

TOURISM THIRD PAPER

Proposed Interventions

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1 Introduction and background

The Western Cape Provincial Department of Economic Development and Tourism is developing a microeconomic strategy for selected industries in the Western Cape. Part of this exercise is the development of a microeconomic strategy for the tourism industry in the Province.

The tourism industry is a sector that has already been the focus of policy at national, provincial and local level. The consequence of this is that there is a substantive amount of policy documentation and other literature on the tourism industry as well as multiple role players. Because of this a three stage process has been followed in the research into the tourism industry.

Stage 1 accessed, assimilated and synthesised recent policy documentation on the tourism industry at national, provincial and local levels. This first part of the research reported on these policies and other relevant research as well as giving a macro perspective of the tourism industry.

Stage 2 followed a consultative process where key role players in both the public and private sectors were interviewed to determine their views on the tourism industry in the province. Here the intention was two fold. First was to elicit opinions on the strengths, weaknesses, challenges and opportunities for the industry or sub-sectors of the industry. Second was to begin to identify the major critical issues relevant to the industry.

The objective of this, the third stage of the research is to develop some of the detail of the key interventions that have been identified and outline some of the other interventions. In this regards it is important to state that this document must be read in conjunction with the first and second report and not be seen as a stand alone document.

This report starts by briefly describing the four key interventions and the important integration of these interventions. The four key interventions are then outlined in more detail. The report closes with a description of other

interventions that were identified during the course of this study. Cost estimates of interventions have been made where ever possible.

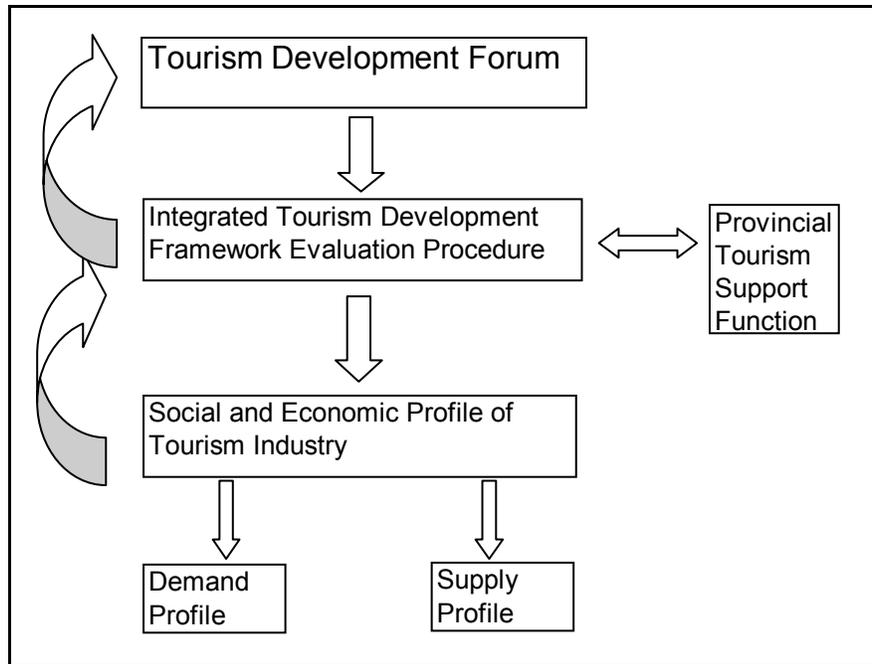
It must be stressed that it has been possible to provide detail with regard to two of the key interventions. The remaining two are only partially outlined. The reason for this is that these interventions need considerable input from personnel in the Department of Economic Development and Tourism at PGWC. To date there has been some input but time constraints prevented adequate inputs. This report should therefore be seen as being part of an ongoing process rather than a definitive statement on the identified interventions.

There are potentially four key interventions that Province could undertake. These are:

- Establish a Provincial Tourism Development Forum
- Develop a procedure for prioritising interventions identified through the ITDF
- Establish a statistical profile of the industry
- Establish a Provincial Support function for District Municipalities, towns and LTAs that lack capacity

It is proposed that these four interventions should be seen as integrated interventions rather than four independent interventions. The vision for the integration of these interventions is illustrated in the figure below.

There is a need for a Tourism Development Forum (TDF). This forum will bring together key institutional and private sector role players and work to enhance efficient and integrated development and policy formulation and decision making.



The second of the interventions is the development of a procedure for evaluating all of the proposals that have been made in the Integrated Tourism Development Framework (ITDF) in order to inform decision making by Province and the Tourism Development Forum. Hence there will be considerable interplay between the TDF and the ITDF.

The third of the key interventions is the need to develop an adequate and up to date social and economic profile of the provincial tourism industry. This should consist of both demand and supply side profiles. This intervention is important not only because it will give decision makers important market intelligence but it will also give feedback on the impact of interventions identified in the ITDF.

One important aspect of the socio economic profile of the industry will be the interaction between evaluation procedure and the ongoing statistical profile of the industry. Changes in the profile of the industry, particularly the geographic profile, can be attributed to some extent to specific interventions. This has three aspects. First, an appropriately structured survey of tourists will be able to gauge the extent to which a specific intervention has led to changing tourist trends. Second, once the changing trends are isolated, the

supply side profiles will help in determining the extent to which specific interventions have matched up to their key performance indicators. Third, it will assist with making more informed decisions about future interventions

Sited parallel to this process is the fourth of the key interventions and that is the need for some form of provincial tourism support for district municipalities and local authorities who currently lack capacity to development tourism related business plans and implement strategy. Hence such a function will enhance projects and interventions implemented at district or local level. It has been indicated by Province that this is not a tourism specific function and can be done through the existing Economic Development units.

In addition to these key interventions there are also a number of other interventions that Province could undertake. These include:

- There is a need for a way of showcasing the products produced in the Western Cape for the purposes of growing the market and increasing the product portfolio of the Province.
- The Province is already actively involved in transformation in the industry. Here both new interventions are proposed as well as a strengthening of existing interventions.
- Province should address the problems identified with administered prices.
- A variety of transport issues have been identified. It is not clear to what degree Province can intervene in this area but these are major constraints and do need to be addressed.
- Province needs to liaise with national departments with regard to a number of issues that potentially constraint the industry

2 Key interventions

This section of the report outlines some of the detail of the four key interventions that have been identified.

2.1 Provincial Tourism Development Forum

It became clear during stage two of this study that there is potential to improve administrative efficiencies in the industry. To this end it is proposed that a forum should be established that will assist in increasing communication between the role players in the industry. The forum could be called the "Tourism Development Forum" or "Tourism Policy Forum". For the purposes of this document it is called the Tourism Development Forum (TDF).

This intervention has not been developed in detail because of the need to interact with Provincial officials. This is a process that will take place after this draft report has been submitted. However some suggestions are outlined below.

It is proposed that the TDF be structure along similar lines and learn the lessons of the Tourism Business Forum (TBF). The TBF was established in 2001 and involves members of the Western Cape chapter of SATSA, DEDT, TEP, DMO, CCDI and others. The focus of the TBF is on the development and growth of entrepreneurship in the provincial industry. This forum has had a number of remarkable achievements. It has allowed all role players a clearer understanding of the roles and responsibilities of each of the partners. It has made the space available for each partner to express their constituency's interest frankly and openly. It has provided the platform where common problems have been turned into industry opportunities.

The TDF can play a similar role as the TBF but with more/different partners and with different objectives. Where the TBF focuses on project specific and micro issues the TDF could focus on macro and policy issues. In particular

the TDF could be used for an aggressive rollout of the policy interventions that have been identified in the Integrated Tourism Development Framework.

The proposed partners of the TDF could include DEDT, City of Cape Town ED&T, district municipalities, major local authorities, other local authorities who express interest, SATSA, Fedhausa and GHASA. Consideration should also be given to including national departments like DTI and DEAT as well as the DBSA.

Again learning the lessons from the success of TBF this forum should facilitate open and frank discussion between members. To this end the services of a professional facilitator might be needed. A further lesson to be learnt is that the frequency of meetings should be dictated by the needs and development of the forum. Quarterly meetings are proposed with more frequent meetings occurring only as the need arises. There might be the need for subcommittees to be formed for issues that are pertinent only to select numbers of partners.

a Cost estimates for the intervention

It has not been possible to provide detailed costs in the absence of further interaction with Provincial officials. However this intervention is not expected to have major financial implications although it will require time from Provincial officials and other role players. The Forum will require secretariat support which will have limited financial implications. There will also be limited financial implications if the services of a professional facilitator are needed. Officials from District Municipalities and local authorities will have to travel to meetings. This will incur travel costs and, in some cases, subsistence and accommodation costs. In a partnership of this nature these costs could be expected to be borne by the partners themselves.

2.2 Prioritising interventions identified through the ITDF

Many of the tourism policy documents propose a range of interventions from infrastructural to institutional with both quantitative and qualitative targets. It is proposed that political and managerial decision making about appropriate interventions can be assisted by the development of an evaluation procedure for prioritising interventions that have been identified through the ITDF.

There are a number of factors which such an evaluation procedure should take into consideration. These include:

- The likely marginal impact that an intervention will have on attracting tourists into the province, making tourists stay longer and/or having tourists spend more in the province.
- The number and types of jobs that will be created.
- The promotion of small enterprises.
- The likely generation of income and the distribution of that income.
- The degree to which an intervention reduces income disparities across the province.
- The extent to which an intervention can leverage other funds.
- The capital and operating costs of the intervention.
- The broader social impacts of interventions.
- The environmental impacts of interventions.

One possible methodology is to develop a triple bottom line model that takes into account financial and economic returns (including leveraging), social returns and environmental impacts.

a Economic and financial evaluation

The formal approach to determining financial and economic returns is to develop a financial cost benefit analytical framework. The financial cost benefit framework would take as its starting point the business plan of the intervention. It does however have to go further by making some estimates of the larger financial benefits (and costs if there are any).

The financial costs and benefit are subsequently transformed into an economic cost benefit analysis by taking into account shadow wages, shadow fuel costs, shadow exchange rates, taxes, and so on. By and large once the economic cost benefit framework is in place it should read automatically from the financial cost benefit inputs and need little in the way of adjustment when it is used for the analysis of other interventions.

It is appropriate, following from the financial and economic cost benefit analysis to develop a stakeholder analysis. For the purposes of this exercise the stakeholders are likely to be national government, provincial government, local government(s), firms and households. There is potential to further disaggregate households and firms into relevant subcategories.

The stakeholder analysis should be done at both the financial and economic level. Essentially what the stakeholder analysis is doing is taking the financial and economic costs and benefits and apportioning then across all interested parties. Such an analysis will show who bears the costs and the benefits of any proposed intervention.

One important aspect of the stakeholder analysis is that it will highlight the costs to Province of any intervention and the extent of leveraged funds. This is clearly an important output for the decision criteria.

Finally, the economic and financial analysis can be concluded by making use of the national input output tables. This will allow for an assessment of the

multiplied impacts of any proposed intervention and determine the likely contribution to GDP, GGP, income taxes, indirect household income, etc.

b Social evaluation

The second leg of the triple bottom line approach is to estimate the likely social impacts of any proposed intervention. Part of the social impacts can be gleaned from the stakeholder analysis by focusing on the demographic and geographic distribution of the costs and benefits of any proposed intervention. An additional approach would be to use an existing social accounting matrix to determine the multiplied benefits to people within different income categories. In addition to this a number of other social criteria can be established which could include job creation, promotion of SMMEs, promotion of previously disadvantaged people, community pride, etc.

c Environmental evaluation

The final leg of the triple bottom line approach is to take account of any potential environmental impacts of a proposed intervention and the degree to which the intervention is environmentally sustainable. This assessment is likely to have at least three dimensions. The first is the degree to which the first round of the intervention has environmental impacts. Some interventions, like promotion of routes, are likely to have little impact in the first round. The second is the degree to which increased tourist numbers may create environmental damage or degradation. If such damage is not sustainable, mitigation measures will need to be identified and evaluated. The third dimension is the environmental impact of firms that supply tourist needs (hotels, guesthouses, restaurants, etc) and, in turn, the suppliers to the industry itself.

d Information constraints

It will be recognised that there will be challenges in collecting all the information that will be necessary for such analysis. Initially one way of tackling the issue is to follow a so-called 'second best' approach where as much information as possible is collected. Over time it should be possible to gradually improve on the information collection process. This can be done by monitoring the impacts that interventions have on the behaviour of tourists as well as on the changing socio economic profile of the industry. In so doing we will be in a better position to judge the likely impacts of future interventions.

e Comparative analysis

What has been described above is a procedure for determining the overall impact of a specific proposed intervention. What should follow from this is a comparative means of selecting between competing interventions. It is proposed that the way forward is to select a limited number of interventions as proposed by the ITDF and submit them to this means of analysis. After such analysis the interventions can be compared against each other through the triple bottom line approach.

f Cost estimate for the intervention

The cost estimate for the intervention is given in the table below. The cost estimate has been made for the analysis of ten identified interventions. Any future analysis should cost less than the estimate below because the evaluation framework will be in place and will not need to be repeated. In all possibilities there will also be increased efficiencies in future iterations of the work.

Cost estimate for evaluating ten interventions identified in the ITDF					
	Days	Cost @ R3,500 per day	Travel costs	Subsistence	Total cost
Development of evaluation framework					
Financial cost and benefits	10	35,000			35,000
Economic costs and benefits	5	17,500			17,500
Stakeholder analysis	10	35,000			35,000
Macroeconomic impact	4	14,000			14,000
Social framework	8	28,000			28,000
Environmental framework	10	35,000			35,000
					-
Identification of ten interventions					
ITDF review	4	14,000			14,000
Meetings	2	7,000			7,000
					-
Data collection					
Establishment of financial costs and benefits	70	245,000	70,000	56,000	371,000
Identification of social impacts	30	105,000	30,000	24,000	159,000
Identification of environmental impacts	40	140,000	40,000	32,000	212,000
					-
Analysis					
Population of analytical framework	20	70,000			70,000
Scenario analysis	8	28,000			28,000
					-
Report writing					
Draft report	15	52,500			52,500
Final report	5	17,500			17,500
					-
Total cost					1,095,500
VAT					153,370
					-
Final cost estimate					1,248,870

2.3 Establish a statistical profile of the industry

PGWC needs to have a holistic understanding and appreciation of both the demand and supply sides of the tourism industry in the Western Cape. At any one time there are a variety of factors that determine the number of tourists that come to the province and how much and where these tourists spend. These factors include:

1. The state of the national and world economies.
2. The cost of the visit. This is determined by both local price levels as well as the strength (or otherwise) of the Rand.
3. Competition from other locations, both national and international.

4. Unexpected political and social shocks as well as acts of God.
5. The degree to which the visit matches the expectations of tourists.
6. The degree to which tourists are repeat visitors (or likely to become repeat visitors).

In order to facilitate its work, PGWC needs to have a clear idea of this set of forces with a view to determining the constraints and opportunities and deciding which interventions will be successful in promoting the industry.

a Purpose of establishing the statistical profile

The overall purpose of establishing the profile is to provide PGWC with a growing understanding of the tourism industry in the province. To this end there are three dimensions.

1. The first is to generate a baseline profile of the existing supply side of the industry. This will enable an assessment of assets and asset location as well as illustrate the demographic and geographic profile of the industry.
2. The second is to construct an accurate profile of the demand side of the industry, focussing on both numbers and spending as well as on lifestyles and preferences.
3. Finally there is a need to ensure that the profile is developed in such a manner that changes in the industry can be monitored over time. In this way the socio economic profile can be integrated with the evaluation procedure described above and inform the accuracy of the evaluation of future interventions. In addition to this there will be a growing understanding of the many dimensions of the industry. It can be expected that the nature of the information will also change as these dimensions unfold.

b Supply side profile

The supply side profile is largely a socio economic profile that should explore:

1. A profile of the industry by sector and sub-sector. The profile must indicate details like size of firm, number of firms per sector, geographic distribution of the industry, etc.
2. For the accommodation industry, number of beds by type, occupancy rates, costs, etc.
3. A demographic ownership profile of the industry.
4. A profile of jobs by sector, sub-sector, skill level / occupation, skill/education level, gender, age, etc.
5. An assessment of the type of customer profile using each of the different types of assets in the industry and the degree to which the profile is changing.
6. An assessment of the use of the assets (by type) and the seasonality of this use.
7. An assessment of the constraints on growing and transforming the industry. Are the constraints due to lack of demand (whether domestic or international), lack of skilled labour, competition, lack of managerial capacity, lack of finance, lack of training, lack of or inappropriate incentive schemes, labour regulation, role of industrial relations in the labour market, etc?
8. A profile of vacancies. Where are the vacancies? What are the positions that are vacant? What constraints do these vacancies impose on economic growth and development? What is the flexibility between demand for labour and vacancies? While this focus will identify skilled shortages, the intention is to assess the degree that vacancies for skilled positions constrain the creation of less skilled jobs.

9. The current and possible future impact of HIV/AIDS on the industry.
10. The degree to which tourism contributes to local incomes. This is important because in some places, Knysna for example, many of the retail outlets are dependent on tourists. Hence while retail is not likely to be evaluated as part of the supply side profile this measure will at least flag its importance outside of the direct tourism supply industry.

c Demand side profile

There is a need for a demand side profile of the industry that will explore:

1. How many tourists come to the province, where they stay, for how long and what they do while they are here.
2. The life style of visiting tourists and what their preferences are.
3. Whether they are repeat visitors to the province and what could make them repeat visitors.
4. The degree to which pricing, exchange rates, competition from other destination and other factors influenced their decision to visit the province and the likelihood of them returning.
5. The degree to which new tourism interventions and initiatives influence tourist behaviour and spending.

d Methodology

It is proposed that the process have a number of elements. Each of the elements is described below.

The first element of the study will establish the availability of current information.

On the demand side there are some available sources of information. These include Statistics SA, SA Tourism as well as the Global Competitiveness

study. SA Tourism needs to be approached (by PGWC) for access to their databases.

On the supply side there is also some information available although this is more limited. Fedhaus has accurate information on the hotel industry. GHASA has some information on the guest house industry. Province has information on small business in the industry. SATSA will also be an important source of information. DataVision have also done work in this area and their expertise should be drawn upon.

Element 2 will take cognisance of the results to stage 1 and develop the profile of the industry.

Supply side – socio economic profile. The supply side of the statistical profile will bring together the available information and identify all the information that is missing for the purposes of the full socio economic profile. A list of the missing information must be compiled. In conjunction with the district municipalities and, where necessary, local authorities decisions must be made on the estimated sample size that is needed for a representative survey. This sample size will be decided geographically and by sub sector. At this stage a number of questionnaires are to be developed where each questionnaire is aimed at a particular sub sector of the industry.

Parallel to this process the output part of the study must be designed. The output part of the study will consist of a database model (in MS Excel or Access) with sufficient flexibility to be able to clearly show the socio economic profile of the industry with sector and sub-sector detail as well as with demographic and geographic detail. The output part of the study must also be designed so that future survey data can be incorporated and the time dimensional changes illustrated with respect to the sector and sub-sectors as well as the demographic and geographic changes.

At this point the questionnaires are tested by means of a limited survey and the results inputted into the output model. The purpose of this is to

interrogate the questionnaires to ensure that the correct questions are being asked and that questions are not ambiguous or confusing. Once this is complete corrections to the questionnaires are made and the full survey is undertaken.

Demand side profile. The demand side of the statistical profile will bring together the available information identified in Stage 1 and identify information that is needed for the purposes of the demand profile. The list of the information must be compiled in conjunction with experts in market research.

It will be necessary to liaise with SA Tourism and Statistics South Africa to determine the degree to which their unpublished data can address missing information. In addition to this, further consultation is needed to determine whether the necessary information would be more efficiently collected by SA Tourism and whether they would be willing to undertake this function. It is very likely that most of the provincial specific domestic tourism information will have collected by Province.

As with the development of the socio economic profile, demand side information collection must be done in tandem with the designing of the output part of the study. The output part of the study will consist of a database model (in MS Excel or Access) with sufficient flexibility to be able to clearly show the demand profile of the industry with sector and sub-sector detail as well as with demographic and geographic detail. The output part of the study must also be designed so that future survey data can be incorporated and the time dimensional changes illustrated with respect to the sector and sub-sectors as well demographically and geographically.

It is not clear if the responsibility for the collection of demand side information is that of PGWC or of Cape Town Routes Unlimited. What is clear is that there is a need to consolidate the demand and supply information in order to determine the degree to which demand side changes are affecting

socio economic profile of the industry and the degree to which new tourism initiatives are influencing tourist behaviour.

The **third element** of the intervention is to conduct the surveys on a sufficiently regular basis that important trends can be identified and acted upon. It is expected that the demand surveys should be conducted at least twice a year. The socio economic profile surveys should be conducted yearly or biannually as a minimum. In addition to this there is the need for a monthly demand side 'barometer'. This could be done through a brief standing questionnaire of a limited number of tourist facilities. The purpose is barometer is to give ongoing feedback on trends in the industry.

e Cost estimate for the intervention

The cost estimate for the intervention is given in the table below. Any future analysis should cost less than the cost estimate below because the database models will be in place and will not need to be repeated. In all possibility there will also be increased efficiencies in future iterations of the work.

Cost estimate for establishing statistical profile of the tourism industry

	Days	Cost @ R3,500 per day	Travel costs	Subsistence	Total cost
Establish current information					
Literature search	2	7,000			7,000
Liase with SA Tourism	2	7,000	3000	1600	11,600
Liase with Statistics SA	2	7,000	3000	1600	11,600
Liase with private sector industry bodies	8	28,000	3000	4000	35,000
Analysis	8	28,000			28,000
Report writing	5	17,500			17,500
Supply side analysis					
Establishment of database model	10	35,000			35,000
Consultation	3	10,500			10,500
Finalization of model	4	14,000			14,000
Supply side surveys					
Questionnaire development	12	42,000			42,000
Testing of questionnaire	10	35,000			35,000
Finalization of questionnaire	2	7,000			7,000
Liase with DM and local authorities	20	70,000	20,000	16,000	106,000
Conduct surveys	75	262,500	75,000	60,000	397,500
Input data into database model	15	52,500			52,500
Analysis	5	17,500			17,500
Reports on supply side					
Draft report	12	42,000			42,000
Final report	2	7,000			7,000
Demand side analysis					
Establishment of database model	10	35,000			35,000
Consultation	3	10,500			10,500
Finalization of model	4	14,000			14,000
Demand side surveys					
Questionnaire development	12	42,000			42,000
Testing of questionnaire	10	35,000	10,000	8,000	53,000
Finalization of questionnaire	2	7,000			7,000
Conduct surveys - January	50	175,000	50,000	40,000	265,000
Input data into database model	15	52,500			52,500
Analysis	5	17,500			17,500
Conduct surveys - July	50	175,000	50,000	40,000	265,000
Input data into database model	15	52,500			52,500
Analysis	5	17,500			17,500
Reports on demand side					
Draft report	12	42,000			42,000
Final report	2	7,000			7,000
Total cost					
					1,757,200
VAT					
					246,008
Final cost estimate					
					2,003,208

2.4 Provincial Support Function

There are many LTAs, smaller towns and some district municipalities that lack the capacity to develop tourism strategies or implement existing strategies. Province can address this problem by establishing a Provincial Support function that will lend advice and support, give guidelines, relevant contact details for funding, skills training and awareness programmes.

This intervention has not been developed in detail because of the need to interact with Provincial officials. After feedback from Province it was indicated that this is not tourism specific function and could be handled through the existing Economic Development Units. Nevertheless some suggestions are outlined below.

The objective of this intervention is to empower and grow capacity at those district municipalities and local authorities that currently lack such capacity. Therefore if this intervention is successful and capacity is developed then the need for the provincial support function will gradually decline. With this objective in mind a number of models or combination of models present themselves.

The first model is a dedicated team in DEDT, who are newly appointed or promoted with the expertise and experience to undertake this function. The advantage of this model is that it is centralised and that all role players can be informed and will know where to go for help. There are at least two disadvantages to this model. The first is that helping DM officials is not the best way of empowering them. Helping them help themselves is a better way. The second is that if the team is successful and does empower DM officials then the need for the team falls away and we encounter problems of retrenchment or redeployment.

The second model, which is a variation on the first model, is to use the services of consultants to act as mentors rather than a dedicated team employed by DEDT. This model overcomes the potential retrenchment issues.

Third, is to have a model of appointing dedicated people to DM and local authorities where there is co-funding of these posts between Province and the relevant DM or local authority. The people appointed to these positions will already be well versed in the skills that are needed to grow the tourism industry at DM or local authority level. The advantage of this model is that it will put relevant skills directly into DMs and local authorities. There are however a number of disadvantages. These include potential vested interested in DMs and local authorities and the resultant lack of cooperation; significant budgetary implications for Province; and the challenge for the person appointed of having two bosses.

Fourth, is to use the existing Tourism Help Desks (THD) to fulfil this role. The advantage of this model is that the THD exist already and this would become another of their functions. The disadvantages include potential overload on the THDs; and potential lack of capacity in some of the THDs.

Fifth, is to make use of the existing Economic Development Units. This will require additional resources.

a Cost estimates for the intervention

It is difficult to make cost estimates without having finalised the intervention. However a cost estimate is made for an intervention which is a hybrid of the first three models. The hybrid has the following form:

- A single person is appointed at deputy director level at DEDT to coordinate the support function. Cost of R500,000 pa.
- A limited number of personnel are co-funded with those DMs and local authorities that lack capacity. Possibly eight to ten in all. This with co-funding from Province of R200,000 per person would cost about R2m
- Finally, in the early stages of the intervention make use of the services of consultants to support the personnel appointed at DMs and local authorities. Total annual cost of R2m but declining over time.

Total estimated cost of the intervention is R4.5m per annum and declining over time.

3 Other interventions

A range of other interventions have also been identified although these are either not considered as important as those listed above or are important but are once-off interventions. These are presented in sequential order based on the issues identified in the second report.

3.1 Showcasing Cape Product

For the purposes of growing the market and increasing the product portfolio of the Province there is a need for a way of showcasing the products produced in the Western Cape. These products could include art, craft, food, wine, cabinet making, etc. This showcasing will need a physical space located which could be located prominently in the City and/or could have regional branches or franchises.

It is not the role of Province to fund such an intervention. Rather it is the private sector that should fund such a showcasing venture. Province could however facilitate the establishment of such a showcase by raising the prominence of the intervention with players in the private sector.

In consequence little, if any funding is required from Province for this intervention. What is required is a deputy director who is willing to act as a champion for this intervention.

3.2 Transformation

The Province is already actively involved in transformation in the industry. Here both new interventions are proposed and a strengthening of existing interventions. The strengthening of existing interventions should be directed at increasing entrepreneurship to facilitate transformation. This has already shown success and should be encouraged in every way.

There are two potentially new interventions. These are:

- Investigate the establishment of craft, jewellery and cabinet making cooperatives. This is a research project that should be outsourced to a consultant(s) who is experienced in both cooperatives and in the craft industry. The objective of the investigation would be to determine if such cooperatives are feasible, what the constraints are and whether they could help grow these industries. Estimated cost of such an investigation would be about R100,000.
- Initiate research into extended beach tourism. This investigation would explore the costs, benefits and feasibility of the province positioning itself as an international destination for beach tourism. It also needs to explore the attitudes of local residents to extended beach tourism. Estimated cost of such an investigation: about R300,000.

3.3 Administered Prices

There are a number of administered prices under the control of government and Province that are problematic for the industry. These relate specifically to Robben Island, Cape Point entrance fees, the Cape Point funicular and Boulders (excluding Table Mountain cable way). Three issues were raised by tour operators:

- The charges are too high relative to other attractions in the Cape.
- Price increases are given without warning or with insufficient warning. Tour operators enter one year contracts with clients. Government typically gives 30 days notice of price increases
- Operators have to buy bulk tickets in advance and therefore lose interest. There is no facility to open an account.

Province should investigate these issues. One area that should be relatively simple to address is the short notice period that government controlled facilities give about tariff increases.

There do not appear to be any budgetary implications for this intervention.

3.4 Transport constraints

A variety of transport issues were identified in the second report. It is not clear to what degree Province can intervene in this area but these are major constraints and do need to be addressed. Three areas in particular need attention. These are inadequate and non tourist friendly public transport, an efficient transport system between the City of Cape Town and the airport; and an investigation into the increased use of trains for the purposes of tourism.

3.5 Research into seasonality

Seasonality is a well know problem in the tourism industry. Province should sponsor research into the dimension of the problem and potential solutions not just in the industry but in the economy of the province as a whole. It is important to recognise that seasonality is broader than just tourism. At a minimum it also affects fishing, farming, wine and tourism. The consequence is that it affects all economic targets in the province because so much work is seasonal. This is likely to be a real economic problem for Province given all the backward and forward linkages. Seasonality is exacerbated because of belly cargo constraints. Available belly cargo is dependent on passenger aircraft. In addition, the constraint on air travel is due to the limited number of people travelling business class to Cape Town on international flights.

Estimated cost of such research could be in the region of R400,000.

3.6 Liaise with national department

One of the important roles that Province plays is to act as a liaison between industry and national government for those sectors that are a provincial competency. Three areas have been identified where Province could liaise with national government departments to address identified constraints in the tourism industry. There do not appear to be any budgetary implications for Province from this liaison.

- Province needs to liaise with the DTI to speed up the processing of grants to guesthouse and B&Bs.
 - Province needs to liaise with the national Department of Transport to address the long delays in the issuing of transport permits for tour operators.
 - Province needs to liaise with national DEAT to draft amendments to existing legislation to ensure there is effective sanction for illegal tour guides.
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