 1991). An important explanation for this decline was that the traditional concept of caravanning in South Africa as “roughing it” was beginning to shift (National Productivity Institute, 1990; 23). In parallel with international trends in the caravan sector, the trend was observed for caravans (and tents) to become more luxurious. Accordingly, “as caravans become more costly to purchase the perception of a ‘poor man’s holiday’ is giving way to the view that caravanning is mainly the preserve of the wealthy” (National Productivity Institute, 1990: 23). From the late 1980s, an accelerating trend was for the caravan manufacturing sector to adjust its production “to meet the needs of the sophisticated and fastidious buyer” (National Productivity Institute, 1990: 23).

6.3. Camping and Caravan Parks as Municipal Tourism Assets

Three subsections of discussion are given. First, an overview is given of recent trends and the contemporary state of camping and caravan parks in South Africa. This overview is based upon material extracted from reports from South African Tourism and Statistics South Africa. In addition, it analyses the structure and patterns of the sector based upon the triangulation of information obtained from two national



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guides to camping and caravanning in South Africa. The two source books are from Map Studios (2018) titled *Camp & Caravan* and *The Great Outdoors Guide 2017* which was issued by Caravan Publications (Huysamen, 2017). The second section turns to policy related issues concerning the operations and management of the caravan sector. This draws from several municipal planning documents, consultancy reports on municipal resorts, and most importantly a set of detailed interviews which were conducted with mainly small town municipalities about the state of caravan parks as tourism assets and of planning directions for these municipal assets. The focus on small towns is appropriate as the local development importance of caravanning is relatively greater for these small-town municipalities than for larger urban centres which have more diversified tourism bases. The third section offers a summary of key findings and recommendations for the maximisation of the caravan parks sector for tourism development.

6.3.1. The Recent State of Camping and Caravan Parks

At the time of democratic transition in South Africa the estimated 700 caravan parks, a mix of privately controlled as well as municipal-operated faced a rapidly shifting market environment. Arguably, the major change was the increased sophistication of the caravan market which was becoming part of an emerging economy of “drive tourism”. The evidence of this change is given in a series of works produced in the 2000s by Van Heerden (2008, 2010a, 2010b). These studies reveal the marked shifts taking place in South Africa which parallel those in the caravan sectors of USA, United Kingdom or Australia. The activity of camping or caravanning in South Africa is no longer a poor man’s holiday option. As Van Heerden (2008: 125) asserts “on the contrary some people choose to enjoy the outdoors in a tent, caravan or motor home”. Furthermore, whilst it is acknowledged that “camping and caravanning can be a relatively economical holiday but set-up costs are not negligible and investing in a caravan or motorhome can be hefty” (Van Heerden, 2008: 125-126). It is argued that in South Africa caravan parks are used increasingly by people who are tenting out of choice as well as (upmarket) caravanners in a re-invented form of camping tourism that aligns with drive tourism (Van Heerden, 2010a). Arguably, therefore in South Africa as in many other countries caravanning as part of the changing ‘camping’ sector is becoming a leisure activity that incorporates “a series of experiences” (Van Heerden, 2008: 126). Its enthusiasts variously “pack their tents, hitch their trailers or caravans, or start their motorhomes (a motorised caravan) to embark on an annual holiday, a short break (weekend), touring trip, to attend special events (festivals) or go on a backpacking/hiking/sight-seeing trip” (Van Heerden, 2008: 125).



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By 2010 it is estimated the numbers of caravans was close to 107 000 which is a further decline in caravan numbers as recorded in the years of late apartheid. This said, it must be argued that the caravan sector now manifests an upgrading in terms of *quality* and that whilst actual numbers have fallen, the market value of the caravan industry as a whole potentially has expanded. The analysis offered by Van Heerden (2010a, 2010b) confirms that a turnaround in the fortunes of the caravan sector and of ‘camping’ is in evidence. It was stated, as judged “by the increased number of manufacturers advertising camper-trailers it can be surmised that this type of camping is a growing market” (Van Heerden, 2010b: 66). The profile of its participants reveals that on the whole, they do not want a “rough experience” and that the decision to ‘camp’ increasingly is a lifestyle choice (Van Heerden, 2010b: 69). The most recent investigation of motivations of South African campers to participate in this activity highlighted the significance of issues of the desire to escape everyday routines and relax in a natural setting (Van Heerden, 2020). As it has been demonstrated caravanners “contribute substantially to the local economy of towns and regions” (Van Heerden, 2010b: 69) it is essential to investigate further the contemporary trends and local policy issues surrounding the caravan sector of South Africa.

During the past decade, several reports have been issued by South African Tourism and Statistics South Africa which provide further insight (glimpses) into the size and workings of camping and caravanning in South Africa. The recent official data shows that the segment of camping and caravanning continues to represent 2 percent of all tourist bednights albeit close to 7 percent of paid commercial bednights (South African Tourism, 2016: 14; South African Tourism 2017: 97). The 2015 Domestic Tourism Survey provided information on the use of campsites and caravan parks by the country’s different population groups (Statistics South Africa, 2017). It disclosed that the use of caravan parks remains overwhelmingly (78.7 percent) white-dominated; in terms of campsites, whites constituted 57.6 percent and blacks (Africans) 35.3 percent of the 2015 totals (Statistics South Africa, 2017: 99). The Annual Report of South African Tourism for 2017 describes only the segment of ‘camping’ (caravanning is no longer mentioned) and suggests that represents 1.65 million bednights or nearly 4.3 percent of total paid bednights which were estimated at 37.9 million (South African Tourism, 2018). Geographically, the three leading provinces in terms of camping bednights were recorded as Gauteng, Limpopo and Western Cape which together accounted for almost two-thirds of all camping bednights (South African Tourism, 2018).

In 2019 Statistics South Africa released its survey findings which covered so-termed “registered private and public enterprises engaged in short-stay accommodation” (Statistics South Africa, 2019). Among its



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findings for the reporting year, 2018-2019 are that 'caravan parks and camping sites' represent the most buoyant of all different forms of accommodation in South Africa with a recorded 44.6 percent increase on the previous reporting year (Statistics South Africa, 2019). Other information revealed is that average occupancy levels for the sector are much lower than for either hotels or guesthouses with highest occupancies reaching 45 percent in December as compared to less than 30 percent in the winter months (Statistics South Africa, 2019). Finally, the 2019 report points out that, beyond significant seasonality issues, the nature of business operations in the camping and caravanning segment is much different to, for example, that of hotels in which important income streams exist from restaurants, bar sales and other sources. For the segment of camping and caravanning it is calculated that 92 percent of business income derives from accommodation revenues, making it such a highly distinctive niche in the lodging economy of South Africa.

As no official data exists specifically about the structure and geography of the modern camping and caravanning sector a broad brush picture of the national situation can be offered which is based upon information extracted from two national guidebooks which are produced by the private sector and which list opportunities for caravanning in South Africa (Huysamen, 2017; Map Studios, 2018). It should be noted that the entries into these two guidebooks are focussed on the *successful* and *operational* parks and therefore that they overlook other caravan parks in states of various disrepair or abandonment. The analysis reveals for 2019 a national total of 629 operational caravan parks in South Africa (Map Studios, 2018). Table 18 provides a breakdown of the total national distribution which includes private caravan parks as well as municipal public caravan parks.

Table 18: Number and Percentage of Caravan and Camping site by Province

Province	Total Number of Caravan and Camp Sites	Percentage	Municipal Listings	Nature Provincial or SANParks
Western Cape	193	30.7	15	3
Eastern Cape	80	12.7	1	6
KwaZulu-Natal	73	11.6	0	5
North West	59	9.4	0	2
Limpopo	57	9.1	0	3
Northern Cape	54	8.6	0	1
Free State	41	6.5	0	1
Mpumalanga	37	5.9	0	4
Gauteng	35	5.6	5	0
TOTAL	629	100	21	25

Source; Authors, based on Map Studios (2018)



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Table 1 shows clearly that the majority of caravan and camping parks in the listings fall within the Western Cape which accounts for 193 parks or almost 31% of the total in South Africa. The next most significant provinces are Eastern Cape and KwaZulu Natal which represent 12.7% and 11.6% of the total respectively. The leading three provinces – all coastal provinces – account for 55% of the national total. The lowest numbers of operational caravan parks occur in the interior provinces of Free State, Mpumalanga and Gauteng. The fact that Gauteng accounts for the lowest number of such parks suggests that the South African Tourism data on bednights in such parks is incorrect.

It must be noted on Table 18 that only 21 municipal caravan parks are listed; this number is far less than the actual number of establishments as will be shown below. Quite clearly, the ownership of the overwhelming majority of listed caravan and camping parks is in private ownership. The interviews with municipal stakeholders revealed that patronage at the municipal parks has a mix of visitors – some top end (including some international) but others – the majority being from the traditional lower income family bracket. The interviews also disclosed that municipal stakeholders considered that the private sector caravan facilities dominated the top end and most lucrative segments of the caravan market in South Africa. Only the high performing and well-located municipal caravan and camping sites are on the list; the majority of these fall geographically within the Western Cape. In addition, it should be observed that caravan sites exist in provincial parks and SAN Parks in the Eastern Cape, KwaZulu Natal and Mpumalanga. In evaluating this data it must be understood that the listed operational parks – private and public – contains a mix of different forms of business operations. Although time series data is unavailable on the share of private versus publicly owned caravan parks it is evident that the share of municipal or public ownership in the caravan sector has been in decline, which is a pattern found also in the experience of Australia and New Zealand. Reasons for this decline include the selling off of certain parks to the private sector and of the conversion of the use of others from caravan park to alternative uses, which often are residential usage. Similar trends occurred in Australia and New Zealand (Collins & Kearns, 2010; Caldicott & Scherrer, 2013b).

It is important to understand that the Map Studios (2018) list includes both dedicated parks for caravans and camping only (some of which are styled as 'resorts') and others – again often called 'resorts' – in which the major lodging options are chalets or other fixed accommodation and that in these resorts caravans represent only a minor part of business operations. Overall whilst camping and caravanning is at the core of the listings there exists a wide variety in terms of quality and on site facilities in the listed



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parks (MapStudio, 2018). Indeed, the designation varies widely from caravan park to resort to cottages and caravan park to campsite to chalets and camping to river lodge to river farm to holiday farm and even to private game reserve and guest farm. All the listings include caravan and camping, however, others also include self-catering accommodation, motor homes, caravans and tents for hire and even timeshare. One case in point is the Forever Resorts which offer caravan and camping sites but also four-star suites and timeshare cottages. For most of the 629 parks, caravan and camping is the main type of accommodation offering; in others, however, the caravan/camping component is only of minor importance.

Taking the geographical analysis down from the provincial to the level of local municipalities an analysis was conducted of the spatial distribution of caravan park facilities for Western Cape province which accounts for nearly one-third of the national share of such establishments. Table 19 shows for each local municipality the number of municipal parks as well as the total number of parks which includes private sector operations. The data presented in Table 19 is derived from triangulation of material in Huysamen (2017), Map Studios (2018), and listings on the website of the Western Cape provincial government. Figure 20 provides a mapping of this data.

Table 19 and Figure 20 confirms that whilst the greatest concentration of caravan park facilities occurs close to the coast there are also a number of inland locations which enjoy significant numbers of parks. At the municipal level the leading locations, all with more than 10 such facilities, are City of Cape Town, Cederberg, George, Langeberg, Mossel Bay, Saldanha Bay, Breeda Valley, Overstrand, Hessequa and Outshoorn. Of the 209 facilities in the province these clusters account for 68 percent of the total.

Figs. 13 and 14 narrow to focus on the geographical profile of the municipal parks. In total it is revealed 57 municipal parks exist across the province (Table 2). It is evident from Figure 21 that, as indexed by numbers of municipal parks, the most important local municipalities are City of Cape Town, Saldanha Bay and Mossel Bay followed by Hessequa, Cederberg, Cape Agulhas, Berg River and Overstrand. These eight municipalities are responsible for 70 percent of the total municipal caravan parks in the province, a finding which points to the geographically concentrated character of such municipal caravan parks across the municipalities. Nevertheless, as is revealed in Figure 22, which maps the location of caravan parks *within* each municipality, in many cases a situation of 'dispersion with concentration' can be observed. The City of Cape Town is the best example of this pattern.



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Table 19: Distribution of Caravan Parks in Western Cape by Local Municipality

Municipality	Municipal Parks	Total Parks (including Private)
City of Cape Town	13	24
Matzikma	2	6
Cederberg	4	22
Berg River	4	4
Saldanha Bay	6	12
Swartland	3	7
Witzenberg	1	6
Drakenstein	1	5
Stellenbosch	0	3
Breede Valley	0	11
Langeberg	1	13
Theewaterskloof	0	3
Overstrand	4	10
Cape Agulhas	4	7
Swellendam	0	5
Kannaland	1	5
Hessequa	5	11
Mossel Bay	2	12
George	1	16
Oudtshoorn	3	10
Bitou	0	4
Knysna	2	7
Laingsberg	0	1
Prince Albert	0	1
Beaufort West	0	4
TOTAL	57	209

Source: Authors based on Huysamen (2017), Map Studios (2018), and data from website of the Western Cape provincial government



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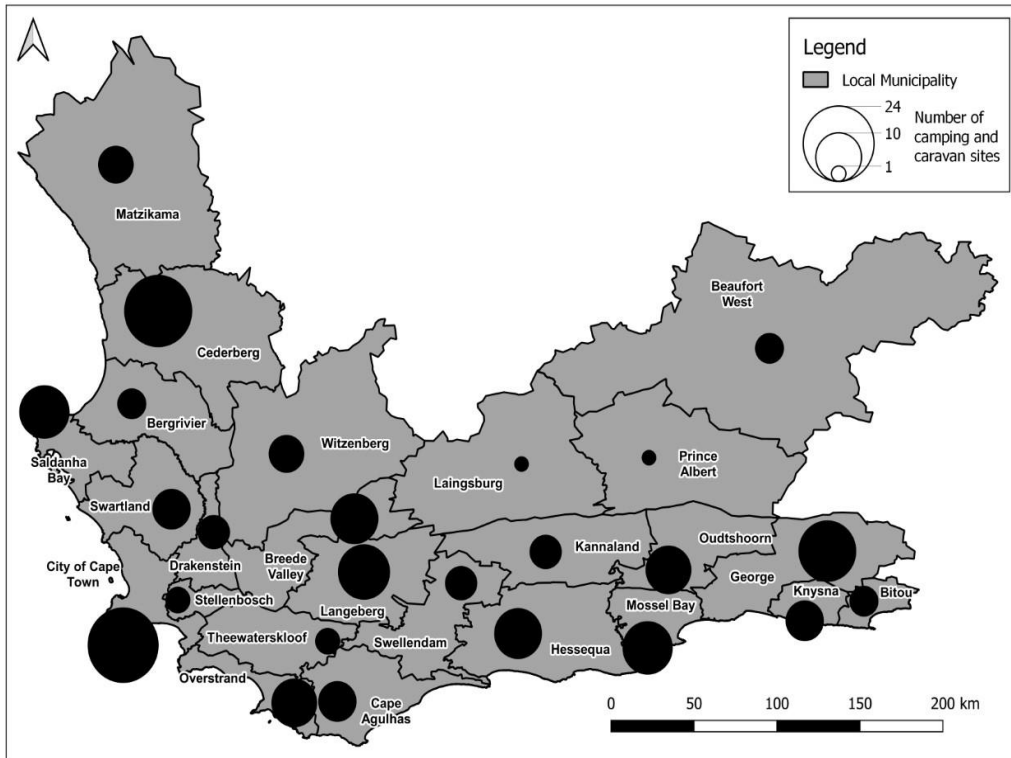


Figure 20: The Distribution of Caravan and Camping Sites by Local Municipality
(Source: Authors based on Map Studios, 2018)

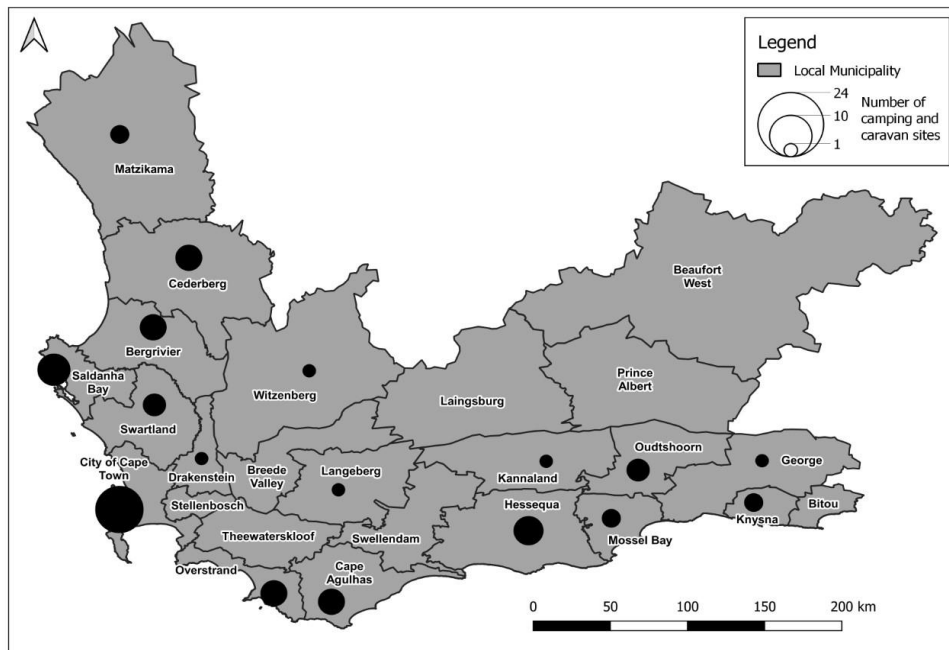


Figure 21: The Geography of Municipal Caravan Parks in Western Cape on a Local Municipality Basis
(Source: Authors)



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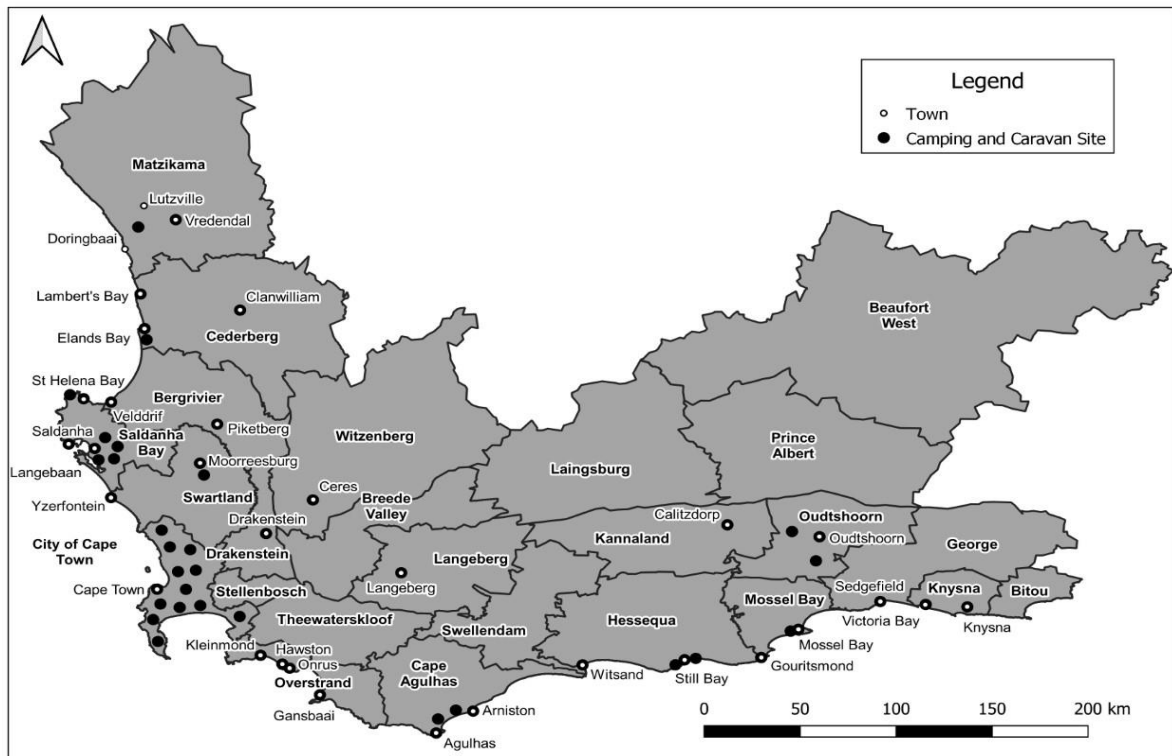


Figure 22: The Location of Municipal Caravan and Camping Parks within the Local Municipalities of Western Cape Province
(Source: Authors)

6.3.2. Organization and Current Challenges of Municipal Caravan parks

The analysis in this subsection examines the organization and challenges of operational municipal caravan parks. It draws from two sets of sources. First, are a set of documentary sources on such parks including planning reports, newspaper reports and internet sources. Second, and more important, are a set of interviews conducted with 14 municipal officials and stakeholders. Together these represent responsibility over 40 percent of the operational municipal parks in Western Cape. More importantly, in terms of the small towns of Western Cape the sample of interviews accounts for 52 percent of the total.

In the sampled municipalities responsibility existed for the operations of between four and six caravan parks. At least two different organizational models were applied for the management of these parks. For the group of small-town municipalities in the majority of cases, the parks fell under their *direct management*. In the cases of Saldanha Bay and Hessequa, it was observed that at least one park was not under their direct management as it was *leased out to a private enterprise*. The leasing out of parks to private enterprise is an organizational arrangement that exists in several other South African



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municipalities. Of critical importance, however, to the successful functioning of this administrative model is the careful selection of an appropriate private sector partner through the tender process. In certain recorded cases where this model has been applied outside of the Western Cape the municipal asset has fallen into complete disrepair as private sector leaseholders have exploited the arrangement because of lack of due diligence in the appointment of the subsequent monitoring of this arrangement.

A third potential administrative model that has been considered is of the setting-up of a dedicated administrative unit within municipalities for the management of the caravan parks as municipal assets. For small town municipalities, however, this option is less valuable because of issues of scale and administrative costs. A key finding from the interviews was of the diverse position of caravan parks within the administrative structure of local municipalities. The management of caravan parks falls under no common department within municipalities in the Western Cape. In the case of Cape Agulhas Local Municipality responsibility falls to the Department of Public Services for day to day management. At Hessequa management is within the domain of the department of technical services. At Overstrand Local Municipality the administration of the four caravan parks is within the portfolio of Community Services. The Directorate for Community Services of the Cedarberg municipality has six sections (such as libraries, traffic) of which one is allocated responsibility for the municipality's four resorts. This small town municipality offers one of the few cases where there was a particular sub-department that was responsible for caravan parks.

The general pattern was observed, however, was that the management of the municipal assets of caravan parks was part of a bundle of diverse responsibilities that would fall within the portfolio of specific sections of municipal administration. The lack of a dedicated focus on caravan parks within local municipalities can be illustrated by the findings from two particular cases. At Cape Agulhas the Director's responsibility is for general public services as well as the camping and caravan sites and during the interview, he was called by a community member to facilitate the mowing of the grass on a residential pavement. In the case of the Overstrand Local Municipality where caravan parks fall under community services, the responsibility of the Director includes also roads, water, sewage as well as cemeteries. The consequence of this bundling of caravan parks within a diverse portfolio of responsibilities are that in many cases it is marginalised as it is seen as of minor significance as compared to issues of water supply or road infrastructure. The marginalised position of caravan parks is therefore reflected in budgetary allocations within municipalities. In one interview it was pointed out that caravanning was not a primary



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issue as compared to roads and water and this low prioritisation was evident when it was competing for funding for these other issues.

Notwithstanding its somewhat marginal position within the administrative structure of local municipalities the interviews disclosed that for several of those municipalities with caravan parks that they were seen as significant for the local economy and most especially for tourism development. Typically, one interviewee stated: that the caravan and camping parks in Saldanha “are very important for the local tourism economy as they provide affordable options for accommodation and provide access to the sea, not all campsites do” (Leentjiesklip Resort Manageress). At other local municipalities where financial costs of caravan parks were closely monitored and a revenue surplus was generated for the municipality from park operations the positive income generation flow from the asset was stressed (Siyanda Business Solution, 2019). At Hessequa the interviewee emphasized also the income generation from the parks; it was stated that the “caravan and camping parks are a big asset in terms of income, just over R12 million”. Further, at Hessequa there was wider recognition of the local multiplier effects on the local economy of the caravan sector. The municipal director for Hessequa sees the “parks as important as they have a direct and indirect investment. Tourism spend within the town is more important than the direct spend with the resorts itself for accommodation”.

Across the interviews, a generally positive view was expressed towards the performance of the municipal caravan parks. This was evidenced in the following statements extracted from the interviews:

“The performance of the camping and caravan sites over the past 5 years had remained relatively stable. Occupancy is seasonal and during the winter months, it gets quiet especially in the resorts without any chalets. The offseason is often utilised by pensioners. Occupancies have remained stable across all parks although Leentjiesklip is doing great with 97% occupancy in December” (Saldanha Bay Municipal Manager).

“Over the past 5 years, the caravan and campsites have just chugged along” (Director, Overstrand).

“We do make money but that’s not the sole mandate for the municipality. What’s important is job creation. The only real busy times are the December holiday period and Easter. There are times of year when the campsite is empty but the chalets are booked out regularly during the year especially the summer months” (Director Cape Agulhas Municipality).

“Winter is quiet but during that period we take bookings from builders who stay in the park. If builders are working in the local area they stay at the park as it is affordable....No mass profits are made at this park” (Agulhas Caravan Park Manager).



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"We are very popular, last year the council said that we made R2.3 million for the year.... Occupancy is 100% over December holidays in summer, September to April around 75% and low in winter May to October. In winter mainly pensioners who stay on a monthly basis" (Leentjiesklip Resort Manageress, Saldanha Bay).

"December is always full. throughout the year it is more empty, but it's not that empty that you have to close it down. There are always a few campers and there are stands where people stay for up to 3 months. The flower season towards the end of winter is a busier time but generally, one night stays" (Cederberg Resort Manager).

"At the moment all of the municipal camping and caravan sites run at a profit with Onrus being the best performer. Some families have been visiting for generations and that relationship with the visitors is what keeps the sites going" (Director, Overstrand).

In terms of factors impacting the performance of the caravan parks, four points must be raised. First, is that the activity of caravanning is observed as markedly seasonal with the December-January period the most crucial for the overall operational performance of the parks and for their contribution to the local economy. In certain municipalities such as Cape Agulhas, there is a 21day minimum stay in December. In terms of job creation caravan parks provide a core of permanent jobs throughout the year. At Saldanha Bay, the number of job opportunities created by the caravan sector is not insignificant with 52 staff at the resorts variously for maintenance, managers, cleaning and gardening. It was explained as follows: *"There are mostly permanent workers at the resorts although temporary workers fill in when necessary mainly during the peak holiday season"*. At other municipalities, the seasonality of employment linked to caravan parks also was observed. The Agulhas caravan park manager observed: *"In season we have 6 to 8 workers to help with general upkeep and cleaning and 4 workers in the off season"*. Thus, during the seasonal peak season, the municipalities usually increase their staffing with the engagement of temporary workers.

Second, is that for all parks no permanent residence is permitted and generally the maximum occupancy is for a period of three months. The rationale for this was explained in one interview: *We have a maximum occupancy period of 3 months. It used to be longer but they found that long term residents would not pay the higher Christmas season rate and they would refuse to move out* (Overstrand Director). The three month period of maximum occupancy was a stipulation in most municipalities including Saldanha Bay, Cape Agulhas, Cederberg and Hessequa. One Saldanha Bay interview recorded that: *"No permanent caravans are allowed and the maximum stay is 3 months. There are houses on the premises that are rented out by owners from the municipality"* (Leentjiesklip resort manageress).



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Third, is that of the off-season role of South Africa's 'grey nomads', the pensioner and retiree market who sometimes are beneficiaries of low season cheaper rates. At Overstrand, it was observed that: *"We are looking at ways to overcome seasonality by offering pensioner rates. There are times when the parks are completely empty and maybe only have visitors over the weekends or irregular overnights who stop by on their way up the coast"* (Overstrand Director). Fourth, and very important, is the role that can be played by events and festivals for boosting the occupancy levels of caravan parks. The significance of events was for example noted at Saldanha Bay. For the Cape Columbine Nature Reserve, the Tietiesbaai manager reflected that that the nature friendly jazz festival – Jazz on the Rocks – takes place nearby and fills the park in February as well as stimulating return visitors at other times of the year and thus to strengthen local destination marketing.

Overall the most significant demonstration of the local recognition of the importance of caravan parks and camping occurred in the case of the municipal resorts of Cape Agulhas Local Municipality. In a detailed status quo assessment, which was prepared for the municipality it was stated as follows: "The inclusion of resorts forms an integral part of Council's strategy to promote local and economic development. Resorts in general is (*sic*) utilised as gateway to the municipal area especially among the middle to higher income classes" (Siyanda Business Solutions, 2019: 1). The additional spin-offs from the caravan sector for the local economy were further elaborated. It was reported: "This influx of people, especially during December/January and Easter, provides much needed financial stimulus to the business sector, while it could potentially also lead to future investments within the municipal area" (Siyanda Business Solutions, 2019: 1). In turn, the impacts for the municipality as well as the municipal area as a whole, albeit difficult to quantify, were seen as highly beneficial in this particular municipality. The local importance of the caravan parks was evidenced for this municipality by its marketing initiatives which includes a brochure highlighting the area's attractions for sea angling and proclaiming "Come and Enjoy your Holiday at the Southern Most Caravan Park in Africa!!"

Across the small towns of the Western Cape, however, the broad picture was of the existence of remarkably few linkages between caravan parks and tourism planning in large measure because of the aforementioned location of responsibility for park administration *outside* of tourism and thus within a department which had other more pressing 'core' priorities. Indeed, in terms of municipal administration relating to caravan parks the most striking finding was the partial or complete disconnect of caravan parks from municipal tourism planning. For example, at Saldanha Bay, with its seven caravan parks and a long-



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established focus on family caravanning, the municipal director observed: *“Currently there is minimal communication with the local tourism departments. The relationship can be a lot better as at the moment it is minimal. We want to work towards that relationship as the Tourism Department could help with the marketing of the resorts as destinations”*. In several municipalities, the point was made that local tourism committees focus primarily on marketing in relation to the private sector and give little attention to marketing for the municipal assets. For example, in the Cederberg local municipality the tourism committee *“is largely focused on accommodation and is not necessarily too interested in camping resorts. The focus of the committee is generally directed towards private entities and offerings. The Tourism Department is more focused on accommodation options and not necessarily camping. They never market municipal places. They complain if something is wrong but do not assist much or market. They are more like a police force to us”* (Cederberg Resort Manager).

The disconnect between caravan parks and tourism development was further evidenced in the case of the interview with Overstrand local municipality which manages four long-established caravan parks. In this local municipality, where the tourism sector is growing and relatively prosperous, the management of caravan parks is divorced from tourism and positioned in community services. A key issue in terms of the low prioritisation and budget allocation to caravan is that at present caravan parks are not flagged in the local Integrated Development Plan. As a consequence for budgeting and overall planning purposes caravan parks *“fall through the cracks”*. At this municipality, the negative implications of the disconnect between caravan park management in a changing market place with tourism is both acknowledged and under scrutiny. It was stated that *“At the moment Tourism looks after bookings and Community Services has the sites in their portfolio for maintenance. Clearly marketing (of parks) can be improved and the municipality is looking to get some help from District and using Xplorio to promote the sites. We are putting together a full campaign for Kleinmond. We need to keep up with the market and changes in customer preferences as people do not want to visit every year and just have the same facilities”* (Overstrand Director). This said, in the town’s local tourism strategy has no focus on camping. Overall, the need for restructuring of the responsibilities for management and maximisation of the assets of caravans is conceded. Arguably, *“it would make sense to have caravan and camping within the Tourism portfolio instead of just for marketing and bookings. There is a need to redesign portfolios as at the moment it is not sure who caravan and camping really belongs to”* (Overstrand Director). In addition, it was acknowledged that visitor numbers could be boosted by a closer relationship concerning the



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marketing of local events and festivals: *But the sites could do a lot better. We plan on looking at the Tourism economy and linking the parks to biker rallies, mountain biking events, festivals etc, link with schools and offer discounted rates for camps*” (Overstrand Director).

A theme of particular interest that was explored in the interviews was the extent to which outsourcing opportunities might exist linked to the caravan parks and which could provide opportunities for the entry and development of Black-owned SMMEs. The overall situation was that in virtually all municipalities most of the construction and maintenance work is done in-house. Nevertheless, certain opportunities do arise and the process is to use the municipal procurement system with the hiring of businesses run either by Coloured or Black persons. The process is explained for Saldanha Bay as follows. The resort manager takes responsibility for initiating maintenance, identifies the needs and sends through a procurement request for contractors to the council. If work is not done inhouse a municipal tender process is initiated and work outsourced and *“generally black and coloured small businesses from Saldanha that are registered on the municipal database will carry out the work”* (Leentjiesklip Resort Manager). Security is outsourced and runs through a tender process from the municipality”. At the Tietiesbaai resort, there are three full time staff *“but when it fills up we get more people from the municipality. These are mostly maintenance and cleaning jobs. Any business that is outsourced is done utilising the municipal system and municipal finance and procurement processes”*. At Cape Agulhas a similar work arrangement exists. The Cape Agulhas municipal director explained that: *“We have an in-house maintenance team that will work on the resorts. For big capital development jobs such as building work, we have a tender process where we advertise to contractors. Local workers are employed but if there is something bigger to complete than what we are capable of the work is outsourced to Bredasdorp for a team that does a wider range of maintenance. Outsourcing is through government tenders”*. At Saldanha Bay, the seasonal peak provides temporary opportunities for SMMEs. It was observed as follows: *“Over December a tender is put out for cleaning services and gate guards. It adds up to an additional 140 temporary job opportunities in the season. 95% of the contractors used within the parks are local. It upskills a lot of local workers that are then able to complete private work. A lot of contractors don’t perform well and this is an opportunity for Local Economic Development Department to develop them”*. Overall, therefore, in terms of Black SMME development, the network of caravan parks do provide a number of (mainly short-term) opportunities with the most significant long-term opportunities relating to the outsourcing of security.



The future development of and planning for caravan parks elicited a number of responses. Several options exist going forward for the management of caravan parks (Seaton Thomson & Associates, 2012). First, is a no change situation with municipalities continuing to manage the parks as they have been doing for many years. Second, is the option of privatisation and the selling off of assets which usually involves a change of land use often for commercial or residential development. Third, there is the option of institutional restructuring and of establishing a unit within the local municipality which would be dedicated to caravan parks. Finally, there is the option of the leasing out of parks to the private sector for a defined time period and on a tender basis. For many observers, last option is attractive and preferred as caravan parks are seen as “*not our basic service*” in municipalities. Nevertheless, as municipalities do not want to lose ownership of the property but instead want to get optimal return on investment the decision is often to outsource as the private sector lessee is mandated to upgrade and improve the parks in a way that municipalities do not have the funding to do so.

The interviews revealed that different options are under consideration and have been in many cases under discussion for several years. The mixed situation is evidenced as below.

At Saldanha Bay privatisation discussions have been ongoing for eight years particularly concerning the municipality’s most successful and best performing resort, namely the Leentjiesklip resort. Although it is observed that this is “*the only park to make profits*”, the “*municipality wants to sell all of the 7 resorts as Leentjiesklip is the only one making a profit most of the others run at a loss so they are trying to sell them all off as they do not want to sell them individually*” (Leentjiesklip resort manageress). This was echoed by the Saldanha Bay municipal director: “*Privatisation is still an ongoing process. People from the department in January 2020 are assisting the municipal manager with an ongoing report regarding privatisation options such as a lease or conversion to backpackers etc. We are hopeful for an informed recommendation to be made this year as to how they should move forward in order to gnat greater income. The Midwest Caravan park is currently being leased out and functioning as a resort.*”

At Cape Agulhas, a rethinking of options also is in progress. The Cape Agulhas director stated “*We are looking at privatising at the moment. Struisbaai, for instance, is next to the sea so it’s a very expensive property so the council would have to decide if they want to sell it. Takkieskloof in Hessequa is one of the municipal resorts that has been privatised through leasing and is now Dibiki Holiday Resort*”.



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At the Hessequa municipality initiatives have been launched to boost marketing of local resorts. The municipality is a member of the Western Cape Resorts Association to improve resort management and advertise with the outdoor Getaway Guide, the “Wegsleeper” as well as the Garden Route Explorer website. It was argued that *“We want to engage with the tourism department on how we can better promote the caravan parks and come up with a more effective marketing model. I think if we really want to develop we must work more closely with the tourism department and have things like events”*. The shift to leasing and privatisation has focussed on the municipality’s least successful resorts. The Takkieskloof Holiday Resort in Hessequa was leased in August 2019. This resort was loss making leased to a private operator with the financial losses driving the decision to lease: *“It was in a bad condition with massive neglect of maintenance and in great need for refurbishments. Much of the resort was damaged”*. The decision to privatise is in many ways seen as a trial for this municipality. It was observed as follows: *“A work study report was completed in 2015/2016. Caravan parks were initially managed by the Department of Technical Services and that moved over after the report. The report suggested that the municipality should sell a portion of the Witsand Caravan Park and privatise it along with the Gouritzmond Caravan park. Takkieskloof was recommended to be sold and Preekstoel should be closed down during the year except for peak season (Easter and Christmas). Council didn’t implement all of the suggestions and were selective. Takkieskloof has become their first ‘guinea pig’ as it was the first resort that they have ever leased out. They needed a contractor with experience and didn’t want to lease it out to anyone who didn’t have experience with resort management and operations. The lease is a 30-year lease. All construction falls back to the municipality upon the lease ending”*.

At Cederberg, no resorts have been sold during the past five years. Nevertheless, according to the resort manager, one resort at Clanwilliam Dam is under threat as the dam is to undergo renovations and upgrades and renovations which may cause the resort grounds to be underwater. It was observed, however, that the number of operational resorts in this local municipality has been cut with one resort decommissioned resort because it was not being used. It was in a state of disrepair and *“vandalised like hell”*. This said, the manager asserted that for this small park with 44 sites: *“I have proposals for it and I keep on mentioning these in my reports but I haven’t had much success. December is always fully booked and as a town, we have to turn tourists away because we can’t accommodate them. The recommendation is to build chalets on the decommissioned resort because many people prefer chalets over camping”*



Finally, at Overstrand, the issue of enhancing the performance of parks through linkages to the calendar of local events and festivals is under consideration. There is acknowledgement that the local camps are losing their competitiveness with the expansion of more upmarket facilities (including glamping) at private parks and the lack of budget funding that has been available for upgrading of local parks. Indeed, *“over the years little in the way of facilities has been added to the caravan sites”*. The municipality is engaged in a costing exercise looking critically at the profit/loss situation of each of its four parks. Under consideration are possible partnership ventures with the private sector and at Kleinmond are looking at awarding a 99-year lease including for diversified products such as glamping. No consideration is being given to the option of selling off the assets entirely. Overall, it was acknowledged that the municipality needed a better understanding of best practice for managing camping and caravan sites and of need for them to offer variety at the parks at all levels from upmarket glamping to affordable and more basic camping for the traditional caravan market.

6.4. Summary of Key Findings and Recommendations

- The international trend is that caravanning is part of a wider and changing sector of camping. This sector is shifting in its make-up with different segments, some linked to a low-cost offering but others much more upmarket in terms of facilities and offerings.
- The history of caravanning in South Africa shows that it emerged as a low cost or budget option for leisure. Over the past 30 years, however, South Africa has experienced a shift which parallels that in Europe, Australia and New Zealand with the shift towards upmarket offerings.
- The history of the development of caravan parks in South Africa shows from the 1960s government concern and support to extend the country’s tourism domestic market by offering low-cost options for budget family holidays (mainly oriented at the white market). The upward shift in the caravan segment has mainly been capitalised upon by the further growth of private sector caravan/camping grounds which in parts of the country have taken over from municipal owned caravan parks.
- In much of South Africa, municipal ownership parks have lost their significant role. The coastal province of the Western Cape is the largest focus for caravan parks, both private and municipal.
- In terms of SMME development, a small number of short-term opportunities currently exist with the only major long-term business opportunity being insecurity as most maintenance work is done in-house.



- Municipalities are currently struggling to manage appropriately and optimally the operations of municipal parks and many are considering options for privatisation through sell off or leasing parks to private investors.
- In terms of boosting performance, it is recommended that at minimum there is a need for much closer institutional relationships between tourism and the department which is responsible for management of caravan parks. At present, there is little connection. Another linked recommendation is to ensure a higher profile for caravan parks in municipal IDPs for budgetary provision. Finally, there appear obvious benefits for developing a closer relationship with tourism in terms of local event and festival planning.

7. CONCLUDING ANALYSIS AND RECOMMENDATIONS

This project began two years ago to examine the potential for state assets to be leveraged for supporting Black SMME development in tourism either directly as tourism entrepreneurs or indirectly through the value chain. The latter channel would be supported potentially by interventions in terms of procurement policy by government entities. The project was built upon the observation that in terms of supporting tourism SMME development by Black entrepreneurs since 2000 a series of well-meaning interventions have been initiated by government but that the results of these endeavours have been somewhat disappointing. Among these various interventions had been supply-side measures in terms of improving access to finance, training and skills for potential or emerging Black entrepreneurs. Further support was given through improved infrastructure, the launch of business incubators as well as other initiatives to encourage supplier diversity or linkages.

It was against this backdrop of limited successes in terms of the growth of Black-owned tourism enterprises that this investigation was launched. It set out to investigate the use of state assets and most especially the possibilities for public procurement to 'make a difference' in terms of SMME development opportunities linked to tourism by Black entrepreneurs. The project has involved 5 sets of empirical studies which relate to:

- Leveraging of assets in a major nature reserve: Pilanesberg National Park and Addo Elephant Park;
- Leveraging of local municipal assets: Overstrand Local Municipality and King Sabata Dalindyebo Municipality; and



- Use and leveraging of one widespread municipal asset countrywide: the thematic study of caravan parks.

The conclusions and recommendations below relate to findings for the project as a whole – in other words to these five studies. Specific conclusions and recommendations have been provided for each of the individual investigations at appropriate stages in the report.

Our major conclusions and recommendations for the project as a whole can be summarised as follows:

1. **The opportunities for SMME development linked to procurement for state assets are limited.** For those few entrepreneurs that have been fortunate in growing their businesses through procurement contracts the benefits of leveraging through procurement are welcome; if this number can be expanded through tweaking of procurement then that would be a positive step. But, the study revealed the numbers of these beneficiaries to be tiny, in part at least, as a result of the use of inhouse contracting of services as found in the local municipal studies of King Sabata and Overstrand as well as constraints on changing procurement processes in Pilanesberg National Park. An additional limitation from the study in Pilanesberg was of the lack of interest of local SMME entrepreneurs in working with government and the essential disconnect of the local SMME economy from the tourism industry as a whole. Arguably, this lack of interest was linked to lack of trust in government and to issues of corruption which emerged most clearly in King Sabata and hinted at strongly in the North West study. In addition, another critical explanation for lack of interest was that government takes an unacceptable long time to pay contractors and that small businesses often simply do not have the cash flow to wait for 3 months before being paid.
2. **The limitations on procurement as a vehicle for leveraging opportunities are made worse by weaknesses relating to tourism and local economic development planning.** In the municipal studies of Overstrand and King Sabata, a common finding was that local government either did not understand what was needed to support tourism development or was not particularly committed to actively support tourism development. This finding coming from one of South Africa's most well run municipalities – Overstrand – is striking. Often the introduction of well-meaning policies proposed for tourism development were not implemented variously for reasons of funding, lack of local support, lack of entrepreneurialism by local council or lack of ability to implement because of capacity issues in relation to human resource development. The



problems relating at municipal level to maximising tourism as a vehicle for local economic development thus emerged strongly throughout this investigation.

3. **The disconnect between institutional planning for potential tourism assets and local economic development was most strikingly revealed in the thematic study of caravans.**

The existence of caravan parks or camping sites is one of the most common municipal assets around the country. Many of these parks have not been well maintained and in many municipalities consideration currently is being given to disposing of these assets entirely. A critical finding from our investigation was that the management responsibility for these potential tourism assets was not always linked to tourism (or LED) but instead to Departments such as parks and recreation management or community services which have very different priorities (particularly for financial resources) with the consequence that caravan parks are often the least important. This location of the responsibility for caravan parks *outside of tourism* certainly limits the prospects for these potentially valuable assets to be applied and linked to overall local tourism development.

4. **The under-performance of municipalities in relation to maximising the impacts of potentially valuable tourism assets cannot be understood only as the result of problems linked to the municipal level**

and inability to implement local economic development. In both the Overstrand and King Sabata studies it was evident that the maximisation of municipal assets was in many cases constrained by the fact that assets were *in* but not *of* the municipality. Constraints were imposed on municipalities often by the fact that assets in those municipalities were either managed/controlled by other tiers of government or by parastatal agencies. Efforts to use assets for tourism development thus were stymied by lack of inter-government cooperation or ambiguity as to which level of government was responsible.

5. **The major conclusion that comes out of this study – and which runs through all the empirical investigations – is of the under-performance of state assets in relation to inclusive tourism development.**

Leveraging the possibilities linked to public procurement for black SMMEs are reduced considerably in circumstances where as a whole valuable state assets are underutilised at best, or neglected and in a state of deterioration in a worse case scenario. Put simply, it is argued that valuable potential state assets which could bolster tourism development and SMME development opportunities across South Africa are not being



maximised. This was shown to be the case in Pilanesberg, King Sabata (a declining tourism destination) and even at Overstrand which has a vibrant local tourism economy.

6. **Overall, we argue what this points to is the fundamental need for improved asset management for tourism and for the development of an asset management framework specifically for tourism assets in South Africa.** A valuable starting point for such a framework was made by the preparation some years ago by the Department of Tourism of its national register of tourism assets. This asset base is partial, however, albeit it provided the starting point for our research study.
7. **Knowing what local tourism assets are is only a first step towards maximising such local assets for tourism development and SMME opportunities.** In many municipalities, however, it is evident that such knowledge and appreciation of local tourism asset potential is only poorly developed as is indicated by large gaps in the Department of Tourism data base. But there is a need to go beyond an audit or inventory of tourism assets. **Arguably, there are critical sets of issues around the strategic management of these assets which requires the development of an appropriate asset management framework specific for tourism.**
8. **At the international level, much interest surrounds questions of state asset management and in particular of municipal asset management.** This interest has expanded considerably particularly since the 2008 global financial crisis which reduced government budgets in many parts of the world putting a premium on efficient use of local resources and assets.
9. **Although asset management applies across all levels of the state – national and sub-national - for the tourism sector the municipal level is especially important.** As is stressed by Timothy (1998) local governments generally are considered the best suited to coordinate tourism development at the local level. This position is supported also by Ruhanen (2013: 82) that “local governments are often best placed to support tourism development within a destination due to their local knowledge; something that is often lacking in distant capital cities and among leaders who are less familiar with regional cultures and local conditions”.
10. **An asset management framework for tourism would be an important basis for improved planning for tourism development of destinations.** In terms of SMME development, a well-functioning asset management framework would complement the range of other support



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interventions – finance, skills, business incubators – which have been introduced in recent years by Department of Tourism. In addition, such a framework might highlight opportunities in the life cycle of assets that might be taken up by emerging entrepreneurs and potentially through leverage of public procurement.

11. **An asset management framework would be a platform for supporting local economic development planning for tourism.** In particular, it would be a support for much needed 'place-based development interventions' which are anchored on use of endogenous or local assets.
12. **In final analysis, therefore, it is recommended therefore that the Department of Tourism lead an initiative for the development of guidelines for local governments in South Africa on strategic asset management linked to tourism.** The preparation of such guidelines would be informed by 'good practice' which can be drawn from the international experience as well as be aligned to the Immoveable Asset Management Framework which has been put forward by the Department of Public Works. It would need to be cognisant also of the challenges of lack of alignment of different tiers of government in relation to the management of tourism assets.



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