SECTOR SKILLS PLAN

31 August 2007

The Sector Skills Plan is prepared by THETA
Corner Katherine Street & Rivonia Road, Sandhurst Office Park, Sandton, Gauteng, RSA
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Table of Contents

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AUTHORISATION OF THE SECTOR SKILLS PLAN: 2008 - 2009

We, the undersigned, hereby endorse and approve, on behalf of the Tourism, Hospitality and Sport Education and Training Authority (THETA) and Management, the contents of this Sector Skills Plan for the period 2008-2009. After comments and approval has been received from the Department of Labour (DoL), this Plan will be implemented by the Tourism Sector.

APPROVED BY:

SIGNATURE:

_______________________________________ Date: ____________________

THETA: Board Chairperson

SIGNATURE:

_______________________________________ Date: ____________________

THETA: Chief Executive Officer

SIGNATURE:

_______________________________________ Date: ____________________

Department of Environmental Affairs and Tourism:
Director General

SIGNATURE:

_______________________________________ Date: __________________

Sport and Recreation South Africa:
Head of Department

EXECUTIVE SUMMARY

In March 2005 the Department of Labour launched the National Skills Development Strategy 2, 2005–2010 (NSDS 2), to further address national skills priorities and provide guidelines for the implementation of the Skills Development Act (SDA) and the Skills Development Levies Act (SDLA). The NSDS 2 aims to drive skills development across all sectors of the economy. The Sector Skills Plan (SSP 2008-2009) will lay the framework for implementation of appropriate skills for the next three years of the strategy and therefore is an important tool for service delivery.

Sector Profile

Tourism gained prominence in the country's efforts to accelerate growth and development. The current national strategy for the Accelerated Shared Growth Initiative for South Africa (AsgiSA) and the Joint Initiative for Priority Skills Acquisition plan (JIPSA) identify and prioritise the Tourism industry and skills development initiatives.

The current employment profile provides an indication of the skills profile in the sector. The current number of employees is estimated at 400 000 and about 100 000 are registered with THETA. The number of enterprises is estimated to be above 40 000 and about 20 000 are registered with THETA. Over 90% of the registered enterprises are SMEs and they employ less than 50. Less than 1 000 enterprises (1.8%) of the 40 000 enterprises pay the Skills Levy.

Demand for Skills

The Tourism, Hospitality, Gaming, Conservation and Sports industries are service industries and accordingly, these industries are relatively labour intensive, resulting in a constant need for skilled labour. Due to the evolvement of the sector, the sector is now experiencing a scarcity of skills. It is therefore important to identify the reasons for such skills shortages in order to come up with effective strategies to address them.

Data analysed from the Workplace Skills Plan (WSP) indicates that employment in the sector has grown by 7.2% in 2004, 14.3% in 2005 and 10.6 in 2006. The indication is that the entire industry employs less than 1% of the Disabled and 1.2% of learners seeking experiential learning. It is also observed that in 2005 62% of senior managers were white and 22% were black. One of the key objectives of the plan is to ensure a positive impact on social legacy through advancing the tourism competitiveness agenda to support objectives of creating jobs, growth and equity. The plan also lists key tourism challenges for 2010 including specific challenges for the Tourism SETA and therefore important for inclusion in the SSP.

Supply of Skills

An efficient and growing Tourism sector requires that the supply of skills matches the demand. At present, unfortunately, the stock of skills in this sector does not match the demand, and the flow and formation of skills is not optimally geared to remedy the situation or to meet the requirements of the near future. The following were considered to determine the supply of skills in the sector:

- **Employment and labour market issues**
  The lack of upward mobility is confirmed by the findings of the GCP Skills Review Report, 2004, as it states that progression in the Hospitality and Travel and Tourism sectors takes place over a fairly long time and is limited to a few individuals.

- **New entrants**
  The number of learners enrolled in training institutions, completed and employed.

- **Responsiveness to demand**
  The FET and HET Providers of Education and Training are faced with problems regarding the delivery of quality training according to the requirements of the National Qualifications Framework.

- **Availability of programmes to meet scarce and critical skills**
  There has been some concern that the courses run by tertiary institutions are too long and lack practical application.

Scarce and Critical Skills Identification

Scarce and critical skills have been identified by the Skills Audit Report and also captured in the WSP/ATR reports. The level of knowledge and skill required differs from chamber to chamber but certainly specialised training is crucial in most. Other priority areas identified include the provision and upgrading of management skills, particularly individuals from historically disadvantaged groups. What comes out of the analysis is that generic to all chambers is a lack of skills at managerial and more technical level. Skills such as leadership and management, business, marketing, languages, communication, information technology, financial management, customer service and adult education are classified as scarce and critical skills.

Small Business and Entrepreneurial Opportunities

The last chapter of the SSP includes a review of the SMMEs in the sector. Despite their exemption from paying the Skills Levy, they are the majority in the sector and are therefore very key in developing strategies and plans going forward.

Dealing with small businesses presents three broad challenges:

- Firstly, locating businesses that are able to provide goods and services of an acceptable quality.
- Secondly, providing medium-term support and capacity-building to those small businesses that require it.
- And thirdly, communicating with small businesses which have neither email nor Internet connectivity nor a reliable contact telephone number. Black SMMEs, especially in rural areas, lack access to information about tourism-related tenders, events, products or initiatives.

1. SECTOR PROFILE

1.1 INTRODUCTION

Firstly; reference is made to THETA progress against NSDS objectives (THETA Annual Report 2007). The rest of the chapter outlines the scope of the Tourism industry and occupational coverage of the entire THETA universe. The section further highlights sector and non-sector specific issues that effect change. It also outlines key economic indicators of the sector, both current and in future, with specific reference to legislative, national and sectoral economic growth imperatives including global factors that have an impact on skills demand, (SSP Guidelines 2004). The content covered sets the scene for skills development and highlights issues responsible for changes that have arisen since the 2006 Skills Plan.

Tourism gained prominence in the country's efforts to accelerate growth and development. The national strategy for the Accelerated Shared Growth Initiative for South Africa (AsgiSA) and the Joint Initiative on Priority Skills Acquisition (JIPSA) identifies and prioritises the Tourism industry and skills development initiatives.

1.2 PROGRESS AGAINST NSDS OBJECTIVES

Objective 1

Prioritising and communicating skills for sustainable growth, development and equity.

The Tables below indicate that THETA exceptionally achieved all the NSDS objectives except for the ABET target. The third and fourth columns describe performance results and reasons for variance, respectively.

KEY PERFORMANCE INDICATOR	TARGETS	PERFORMANCE RESULTS	REASONS FOR VARIANCE	%
1.1 Skills development supports national and sectoral growth development and equity priorities.	408 SDF to be trained.	518 Sector specialists received training.	Careers information for all Theta Chambers has been made available. Careers shows and Expo's	127%
		2005/6 PERFORMANCE: 504 Sector specialists received training = 111%. Therefore, 16% increase in current financial year.		

Objective 2
Promoting and accelerating quality training for all in the workplace

2.1. By March 2010 at least 80% of the employment equity targets of large firms and at least 60% of those of medium firms are supported by skills development. Impact on overall equity profile assessed.	• 168 Large firms and • 176 Medium firms to be supported through skills development.	• 114 Large firms and • 132 Medium firms are supported through skills development.	The decline in both categories could be attributed to the deadline imposed on submission of WSPs and ATRs. Theta has consistently advised SDFs to submit their WSP and ATR on time.	68% 75%
		2005/6 PERFORMANCE: 134 large firms were supported = 101%; 182 medium firms were supported = 103%		
2.2. By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured.	1 729 Small levy paying firms supported through skills development.	• 599 Small levy paying firms were supported.	An SME support strategy has been finalised to assist this market in a more targeted manner.	35%
		2005/6 PERFORMANCE: 1226 small levy-paying firms were supported = 71%		
2.3. By March 2010 at least 80% of government departments spend at least 1% of personnel budget on training and then measure and report back on the impact of training on service delivery.	80% of government departments spend at least 1% of personnel budget on training.			
2.5. Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE cooperatives within the sector from the second year onwards. Impact of support measured.	Annually increasing number of small BEE firms and BEE co-operatives.	800 Small BEE and BEE co-operatives have been supported.	A survey of the BEE firms and co-ops is in the process of being formulated with a view to determining additional baseline and intervention requirements.	2%
		2005/6 PERFORMANCE: Although impact of support was measured in this sector, performance results were not available.		

KEY PERFORMANCE INDICATOR	TARGETS	PERFORMANCE RESULTS	REASONS FOR VARIANCE	%
2.7. By March 2010 at least 700 000 workers have achieved at least Abet level 4.	5 600 Committed target of workers trained and achieved at Abet level 1- 4 is as follows: **Level 1: 1400** **Level 2: 1400** **Level 3: 1400** **Level 4: 1400** **Total: 5 600**	Figures below indicate the total number of people trained on Abet Level 1-4 **Level 1: 27** **Level 2: 15** **Level 3: 30** **Level 4: 48** **Total: 120** Achieved Abet Level 1-4 is as follows: **Level 1: 1400** **Level 2: 1400** **Level 3: 1400** **Level 4: 1400** **Total: 5 600**	The SMS system has only allowed those with SDFs as standard permission for access. It has been opened to allow even non-levy paying organisations to benefit. A project has also been scoped to fast-track the attainment of Abet; it will kick-off in June 2007. Over and above this a special cash grant specifically for Abet has been approved,	2%
		2005/6 PERFORMANCE: 267 workers achieved at least Abet Level 4 = 5%. Therefore, considerable improvement in the current financial year.		
2.8. By March 2010, at least 125 000 workers assisted to enter, and at least 50% successfully complete, programmes, including learnerships and apprenticeships leading to basic entry, intermediate and high levels scarce skills. Impact of assistance measured.	1 175 Workers assisted to enter and 588 successfully complete programmes, including learnerships and apprenticeships.	• 2 781 Learners have entered learning programmes and • 1 196 successfully completed learning programmes		237% 203%
		2005/6 PERFORMANCE: 8 588 learners entered learning programmes = 731%; 3 657 completed learning programmes = 622%.l		

Objective 3
Promoting employability and sustainable livelihoods.

3.2. By March 2010, at least, 2 000 non-levy paying enterprises, NGOs, CBOs and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.	17 Non-levy paying enterprises supported through skills development.	• 42 Enterprises have been supported.	NSF initiative, not in SLA	247%
		2005/6 PERFORMANCE: 115 supported by skills development = 676%		

Objective 4

Assisting designated groups, including new entrants, to participate in accredited work-integrated learning and work-based programmes to acquire critical skills to enter the labour market and self employment.

<table>
<tr><th>KEY PERFORMANCE INDICATOR</th><th>TARGETS</th><th>PERFORMANCE RESULTS</th><th>REASONS FOR VARIANCE</th><th>%</th></tr>
<tr><td rowspan="2">4.1. By March 2010 at least 125 000 unemployed people assisted to enter and, at least 50%, successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.</td><td rowspan="2">1 175 Unemployed people assisted to enter and at least 50% (584) successfully complete programmes, including learnerships and apprenticeships.</td><td>• 1 557 Have entered learning programmes.</td><td>Programme is still ongoing and the learners, as they complete it, will be recorded with next financial year.</td><td>133%</td></tr>
<tr><td colspan="3">2005/6 PERFORMANCE: 1 546 assisted to enter learning programmes = 132%. Therefore, 1% increase in current financial year.</td></tr>
<tr><td rowspan="2">4.2. 100% of learners in critical skills programmes covered by sector agreements from Further Education and Training (FET) and Higher Education and Training (HET) institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.</td><td rowspan="2">1 500 Learners in critical skills programmes covered by sector agreements from FET & HET institutionsassisted to gain work experience and at least 70% find placement.</td><td>• 612 Successfully completed.</td><td></td><td>104%</td></tr>
<tr><td colspan="3">2005/6 PERFORMANCE:
Performance results not available.</td></tr>
<tr><td>4.3. By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programmes.</td><td>82 Young people trained and mentored to form sustainable new ventures and at least 70% (32) of new ventures still in operation 12 months after completion of programme.</td><td>• 176 Learners entered new venture creation programmes and 0 sustained.</td><td>First group of learners on NVC only commenced training with effect from 1 August 2006 and will complete by 30 July 2007. The sustainability of their business will only be determined in due course.</td><td>215%</td></tr>
<tr><td></td><td></td><td colspan="3">2005/6 PERFORMANCE:
Performance results not available.</td></tr>
</table>

Objective 5
Improving the quality and relevance of provision.

KEY PERFORMANCE INDICATOR	TARGETS	PERFORMANCE RESULTS	REASONS FOR VARIANCE	%
5.1. By March 2010 each Seta recognises and supports at least 5 Institutes of Sectoral or Occupational Excellence (ISOE) within public or private institutions and through Public Private Partnership (PPPs) where appropriate. Geographically, these are spread as widely as possible for people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.	2 institutes of Sectoral and Occupational Excellence (ISOE) recognised and supported by the Setas.	• 1 institute has been recognised and supported.	A process of refining the criteria of the next ISOE has been embarked upon to ensure the most deserving establishment gets the support.	50%
		2005/6 PERFORMANCE: No institutes were recognised and supported. Therefore, an increase of 50% in current financial year.		
5.2. By March 2010 each province has at least 2 provider institutions accredited to manage delivery of the new venture creation qualification; 70% of new ventures still operating after 12 months will be used as a measure of the institution's success.	1 provider institution accredited to manage delivery of the new venture creation qualification.	• 3 provider institutions have been recognised and supported.	Theta significantly supported all providers seeking to manage new venture creation.	300%
		2005/6 PERFORMANCE: 2 provider institutions were recognised and supported = 200%. Therefore, an increase of 100% in current financial year.		

1.3 INDUSTRIAL AND OCCUPATIONAL COVERAGE

The THETA constituency covers various industries falling under the sub-sectors including:

- Hospitality
- Travel and Tourism
- Gaming and Lotteries
- Sport, Recreation and Fitness
- Conservation and Tourism Guiding.

1.3.1 Profile of the Sector

1.3.1.1 Employer Profile

Quantifying the size of the Tourism industry and the various sub-sectors is problematic due to the lack of accurate data. (There is currently no database in South Africa of all entities operating in this sector.) This issue is compounded by the fact that the sector is dominated by SMMEs who operate below "the radar" and thus are not included in any official national database such as the South African Revenue Service. Below is a summary of this quantification exercise. It must be noted, however, that this quantification only refers to those entities that are listed on one or more databases in South Africa. Thus, this quantification excludes a myriad of SMMEs operating in the sector. (Prodigy & Grant Thornton, 2007).

Table 1: Summary of Sector Size

Sub-Sector	Estimated number of employers	Estimated number of employees
Hospitality	28 000	290 000
Travel and Tourism	6 200	28 000
Gaming and Lotteries	740	10 000
Sport, Recreation & Fitness	3 300	20 000
Conservation and Tourist Guiding	3 500	30 000
Total	**41 740**	**378 000**

Source: Prodigy & Grant Thornton, 2007

Table 2 indicates the number of THETA registered enterprises per chamber.

Table 2: Summary of THETA Registered Enterprises per SIC Code

All Chambers	Size of Enterprise				
	0 -49	50 -149	150+	Total	%
Conservation & Tourist guiding	1 542	21	16	1 579	7.8
Gambling & Lotteries	172	7	12	191	0.9
Hospitality	14 525	223	80	14 828	73.5
Sport , Recreation and Fitness	1 739	23	6	1 768	8.8
Tourism and Travel Services	1 770	20	10	1 800	9.0
Total	**19 748**	**294**	**120**	**20 166**	**100**

Source: THETA SMS 2007

Table 3 indicates the estimated THETA population and those registered with THETA, compared with the number of firms submitting WSPs to THETA. Less than 2% submit WSPs. There are 186 large, 370 medium and 2 687 small companies registered and paying levies to THETA. In total, about 3 243 companies (7.7%) have registered and are paying levies to THETA. The conclusion is that only 23% claim their levies back for training purposes and 77% is not fully complying with the Skills Development Act.

Table 3: THETA Population VS Registered/Levy-Paying Enterprises

Sub-Sector	No. of Employers	Registered with THETA	Submitting WSPs	Percentage Submitting WSPs
Hospitality	28 000	14828	456	1.63
Travel and Tourism	6 200	1800	144	2.32
Gaming and Lotteries	740	191	34	4.59
Sport, Recreation & Fitness	3 300	1768	88	2.67
Conservation & Tourist Guiding	3 500	1579	29	0.83
Total	**41 740**	**20 166**	**751**	**1.80**

Hospitality is by far the largest sub-sector, constituting around 67% of the employers and 77% of the employees in the Tourism sector.

Table 4: THETA SME Population per Sub-Sector

SMEs	
Sub-Sector	**Percentage of SMEs in the Sub-Sector**
Hospitality	97
Travel and Tourism	97
Gaming and Lotteries	89
Sport, Recreation & Fitness	98
Conservation and Tourist Guiding	89

Source: Prodigy & Grant Thornton, 2007

Many of these SMEs are owner-managed businesses with the owner playing a major role in the organisation's day-to-day operations. The reason for this myriad of SMEs is largely due to the fact that the barriers to entry into the sector are low, i.e. little is generally required in terms of industry specific expertise and experience. In many cases limited start-up capital is required (and in many cases this can be levered from existing assets). Furthermore, the industry is perceived to be attractive (i.e. reap rewards) and has a geographic spread. Although dominated by SMEs, medium and large sized employers play a pivotal role in the sector as they employ between 93% (Gambling and Lotteries) and 40% (Hospitality) of the workforce. (Prodigy & Grant Thornton, 2007).

1.3.1.2 Employee Profile

The employee profile varies between sub-sectors. Conservation and Tourist Guiding together with Hospitality are the sectors that employ the highest percentage of black people with more than 70% of the workforce being black. However, although the racial distribution is nearing the profile of South Africa's population it is important to note that the majority of these black employees are employed in lower skilled occupational categories. Only 20% of senior managers / officials in the Conservation and Tourist Guiding sub-sector are black, whilst 40% of senior managers / officials in Hospitality are black.

At 54%, the Sport, Recreation and Fitness sub-sector has the lowest percentage of black employees. More than 30% of the employees in the Gaming and Lotteries and Travel and Tourism sub-sectors are white. The Gaming and Lotteries sub-sector (which is also highly regulated) has the highest percentage of black people in senior management / official positions, (56%). This percentage is not vastly different to the total percentage of black people in the workforce, (68%), (Prodigy & Grant Thornton, 2007).

Table 5: Employee Gender and Race Profile

Sub-Sector	Percentage of black employees	Percentage of female employees
Hospitality	72	52
Travel and Tourism	58	48
Gaming and Lotteries	68	51
Sport, Recreation & Fitness	53	46
Conservation & Tourist Guiding	74	42

Source: Prodigy & Grant Thornton, 2007

Table 6: Senior Manager/Official Profile

Sub-Sector	Percentage of employees in senior / official category	Percentage of black senior manager/ officials
Hospitality	21	40
Travel and Tourism	40	45
Gaming and Lotteries	29	56
Sport, Recreation & Fitness	23	40
Conservation & Tourist Guiding	16	20

Source: Prodigy & Grant Thornton, 2007

In terms of current skills, the Hospitality sub-sector, together with Sport, Recreation and Fitness, has a very low percentage of employees with NQF levels 5-8. Furthermore, the percentage of employees with a skills level of less than NQF 1, for both of these sub-sectors, is particularly high (more than 50% in Hospitality and some 44% in Sport, Recreation and Fitness). (Prodigy & Grant Thornton, 2007).

In contrast, the Travel and Tourism sub-sector's employees are, in general, highly skilled with around three quarters having NQF level 5 or higher. A large percentage of employees in the Conservation and Tourist Guiding sub-sector have intermediate skills levels (NQF 2-4), whilst the Gaming and Lotteries sub-sector has overall, a fairly skilled workforce (only 5% of employees have less than NQF level 1). (Prodigy & Grant Thornton, 2007).

Table 7: Employee Qualification Level

Sub-Sector	Percentage of NQF 5 - 8	Percentage of NQF 2 - 4	Percentage of < NQF 1
Hospitality	18	28	54
Travel and Tourism	74	18	7
Gaming and Lotteries	55	40	5
Sport, Recreation & Fitness	19	37	44
Conservation & Tourist Guiding	22	50	28

Source: Prodigy & Grant Thornton, 2007

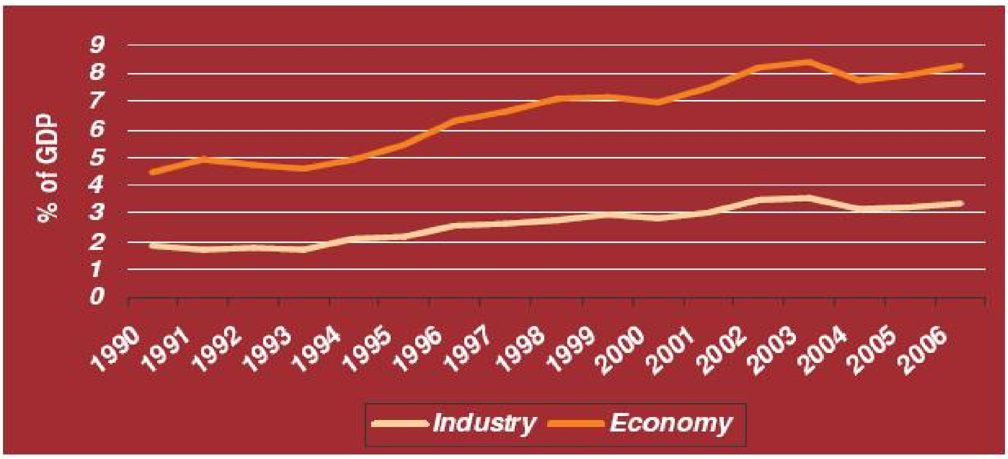
1.3.2 Economic Indicators

1.3.2.1 Tourism's Contribution to GDP and Employment

The World Travel and Tourism Council (WTTC) undertakes an ongoing assessment of the Tourism Satellite Accounts for some 174 countries around the world. The two key variables emanating from the WTTC assessment include the contribution that the Travel and Tourism sector makes to (1) Gross Domestic Product (GDP) and (2) Employment. The WTTC uses two definitions when referring to the impact of the Travel and Tourism sector on employment and GDP, viz: Travel and Tourism industry and Travel and Tourism economy.

The Travel & Tourism industry is the narrow perspective of Travel and Tourism activity which can be compared with other industries in the economy. On the other hand, the Travel & Tourism economy is a broader perspective of Travel and Tourism activity which takes into consideration the direct as well as the indirect contributions by traditional travel service providers and industry suppliers within the resident economy. This perspective is used when one wants to understand the total impact of Travel & Tourism on the resident. The growth in South Africa's Tourism industry has led to the growth in the industry's contribution to employment and GDP. This is graphically depicted hereunder. (Prodigy & Grant Thornton, 2007).

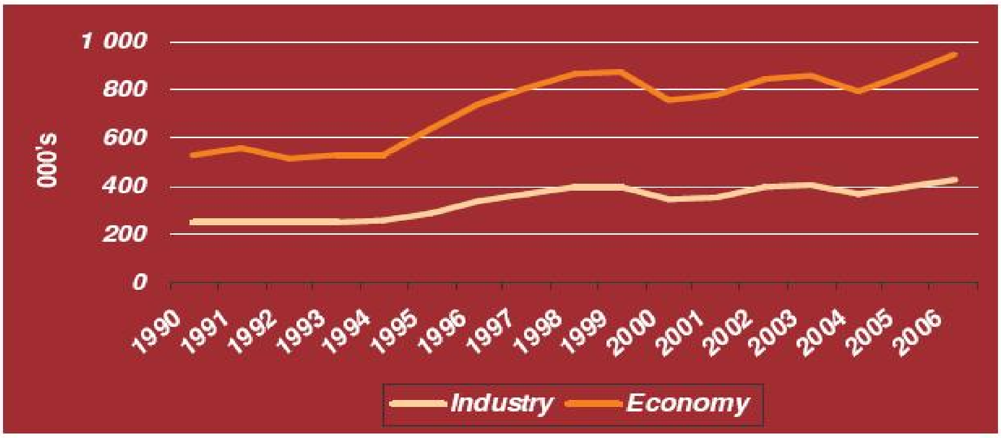
Trends in contribution to GDP – 1990 to 2006



Source: WTTC

Figure 1: Trends in contribution to GDP – 1990 to 2006

Trends in contribution to Employment – 1990 to 2006



Source: WTTC

Figure 2: Trends in contribution to employment – 1990 to 2006

Further details of the yearly change in the Travel and Tourism industry's and the Economy's impact on GDP and employment are detailed in the table below. In the years 2005 and 2006, tourism contribution to SA GDP and employment had increased, regaining the ground lost in 2004.

Table 8: Economic Impact of Tourism

Indicator	Industry			Economy		
	2004	**2005**	**2006**	**2004**	**2005**	**2006**
GDP	3.2	3.3	3.4	7.8	8.0	8.3
Employment	365 770	393 650	425 930	797 120	864 460	947 530

Source: Prodigy & Grant Thornton, 2007

1.3.2.2 The Accommodation Sector

South Africa's accommodation sector has developed into a substantial industry offering a variety of products from traditional hotels to Bed and Breakfasts (B&Bs) in ordinary homes. However, the sector is unregulated, therefore little data exists on the true size of the Accommodation sector (Prodigy & Grant Thornton, 2007).

The SA Tourism / DEAT Global Competitiveness Report (GCP, 2004) estimated that there were 90 844 rooms in non-hotel accommodation in 2003/2004. Self-catering rooms accounted for nearly 50% of these rooms. Other than staying with friends and relatives, self-catering accommodation is the most preferred form of accommodation for domestic tourists. (GCP, 2004).

The TGCSA had graded some 4 885 establishments by the end of 2006, of which 566 are classified as hotels, 1 545 are guesthouses, 406 are lodges and 927 are bed and breakfasts. SA Tourism is developing a National Product Database, which will be used to determine the size of the Tourism industry. It was estimated that there were around 1 600 conference venues in South Africa in 2006, with capacity of around 2.2 million conference room days. (Prodigy & Grant Thornton, 2007).

1.3.2.3 The Travel and Tourism Sector

As with the Accommodation sector, the Travel and Tourism sector developed substantially between 1990 and 2006. From a small number of inbound tour operators and a limited number of international airlines servicing the South African market, the industry has developed into a robust sector.

The number of IATA registered travel agents had increased to 820 and the number of inbound tour operators had increased to around 400. There were an estimated 460 inbound tour operators operating in South Africa. The GCP Report (2004) estimated that there were more than 800 tour operators operating in South Africa but only 10 large players accounted for 60% to 70% of the revenue. These large players were identified as having activities across inbound, outbound and domestic retail services. However, the majority of foreign travellers come through Foreign Independent Traveller (FIT) who tend to book discrete products through their agents, who in turn use inbound tour operators as brokers.

In 2003, South Africa was serviced by 45 international airlines. International leisure and business demand accounted for 35% of on-airport car rental days. Domestic on-airport leisure and business demand only accounted for 50% of demand. The size of the rental market was estimated at 8.1 million rental days. (Prodigy & Grant Thornton, 2007).

1.3.2.4 The Gaming and Lotteries Sector

By 2001, 31 out of 40 casino licences were awarded. About 10% of all foreign tourists visited a casino whilst in South Africa. The National Gambling Board hosted South Africa's first Gambling Conference in 2000. The National Lottery commenced, managed by Uthingo in 2001. The South African Advisory Council on Responsible Gambling (SAACREG) was formed by the National Gambling Board, to work together with the industry-led National Responsible Gambling Programme. The Horseracing industry continued on a rocky road. Phumelela Gaming and Leisure closed Gosforth Park race course in a bid to save costs.

An audit into BEE in the Gambling sector revealed that there was discontent about the relatively junior role which BEE partners played in the industry. Financing, debt and unequal treatment were found to be common areas of concern. The National Responsible Gambling Programme developed level 1 and 2 training programmes. The Horseracing industry started to make some recovery but was brought to a halt in early 2004 by horse illnesses. The Jockey Club of Southern Africa was renamed the National Horseracing Authority. In June 2003 the Limited Payout Machine (LPM) industry was officially launched in Mpumalanga. (Prodigy & Grant Thornton, 2007).

1.3.2.5 The Conservation and Tourist Guiding Sector

Conservation has for years played an important role in South Africa's Environmental and Tourism sectors. For many years South Africa's large national parks have had global status and have been frequented by both domestic and foreign tourists.

In 2003, the National Environmental Management Protected Areas Act was finalized which, amongst others, envisages a national register of protected areas and introduces the concept of biological-diversity protection and eco-system management. The National Environmental Management: Biodiversity Act was finalized in 2004, providing a regulatory framework to protect South Africa's valuable species, eco-system and biological wealth. During its 2005/2006 financial year the DEAT had created 16 800 job opportunities, 254 permanent jobs and almost 103 000 training days with its social responsibility programmes and projects. It is estimated that in 2006 there were some 9 000 privately owned game farms, covering about 13% of the country's total land area.

South Africa's National Biodiversity Strategy and Action Plan (NBSAP) was launched, which aims to guide conservation and the management of biodiversity to ensure sustainable and equitable benefits to all communities. DEAT invested large sums of money into the development of the new Mapungubwe. In 2006 some 7 951 people were registered as Tourist Guides with the relevant provincial authorities, although 73% of these are white. (Prodigy & Grant Thornton, 2007).

1.3.2.6 The Sport, Recreation and Fitness Sector

The Sport, Recreation and Fitness sector plays an important role in the well-being of all South Africans. Over the years numerous institutional structures to govern the sector have been implemented. There is a direct link between Sport and Tourism, with some 30% of all tourist trips comprising of sports tourism.

South Africa hosted the Cricket World Cup in 2003. In 2004 South Africa was awarded the rights to host the Soccer World Cup in 2010. The South African Sports Confederation and Olympic Committee (SASCOC) was formed in 2004. SASCOC is the controlling body for all high-performance sport in South Africa and replaces NOCSA. Sport and Recreation South Africa (SRSA) took over the functions of the South African Sports Commission (SASC). The National Sports Academy was launched in 2004 to help improve sports performance. In 2003 the Provincial Academies of Sport (PAS) project was launched. The following services were provided by each of the 9 Provincial Academies of Sport (one in each of the 9 provinces):

- Sport science and medical support
- Life skills
- Coaching
- Training camps
- Education and training.

It was estimated that sport contributes more than 2% to South Africa's GDP. In December 2006 South Africa hosted the International Paralympic Committee's Swimming World Championships. The Siyadlala Mass Participation Programme (SMPP) was launched in 2005 to facilitate access to sport and recreation by as many South Africans as possible. By 2006 there were 131 activity hubs involving 1.2 million people with 353 unemployed youth recruited and trained to run the programmes. The SMPP had also trained 825 volunteers in Sport and Recreation administration, 1 293 entry-level coaches, 655 referees and over 450 people in event management and First Aid. The 2010 FIFA World Cup Special Measures Bill was passed which amends any Acts that may impede the implementation of guarantees that government provided to FIFA when bidding for the event. The ten stadia that will be used for the FIFA Soccer World Cup in 2010 are under construction (five are upgrades and five are new builds). (Prodigy & Grant Thornton, 2007).

1.3.2.7 Informal Traders

The informal traders within this sector function largely as survivalist individuals. Many informal entities in the sector function out of desperate need, rather than having a focus to excel and grow in the sector. In terms of capacitation, generic business skills are required to assist informal traders to generate more income. These include business literacy skills, and the ability to use simple/practical methods to monitor aspects such as cash flow, stock count, etc.

Further assistance to informal traders could include the provision of marketing and market development services including product innovation and diversification. Training should be sub-sector-specific so that training programmes remain relevant, effective and address practical problems of survivalist enterprises. (Prodigy & Grant Thornton, 2007).

In terms of female informal traders, some of the above conclusions and recommendations are also relevant. However, female informal traders have the following defining characteristics:

- They tend to be in a position of lower bargaining power, due to high dependency ratios.
- They earn significantly lower than male informal traders.
- They are generally involved in food and craft related tourism activities.
- They are particularly vulnerable to exploitation and abuse, including sexual exploitation.

1.4 DRIVERS OF CHANGE

The key drivers of change within the sector can be classified into external and internal factors. The external factors include global competitiveness, technological changes, political and legislative framework, and economic environments, among others. Internal factors are acquisition and mergers of enterprises, amendments to industrial classification (SIC Codes), consumer demands, availability of products, the FIFA World Cup and the Tourism BEE Charter and Scorecard as well as the Skills Development legislation.

1.4.1 Amendments to SIC Codes

The sixth publication of the Standard Industrial Classification codes has brought some changes in the scope of the THETA population. The Events industry has been housed within the Services SETA but as from 2007 this industry has migrated to THETA. The amendments of SIC Codes and its impact on the THETA population require a dedicated study to help give a better understanding.

1.4.2 Restructuring in the Sports industry

The restructuring within the government structures and macro bodies in Sport and Recreation resulted in the merger of the SA Sports Commission into Sport and Recreation South Africa (SRSA) and the establishment of SASCOC (South African Sports Confederation and Olympic Committee). It has a major influence on the sporting industry to perform better in the international arena and was a direct result of the Ministerial Task Team Report recommendations. SASCOC focuses on delivering the high performance sport (Team SA), and being the macro sport administrative entity. SRSA focuses on mass participation policy, and guiding Sport and Recreation into getting more people to play and enjoy sport. All the sporting role players as well as the Tourism, Transport, Hospitality, Health, Welfare, Safety and Security sectors have a responsibility to assist in the preparation of our country for the 2010 FIFA Soccer World Cup. More than 100 000 volunteers will have to be deployed during this major event in 2010.

1.4.3 Tourism Growth

Over the next three years, travel and tourism demand in South Africa is projected to experience real growth and 2010 FIFA World Cup event being the major driver. Consequently, the industry will experience an increase in the number of jobs. Capital investment in tourism is expected to increase and similarly, tourism exports will increase to eventually represent an improved percentage of total exports.

From Figure 3 it is clear that Tourism's contribution in South Africa has been declining since 2001. However, this doesn't mean that tourism has been shedding jobs. This decrease in employment is resulting from other sectors creating more job opportunities than before, resulting in Tourism's share declining. It is also clear that during the 1990s when most sectors were shedding jobs the share of Tourism's contribution to total employment was as high as 11% in 2000. The 2005 estimated contribution of Tourism to total employment is 8.6%. (SA Tourism, 2006:16).

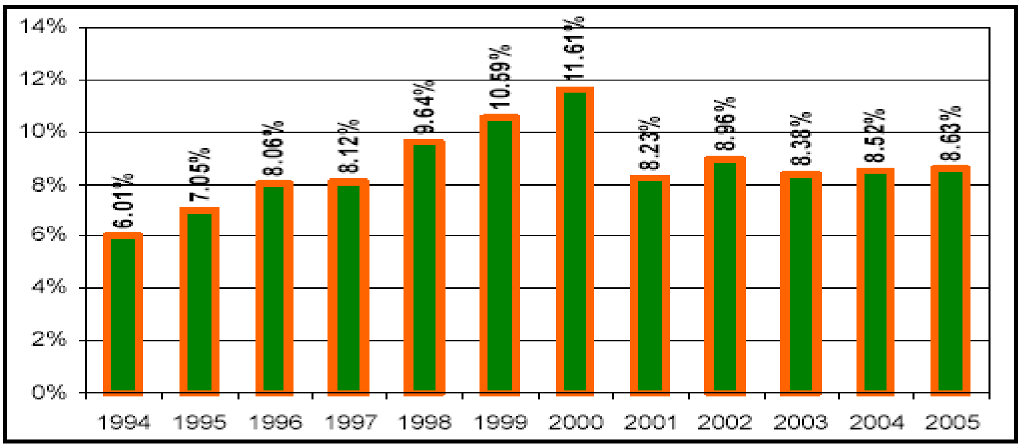


Figure 3: Contribution of total Tourism expenditure to total employment

Source: Pan-African Investment & Research Services September 2006: SA Tourism and DEAT Publication

From the Figure 4 it can be seen that employment has decreased slightly from the high in 2002, but has been gaining steadily since then reaching an estimated 1.06 million jobs in

2005. The figure shows the estimated number of people employed as a result of an increase in tourism expenditure. It is however important to note that SA Tourism's jobs include the direct and the indirect employment created due to tourism.

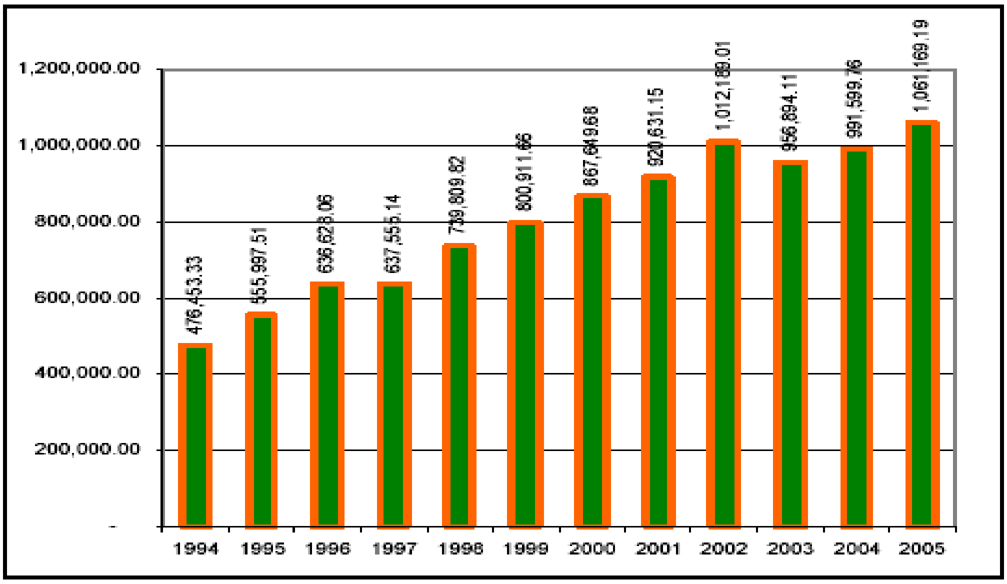


Figure 4: Estimated number of jobs due to tourism expenditure

Source: Pan-African Investment & Research Services September 2006: SA Tourism and DEAT Publication

Foreign tourist arrivals for the first time surpassed the 7 million mark in 2005 closing at 7 368 742 (Fig.5). The additional 690 903 tourists who arrived in 2005 was a 10.3% increase over 2004. This growth exceeds the estimated average global growth rate in tourism of 6.1% and brings the compound average growth rate between 2001 and 2005 to 6.2%. The growth in the past 11 years was exceptional with Tourism increasing by more than 100%. (SA Tourism Annual Report, August 2006).

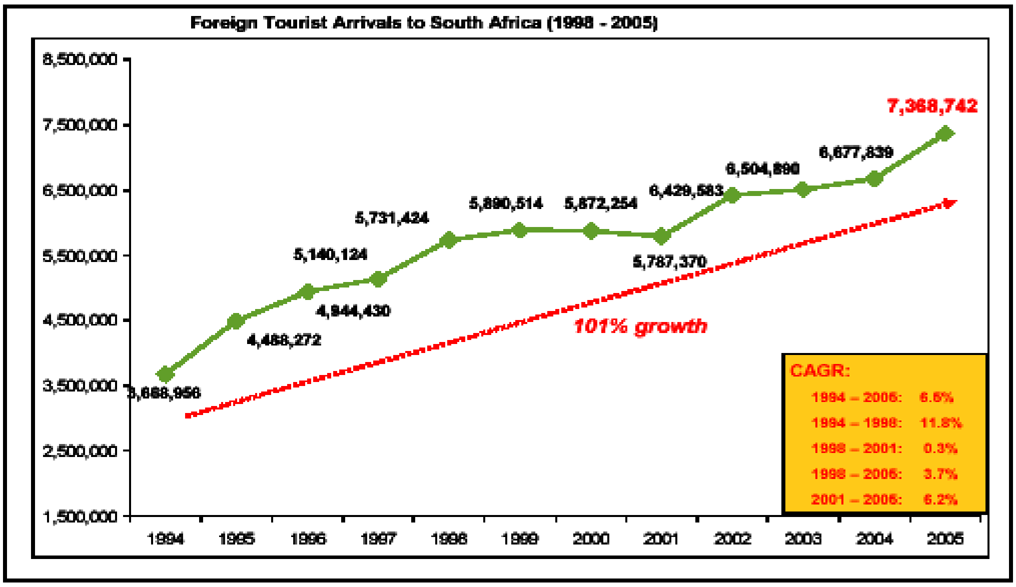


Figure 5: Foreign tourist arrivals to South Africa

Source: SA Tourism Annual Report, August 2006

1.4.4 SA 2010 FIFA World Cup

The Department of Environmental Affairs and Tourism, in conjunction with South African Tourism, embarked on the development of the 2010 Soccer World Cup Tourism Organising Plan. One of the key objectives of the plan is to ensure a positive impact on social legacy through advancing the Tourism competitiveness agenda to support objectives of creating jobs, growth and equity. Doing so requires focused and coordinated interventions within six identified key functional areas, one of which is skills and service levels.

The plan lists key tourism challenges for 2010 including specific challenges for the Tourism SETA. The challenges include the lack of leadership and commitment to address the skills shortages. Specific gaps raised in interactions with host cities include language training, services standards, management skills, and a limited number of tourist guides.

Providing a highly satisfactory experience to tourists during the 2010 event requires the appropriate skills and service levels within the Tourism industry, the appropriate service levels at key consumer touch points outside the Tourism industry, (e.g. embassies and immigration), and a general public that are friendly and welcoming hosts to visitors during the event.

The anticipated direct and indirect, tangible and intangible benefits of the SA 2010 FIFA World Cup are astronomical. A reliable estimate of demand expected during the 2010 World Cup provides a critical basis to guide skills planning and preparations for the event. The estimates stated are quoted from the 2010 FIFA SWC Tourism Organising Plan produced in November 2005. This demand picture is likely to change as further decisions are taken and as the planning process unfolds over the next two years.

During the 2010 World Cup it is estimated that there will be total of 3.5 million participants. Approximately 1.3 million of these are estimated to be tourist participants, a third of which are expected to be foreign arrivals. Tourism revenue of R11 billion could be generated. It is in this context that SSP addresses the skills needed to effectively host the World Cup but more importantly, to ensure that the industry and the country hosts the most successful soccer world cup ever. (SA President, Thabo Mbeki, 2006).

1.4.5 National Government Line Department

The Department of Environmental Affairs and Tourism (DEAT) has taken an active role and a renewed interest in supporting THETA at governance and operational levels. This support includes a financial contribution in the form of ten percent of the training budget. In the beginning of 2006 DEAT partnered with THETA in embarking on a broad tourism skills audit and the results which were released in June 2007 have helped to inform this plan. However, it is important to note that only the Tourism directorate has been forthcoming and THETA still expects that the other DEAT divisions, namely Conservation and Marine, are engaged in a skills development partnership. The Department of Trade and Industry (DTI) is another national government line department that is the custodian of the Gambling and

Lotteries. Not much has been achieved in skills development with this department except that it now has a Tourism desk and they were part of the National Skills Conference. In addition, the DTI has produced a tourism plan known as the Customised Sector Plan (CSP) in response to Tourism industrial needs such as the development of the Tourism Satellite Account.

In 2007 THETA signed an MOU with Sport and Recreation South Africa (SRSA) the national department responsible for Sport and Recreation. A positive relationship between THETA and these three national government departments is crucial in the skills revolution, especially in the context of AsgiSA and JIPSA.

1.4.6 Tourism BEE Charter and Scorecard

The Tourism BEE Charter expresses the commitment of all stakeholders in the Tourism sector to the empowerment and transformation of the sector and its commitment to working collectively to ensure that the opportunities and benefits of the Tourism sector are extended to black South Africans as well. The Tourism Scorecard, on the other hand, is the tool which measures that commitment through indicators, targets and weightings. The Charter and Scorecard are, however, often referred to collectively since they go hand in hand and are published as one document. THETA has factored in the BEE compliance component in the Workplace Skills Plan (WSP) submitted by the employers. The purpose is to gauge commitment to and achievement of the 2009 Milestones as they pertain to this Skills Development Indicator. In 2007, the DTI released Standard Codes of Good Practice. The Tourism BEE Scorecard is currently being revised so as to align it to the National Codes.

1.4.7 The impact of HIV and AIDS

It is thought that the Hospitality industry has been the most affected by HIV and AIDS as the sector is labour intensive and is characterised by labour mobility, seasonality, casual labour, in both rural and urban locations. The sector has staff quarters in certain areas and high levels of unskilled and semi-skilled labour. Sub-sectors that include significant elements of transportation are those that are likely to be seriously impacted on by HIV and AIDS, (Department of Health and HIV and AIDS Hospitality Working Group, May 2003). Given the importance and potential tourism creates in the economy, it is vital to gain a better understanding of how HIV and AIDS is affecting the sector, the scale and the costs of the impact, how the Tourism industry is responding to the epidemic and what the future scenarios are in terms of the likely effect. (Department of Health and HIV and AIDS Hospitality Working Group, May 2003).

Up until 2003, there was very little knowledge of the extent and impact of HIV and AIDS in the Hospitality and Tourism sectors. Although there is currently some activity in certain arenas, commentators in the industry suggest that employers are largely ignorant and inactive when it comes to understanding and managing the effect of HIV and AIDS in their sector. Through proactive HIV policies and education programmes geared towards prevention, employers are able to inform their workforces and this in turn will protect their businesses. In addition, these interventions will contribute towards national and international efforts to slow and eventually contain the HIV epidemic. THETA is currently distributing HIV and AIDS information packs to its entire constituency so as to raise awareness and improve educational levels around HIV and AIDS.

1.4.8 Second Economy dualism

An integrated and comprehensive strategy on skills development in the Tourism industry has to be part of the process of redressing the challenges of the prevalence of a second economy. Second economy is simply the existence of economic dualism in which some members of the society are well to do while the majority live in abject poverty. Dualism is not easy to dismantle and is often a recipe for instability. Given the historical legacy of South Africa, the challenges are formidable. As the Tourism sector consists of a number of SMEs, some of these small businesses are informal entities and operate on a hand to mouth basis.

1.4.9 Global trends in Tourism

According to research undertaken by the World Tourism Organisation (WTO) in 'Tourism 2020 Vision 2000', Europe will remain the world's largest tourist region by a considerable margin even though it is slowly losing market share. It has been estimated that Europe's growth rate will stand at 3% during the period from 1995 to 2020 whilst other regions such as the Middle East, East Asia, and the Pacific and South Asia are expected to grow by 7.1%, 6.5% and 6.2% respectively.

Uncertainty regarding travel to America following the 9/11 attacks in New York and Washington led to a shift in tourism demand. Overall, business and consumer confidences were negatively impacted and many people elected to travel closer to home or not at all - this was reflected in late bookings; trips closer to home; trips to familiar destinations and price sensitivity. Major structural changes were forced upon the air transport system and costs for fuel and insurance (airline and airport) increased. Consumers have a greater focus on value for money and a shift from service to experience. To meet the latter challenges (service and experience), a permanent investment in quality is needed, as is a focus on sustainable destination management and the incorporation of new technologies and public-private sector partnerships. South African Tourism monitors and reports on global trends on an annual basis.

1.4.10 Impact of Scarce and Critical Skills

The impact of scarce and critical skills is felt within and across the chambers. Firstly, due to the reluctance of some companies to participate in skills development of their employees, this leads to recruitment piracy or skills poaching, i.e. companies targeting other companies' highly skilled employees and offering them better salaries. Companies engaged in training constantly train their employees and their internal retention strategies fail to curb their employees from leaving because of the lucrative remuneration packages offered by their competitors. These companies therefore find it expensive and discouraging to continuously engage in staff development.

Secondly, Tourism being a developing industry world-wide, still lacks a pool of skilled workers. Internal factors will be the nature of the industry itself as it has no clearly defined qualifications or skills set but it taps into a wide range of skills from other disciplines such as Finance, Economics, Statistics, Information Technology, Transport, Manufacturing, Conservation, Agriculture and Agronomy. A large percentage of the employees within the Tourism sector did not receive formal tourism qualifications other than in-house training offered by the employers so as to maximise their own productivity and performance. Some factors impacting on scarce and critical skills are the political considerations such as employment equity, emigration of skilled labour and low literacy levels.

1.4.11 Business Outsourcing

Business outsourcing is becoming a major force in Hospitality and Gaming industries and this trend is impacting on skills development, planning and implementation. A new set of skills is emerging in hotel management, for example, managers have to understand how to manage service providers. Services such as cleaning, baby-sitting, training, security, payroll, information technology, call centres, catering and others are being outsourced and more than half of the hotel staff are not employed by the hotel, but by different service providers who belong to other SETAs such as Safety and Security, the IT SETA, Services SETA and others. This practise leaves the hotel with less employees and employees in need of cross-SETA qualifications.

1.4.12 Technological innovations

Technological innovations are constantly setting the pace for skills development, particularly Information Technology. The Tourism industry, including Casinos, Gaming and Travel, heavily relies on IT for its growth. As a result, most Tourism employers invest in up-skilling their employees so as to catch up with new working tools. The extent to which Information Technology impacts on skills development needs to be established so that the needs related to technological advancement could be addressed accordingly.

1.5 CONCLUSION

Chapter One has attempted to outline the scope of the Tourism industry and occupational coverage of the entire THETA population. In presenting the sector profile, attention has been paid to the demographic characteristics of the employees, as well as the size and shape of the employers. Sector specific and non-sector specific issues that affect change have been highlighted, including key economic indicators of the sector both current and in future. The content covered in this chapter sets the scene for chapter two that specifically highlights skills needs or demand issues in the context of the sector characteristics.

2. DEMAND FOR SKILLS

2.1 INTRODUCTION

The purpose of this chapter is to describe the pattern of skills demand in the South African Tourism sector. Based on the economic profile, this section highlights issues affecting the demand for specific skills in the short, medium and long-term. Particular attention is paid to industry specific requirements including an analysis of trends emerging from Workplace Skills Plans (WSPs) as well as sectoral growth and development strategies. The content of this chapter provides an indication of the current skills needs by occupation and includes an indication of numbers of learners required per annum.

Current employment is the best approximation for skills demand for future skills. A holistic picture of the demand for skills in the sector will need to take cognisance of existing and emerging trends in order to provide an indication of the pattern of skills demand over the next five years.

2.2 CURRENT EMPLOYMENT

The Tourism, Hospitality, Gaming, Conservation and Sports industries are service industries and accordingly the industry is relatively labour intensive. The existing employment profile provides a rough indication of the skills demanded.

2.2.1 Employment trends and patterns

In the preceding chapter it becomes apparent that the total number of employees can be estimated at 400 000 and just about 140 000 are known to THETA. Also, the total number of employers can be estimated at 40 000 and about 20 000 are registered with THETA.

It also follows that more than 90% of the employers are small enterprises employing less than 50 people. The WSP/ATR analysis reveals that the majority of employees are still in lower job levels, either as service workers (54%) or labourers (18%), a total of 72%. Employment growth was estimated at 7.2% in 2005, 14.3% in 2006 and remained at 10.6% in 2007. Employment of people with disabilities is still a challenge as the industry employs less than 1%.

Tables 9a to 9d (below) show the demographic characteristics of the workforce.

About 66% of the workforce are black, 34% are employed as service workers and about 2% are in senior management.

Table 9a: Black

Occupation	M	F	Total	Percentage
Senior Professional	1 584	1 330	2 914	2.1
Professional	584	413	997	0.7
Technicians	1 967	1 351	3 318	2.4
Clerical	2 655	5 294	7 949	5.8
Service	21 322	25 442	46 764	34.1
Skilled	2 539	1 097	3 636	2.6
Plant & Machinery	1 379	430	1 809	1.3
Labourers	10 751	12 670	23 421	17.1
Total	**42 781**	**48 027**	**90 800**	**66.1**

About 13% is Coloured followed by 3.7% Indian.

Table 9b: Coloured

Occupation	M	F	Total	Percentage
Senior Professional	439	632	1 071	0.8
Professional	202	148	350	0.3
Technicians	513	574	1 087	0.8
Clerical	488	1 901	2 389	1.7
Service	2 666	5 195	7 861	5.7
Skilled	314	193	507	0.4
Plant & Machinery	198	18	216	0.2
Labourers	1 349	2 842	4 191	3.1
Total	**6 169**	**11 503**	**17 672**	**12.9**

It appears that about 82% of the workforce is black and less than 3% are in management positions.

Table 9c: Indian

Occupation	M	F	Total	Percentage
Senior Professional	369	273	642	0.5
Professional	126	92	218	0.2
Technicians	341	437	778	0.6
Clerical	323	823	1 146	0.8
Service	981	881	1 862	1.4
Skilled	63	29	92	0.1
Plant & Machinery	18	1	19	0.0
Labourers	128	129	257	0.2
Total	**2 349**	**2 665**	**5 014**	**3.7**

Over 17% are white and over 6% occupy senior management positions.

Table 9d: White

Occupation	M	F	Total	Percentage
Senior Professional	3 520	2 885	6 405	4.7
Professional	966	940	1 906	1.4
Technicians	1 706	2 505	4 211	3.1
Clerical	632	3 287	3 919	2.9
Service	2 580	3 535	6 115	4.5
Skilled	325	139	464	0.3
Plant & Machinery	42	3	45	0.0
Labourers	304	215	519	0.4
Total	**10 075**	**13 509**	**23 584**	**17.2**

Over 45% of the THETA workforce are employed as service workers, followed by 21% unskilled labour and casuals.

Table 10: Summary of Equity Status of Registered THETA Workforce 2007

Total All Race Groups						
Occupation	**African**	**Coloured**	**Indian**	**White**	**Total**	**%**
Senior professional	2 914	1 071	642	6 405	11 032	8.0
Professional	997	350	218	1 906	3 471	2.5
Technicians	3 318	1 087	778	4 211	9 394	6.9
Clerical	7 949	2 389	1 146	3 919	15 403	11.2
Service	46 764	7 861	1 862	6 115	62 602	45.7
Skilled	3 636	507	92	464	4 699	3.4
Plant & Machinery	1 809	216	19	45	2 089	1.5
Labourers	23 421	4 191	257	519	28 388	20.7
Total	**90 800**	**17 672**	**5 014**	**23 584**	**137 078**	**100.0**

Female workers maintain a steady growth from 54% in 2006 to 55% in 2007. The majority are still employed as service workers, unskilled labour and casual employees.

Table 11: Total Registered THETA Workforce 2007

Occupation	M	%	F	%	D	%	Total	%
Senior Professional	5 912	4.3	5 120	3.7	22	0.02	11 054	8.1
Professional	1 878	1.4	1 593	1.2	9	0.01	3 480	2.5
Technicians	4 527	3.3	4 867	3.5	14	0.01	9 408	6.9
Clerical	4 098	3.0	11 305	8.2	45	0.03	15 448	11.3
Service	**27 549**	**20.1**	**35 053**	**25.5**	**89**	**0.06**	**62 691**	**45.7**
Skilled	3 241	2.4	1 458	1.1	5	0.00	4 704	3.4
Plant & Machinery	1 637	1.2	452	0.3	0	0.00	2 089	1.5
Labourers	**12 532**	**9.1**	**15 856**	**11.6**	**11**	**0.01**	**28 399**	**20.7**
Total	**61374**	44.7	**75 704**	55.1	**195**	0.14	**137 273**	**100.0**

The equity profile for the Tourism sector is similar to that reflected in other sectors of the economy. Historically disadvantaged persons dominate low skilled occupations whilst there is a concentration of white males in senior positions.

Table 12: Summary of Demographic breakdown of THETA workforce

Equity Status	**2003- 2004 (%)**	**2004- 2005 (%)**	**2005 – 2006 (%)**	**2006 – 2007 (%)**
African	61.1	60.3	62.1	**66.3**
White	21.8	22.3	20.9	**17.2**
Coloured	13.1	12.9	12.6	**12.9**
Indian	4.4	4.3	4.4	**3.7**
Female	53.5	53.6	54.1	**55.1**

Table 12 gives a summary of the demographic breakdown of the THETA labour force over the past four years. Noticeably is the steady increase of females to 55.1% in 2007, as well as the steady increase of Africans from 61.1% in 2003 to 66.3% in 2007.

2.3 SCARCE SKILLS POINTERS

Scarce skill pointers can be described as those indicators advocating that the skill in question is not easily available. One indicator could be the length of time it takes to fill an existing vacancy. Secondly, replacement demand which refers to the need to replace an existing vacancy. Replacement demand is based on replacing those who retire, die or move to a job in another sector, as well as brain drain due to emigration of skilled labour to other countries. Another pointer would be wage differentials that indicate the level of personal income derived from employment or self employment. This income can be compared to personal income derived by employees in other sectors in possession of the same qualification, experience and position held, or a wage gap between lower and higher level positions within the same company.

2.3.1 Length of vacancies

In spite of the fact that THETA has not yet done any research with regard to length of time taken to fill vacancies, it appears that it takes longer to fill vacancies, particularly higher positions at managerial level in all sectors. This is evidenced by examples such as hiring foreigners in sport coaching positions, head of Tourism schools, and a number of expatriates in the Hospitality, Gaming and Tour Operator sectors. These trends show lack of local skills development that can meet the industry needs.

2.3.2 Replacement demand

Replacement demand is based on replacing those who retire, die or move to a job in another sector as well as brain drain due to emigration of skilled labour to other countries. According to the GCP Skills Review Report (2005) tour operators report no major skills gaps, with some reporting a degree of difficulty in attracting management-levels skills. Hospitality appears to be the area with the most visible skills gap, mainly in the managerial echelons. Some attribute this to a past dependence on expatriates' skills who have now departed. Hospitality businesses in areas outside of the major cities and tourism centres report particular difficulty in finding skilled managers.

2.3.3 Wage differentials

The Skills Review Report (2004) finds that in general, salaries for junior positions in hospitality are fairly low but increase substantially at senior levels. The high variance between maximum salaries offered is indicative of the demand for people at these positions.

Salaries in the Tour Operator industry are said to be linked to skills and experience and are therefore fairly murky. It appears that there is a widespread belief that the margins are thin in the tour operator industry and therefore it is difficult to pay good salaries. According to the GCP Skills Review Report 2004, the implications are that it will be difficult to attract and retain quality employees within this industry. For individuals who have studied, this is not an attractive return on investment. The industry will remain an attractor for those who have not studied.

2.4 FUTURE EMPLOYMENT SIGNALLING

Future employment trends signal that with a massive attack on skills development issues through ABET programmes to improve the educational levels of about 172 000 illiterate employees within the THETA population, more and more people will steadily progress to appropriate job entry levels. The NSDS 2 also paves the way for THETA to embark on a number skills development programmes, particularly to address employment equity. THETA is being challenged to take a leadership responsibility in filling in the existing leadership vacuum.

2.4.1 Growth and Decline

Analysis presented earlier on in this plan indicates significant growth in the industry. A cursory view indicates somewhat of a change in terms of enterprises, locally and abroad. Although there is no substantial increase in the number of enterprises, workforce numbers seem to be on the increase.

2.4.2 Scarce Skills Pointers

The concept of scarce skills pointers has already been introduced in the preceding discussion. A few indicators are imminent to suggest the existence of scarce skills in different sub-sectors and employment levels. These include emerging occupations, replacement demand and wage differentials. Elaborate discussion on this topic will be pursued in chapter 4.

2.4.3 Emerging occupations

Outsourcing of key functions to smaller private enterprises such as catering, cleaning, security, payroll, etc, shifts management and leadership requirement skills to a new set of skills. Managers of larger enterprises are no longer necessarily required to have qualifications or experience in that particular sector. General Managers will have to understand negotiation skills, supply chain management, managing other managers, coordination of activities, and other sets of skills to manage a hotel, for example. An improved and changing technological environment also calls for a new set of skills and different methods of productivity, such as the discipline within sports medicine that deals with the anticipation and prevention of sports injuries through the modality of strapping, (ISAK). Contact sport such as rugby finds this even more useful. Another growing trend within the industry is the use of call centres to improve service levels. Although the related qualification lies with the Services SETA, a few unit standards have been included in some of the tourism programmes. A further list of new occupations is included in the scarce skills discussion in chapter 4.

2.4.4 Replacement demand

As discussed in chapter 1, various global social and political events resulted in South Africa becoming more desirable as a destination for foreign tourists. This surge in growth has increased the demand for skilled labour but there appears to be an insufficient supply of skilled workers to accommodate this growing demand. In the formal sector, less than half the respondents stated that they could not find the appropriate skills. In the Hospitality and Gambling chambers only one out of every four formal enterprises said that they were able to find the skills needed.

As the Tourism industry is highly service-orientated, it is not surprising that the skills most in demand across all the chambers are communication and customer handling skills. Close to 60% of respondents in all chambers identified these skills as necessary. The Gambling chamber further seems to be in specific need of technical and team working skills.

What is also interesting is the fact that the skills demands in the informal sector are more pressing than in the formal sector and management skills in particular are most needed. This may be related to the fact that the educational level of owners/managers is considerably lower in the informal sector compared to the formal sector. In addition, the owner/manager in informal enterprises is required to fulfil a wide range of functions and therefore needs to be multi-skilled.

2.5 CURRENT AND FUTURE SKILLS NEEDS

The following discussions give a summary of skills needs per chamber. It is noticeable that other than a few sub-sector specific skills needs, most of them are generic across all the chambers, namely:

- leadership and management,
- business,
- marketing,
- languages,
- communication,
- information technology,
- financial management, and
- customer service.

Another commonality is that these skills are mostly needed by blacks and by those in rural areas.

Prodigy & Grant Thornton (2007) record that across all sub-sectors, employers stated the following reasons why positions are hard to fill:

- Lack of experience
- Lack of training
- Lack of motivation / interest in the position
- Lack of customer care
- Poor salaries
- Lack of people with suitable qualifications

2.5.1 Current skills needs of the Hospitality sub-sector

The skills needs of the Hospitality industry ranges across a number of training interventions. The often highlighted skills are leadership and management skills, followed by business management, financial management, and marketing skills. All these are high level skills required by senior managers and professionals. Technical skills required include fast food service skills, qualified chefs, cooks and cooks' assistants, as indicated in Table 13. Priority critical skills needed are mainly customer service, foreign languages and communication skills.

Table 13: Current skills needs of the Hospitality sub-sector

Occupation	Estimated number of employees	Percentage
Chefs and Cooks	24 100	18
Waitrons	23 500	18
Managers	8 000	6
Cashiers	7 800	6

Source: Prodigy & Grant Thornton, 2007

2.5.2 Future skills needs of the Hospitality sub-sector

As the average level of education increases, so the required type of further training will be more specific and less generic. Noticeably, a significant proportion of services in this sub-sector are outsourced by the larger enterprises. This outsourcing trend has huge implications for the Hospitality industry. Firstly, the service skills that are supposed to be acquired by the employees in the sub-sector are now required to be offered to cleaning services companies, security services, catering services and other enterprises that might completely fall outside of the THETA scope. On the other hand, the employees within the Hospitality industry may need to acquire new management skills, for example, how to deal with outsourced companies and service provider management.

Lastly, the future skills needs may relate more to quantities rather than types, as the country experiences tourism growth and the approaching 2010 event. Projected future skills needs within the next three years are attributable to emigration, mortality, retirement, HIV and AIDS. (Prodigy & Grant Thornton, 2007).

2.5.3 Current skills needs of the Gambling and Lotteries sub-sector

This chamber includes two technologically divergent sub sectors; the Horse Racing, and Casino and related activities industries. While they target similar clients, their respective value chains and accordingly skills priorities are different as they range from table dealers to horse grooming. It is also noted that in Horse Racing's lower skills end, large numbers of blacks worked as grooms and had no prospects for growth into becoming trainers and jockeys. However, recent information attests to changes indicating that a number of black horse racing work riders have graduated from the THETA Horse Racing Project at Summerveld in KwaZulu-Natal. Skills currently needed in this sub-sector include among others management and leadership skills, table dealers, communication and customer service. In addition; Prodigy & Grant Thornton identified the skills listed in Table 14.

Table 14: Current skills needs of Gambling and Lotteries

Occupation	Estimated number of employees	Percentage
Cashiers	180	14
Slots Operators	90	7

Source: Prodigy & Grant Thornton, 2007

2.5.4 Future skills needs of the Gambling and Lotteries sub-sector

Casinos and lotteries started operations in the mid-1990s and have experienced phenomenal growth since then. However, the skills supply has not kept up with this growth. In particular, specialised skills are in short supply. Technical skills relating to pay-out machines and the relevant software, slot machine technicians and operators are in short supply. Such skills are often imported in the absence of local specialists.

The shortage of black personnel is attributed to the new Gambling legislation that brought some new regulations including the massive introduction of casino gambling and therefore, there has been little time to realistically and sufficiently develop the skills base among the blacks. The Casinos experience a shortage of senior black managers and executives. The Horse Racing Industry, which experienced a brief decline with the emergence of Casinos and Lottery, has now stabilized and is experiencing steady increases in turnover.

2.5.5 Current skills needs of the Tourism and Travel sub-sector

In the Travel sub-sector, formal qualifications, university degrees in particular, have been considered to carry less weight and are not considered necessary to find jobs. Graduates find it difficult to enter the industry without at least six months of practical experience. This is partly due to the low salaries paid by this sector and also high expectations of the graduates themselves.

A Grade 12 certificate with relevant subjects is preferred as an adequate job entry requirement. As a result, in the lower ranks it appears that the ever-present large pool of graduates more than adequately meets recruitment needs. Skills shortages do not appear to be a major issue in this sub sector, probably due to an over-supply of students looking to enter the travel part of the industry. Shortages in this area are usually managed through internal growth and family members taking up senior positions. Skills needed by this sub-sector, among others, include leadership, and managerial skills for senior, middle and junior managers. Negotiation skills, business management, financial management, marketing, language and communication skills are critical for all consultants across the sub-sector. All employees have to be trained in customer service and industry specific skills including, tradecraft skills, ticketing and product knowledge. In addition, Prodigy & Grant Thornton identified the skills listed in Table 15.

Table 15: Current skills needs of the Tourism and Travel sub-sector

Occupation	Estimated number of employees	Percentage
Travel consultants	3 150	35
Bookkeepers	900	30
Operations managers	800	9
Tour operators	600	7
Supervisors	450	5

Source: Prodigy & Grant Thornton, 2007

2.5.6 Future skills needs of the Tourism and Travel sub-sector

Employers generally provide induction training and the progress of new staff is monitored, thus employees tend to be competent. To enhance productivity employees require specialised skills training, including improving their geographical knowledge, equipping them with sales skills, communication skills, IT skills (Internet, e-commerce, etc), writing skills, stress and time management. The lack of technical and specialised skills of black employees hampers their ability to graduate to senior positions, including senior consultancy in the industry. More occupationally-directed learnerships are required to solve the skills gaps. There has also been a tremendous pressure on THETA to provide training to local and provincial government officials. Sustainable tourism programmes have been earmarked as the most required by government officials. Clearly THETA has to forge strong partnership with the Local Government SETA to develop a cross SETA intervention to provide training programmes for this sub-sector.

The 2010 Tourism Organising Plan reveals the following additional skills that will be needed in the Travel and Tourism industry:

- Development of tourism packages. SMMEs will require skills in this process, to assist them in gaining market access through partnerships with larger operating companies who can market these packages.

- Skills requirements may include product/package development skills, quality indicators for these and guidance and support on the establishment of partnerships with larger operators. Grading of attractions is currently being undertaken by the Tourism Grading Council. Development of suitable assessors is currently underway.

2.5.7 Current skills needs of the Conservation and Tourist Guiding sub-sector

The nature of this sub-sector makes it difficult to track training needs and programmes. Many of these are highly specialised. At all levels of government, it is the scientific, legal, managerial and social skills that need to be developed most. In particular, the following skills gaps have been identified:

- Natural resource management skills.
- Knowledge of ecological resources and processes.
- Decision-making and research skills.

In addition, this sub-sector needs individuals who have knowledge of environmental legislation, legal framework, quality norms and standards, as well as individuals who are both competent in all areas of management, while also able to work closely with communities. Similarly, specialised skills are required for air quality management, waste management, and marine and coastal management. The Conservation sector draws employees who are highly educated, possessing either a degree or a post-degree qualification. However, the bulk of the people within the sub-sector are at the lower occupational categories, e.g. field rangers, general field assistants and other such occupations where a range of occupational skills are required.

The registration of tourist guides is a provincial government function, with a National Registrar determining policy and collating national guide figures from the provinces. National numbers and demographical breakdowns on guides are thus easy to establish. However, these figures reflect quantitative data and some demographics. The skills level, type and nature of the guides and language skills needs to be determined in order to make effective assessments of skills gaps.

There is an attempt to promote training in foreign languages predominantly with black tourist guides. For example, a number of South Africans have recently spent time in China in order to understand the needs of Chinese tourists and to begin working with the Chinese language. Prodigy & Grant Thornton identified the skills listed in Table 16.

Table 16: Current skills needs of Conservation and Tourist Guiding

Occupation	Estimated number of employees	Percentage
Tourist guides	1 300	7
Supervisors	1 100	6
Gaming rangers	1 000	5

Source: Prodigy & Grant Thornton, 2007

2.5.8 Future skills needs of the Conservation and Tourist Guiding sub-sector

Future skills needs include generic skills and occupationally specific skills. They include:

- Applied statistics
- Process modelling

- Geographical information systems
- Resource economics
- Conservation biology specialists
- Wetland scientists & indigenous plant science
- Marine resource management
- Integrated coastal management sustainable utilisation assessment
- Wetland management
- Water resource management
- Environmental law
- Environmental impact assessments
- Strategic environmental assessments
- Sustainable utilisation skills
- Alien species management
- Land care management
- Participatory rural appraisal skills

Air services responsible for providing specialized aircraft maintenance and flying skills are necessary for the management of national parks, especially for wildlife census and capture. This is also creating a demand for a new set of skills.
Tourist Guiding and related skills include:

- Customer service
- Health & safety management
- Site guiding
- Narration and interpretation skills
- Foreign Language skills to cover French, German, Dutch, Japanese and Chinese.

2.5.9 Current skills needs of the Sport, Recreation and Fitness sub-sector

The current skills issues facing the Sport sector are mainly in creating opportunities for young players to come through the system, and developing coaching skills. Encouraging participation across sporting codes is also critical and this is manifested by the insufficient number of skilled athletes and uneven capacity for sports administration. Sufficient young athletes should be able to access sporting opportunities and coaching skills in order to develop their sporting talent to take part in international sporting events.

Life skills for sport persons is identified as critical in this sub-sector and they include:

- Media training and Interpersonal skills
- Career guidance
- Coping with travelling
- Etiquette and protocol and Legal / contracts
- Personal finance management
- Conflict management and Stress management
- HIV and AIDS

A list of other core skills identified as needed in this sub-sector is provided in Table 17.

Table 17: Current skills needs of Sport, Recreation and Fitness

Occupation	Estimated number of employees	Percentage
Fitness Trainers	1 300	11
Receptionists	550	5

Source: Prodigy & Grant Thornton, 2007

2.5.10 Future skills needs of the Sport, Recreation and Fitness sub-sector

Many sport practitioners are volunteers and for this reason, they lack the basic skills. Some organizations or clubs can suddenly attract large sums of sponsorship but as a result of the skills shortage in the sector, they may not be able to efficiently make use of these funds for the betterment of the sport. Future development of sport in this country depends on sound organization strategies. Managers and administrators of sports and recreation facilities as well as sports federations are most needed. Multi-skills training (fitness, sport and coaching), followed by specialisation training, is recommended for employees.

While the Fitness industry is making progress with regard to employment equity in general, at the senior management level this is not yet the case. Adventure recreation activities are also shaping up in the Tourism industry, particularly outdoor recreation destinations where tourists engage in activities such as quad biking, motorcycling, mountain biking and recreational fishing. These recreational activities require trainers and specialised tourist guiding skills.

Figure 6: Summary of Sub-Sector Skills Needs

Hospitality Sector		**Travel and Tourism Sector**	
	Position		Position
1	Management	1	Travel Consultants
2	Waiters	2	Managers
3	Chefs	3	Tour Drivers
4	Cooks	4	Tour Operators
5	Cashiers	5	Tour Manager
Conservation and Tourist Guiding		**Sport, Recreation and Fitness Sector**	
	Position		Position
1	Supervisors / Managers / CEO	1	Fitness trainer / Instructor
2	Tour guides	2	Sales Assistant
3	Sales	3	Barman
4	Taxidermist	4	Aerobics Instructor
5	Rangers	5	Managers / CEO

Gaming and Lotteries Sector	
	Position
1	Managers / Supervisors
2	IT personnel

Source: Prodigy & Grant Thornton, 2007

2.6 CONCLUSION

Chapter 2 has described the patterns of skills demand in the South African Tourism sector. Some issues affecting demand for specific skills in the short, medium and long-term have been highlighted. Particular attention was paid to industry specific requirements, including an analysis of trends emerging from Workplace Skills Plans (WSPs) as well as sectoral growth and development strategies. The content of this chapter provides an indication of the current skills needs by occupation and includes an indication of numbers of people required per sub-sector. This section has set the scene for the presentation of information on skills supply discussed in the succeeding chapter.

3. SUPPLY OF SKILLS

3.1. INTRODUCTION

This chapter explores the supply of skills to the sector. Based on current supply side initiatives, this section highlights the current and required skills level. Issues affecting the supply of specific skills in the short, medium and long term are highlighted. The analysis also addresses expected output from education and training institutions and any support required. The content of this chapter provides an overview of the provision of skills per occupation including some indication of numbers of learners in the supply chain per annum.

The supply of skills consists both of a stock of skills and a flow of skills. The stock of skills refers to the existing skills base available to enterprises, whereas the flow of skills refers to the formation and upgrading of skills on a continuous basis. An efficient and growing Tourism sector requires that the supply of skills matches the demand. At present, unfortunately, the stock of skills in this sector does not match the demand and the flow and formation of skills is not optimally geared to remedy the situation or to meet the requirements of the near future. In short, the stock of skills to the sector is inadequate to the needs of enterprises.

3.2 STOCKS OF SKILLS

In establishing the skills base, it is important to indicate the educational levels of current employees across the sector.

3.2.1. Educational levels across sub-sectors

Current educational levels are as follows:

- 34% of employees have Grade 12.
- About 27.5% have less than Grade 12.
- About 78% of employees in Hospitality have grade 12 and below and 42% has less than Grade 11.
- The Gaming and Lotteries sub-sector has the second highest percent (67%) of employees with Grade 12 and therefore a greater demand will be on level 5 and higher qualifications.
- Tourism and Travel has the highest percent of employees (46%) with post Grade 12 qualification and lowest percent (9%) of grade 11 and below.

Priority training should also be catered for from NQF level 4 upwards. The Conservation sub-sector depicts two extremes; one is the highest proportion of employees (47%) with Grade 11 and below, which might therefore suggest a need for ABET, and secondly is the highest proportion of employees (13%) with degrees and higher qualifications, and these may need more of top-up skills rather than full qualifications.

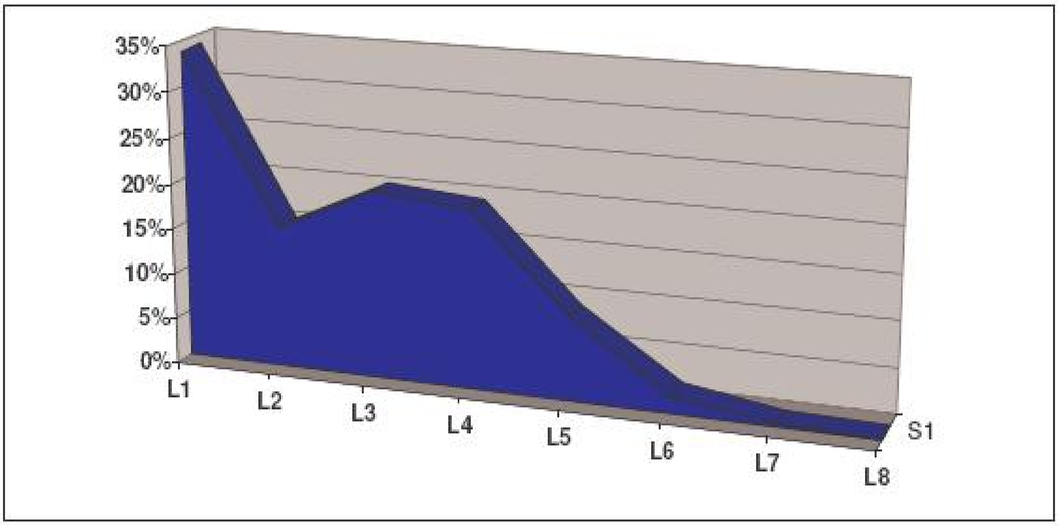


Figure 7: Training conducted by NQF Level
Source: Prodigy & Grant Thornton, 2007

The training that has been conducted, as indicated in these ATRs, highlights that there is already a strong correlation between the skills that have been identified as critical in the sector and the interventions that the sector is putting in place. Management and Leadership training comprised 21% of all training conducted. Sub-sector specific training includes the technical skills required by each sector, for example, guiding, coaching, cooking and so forth.

Table 18: Educational Levels across sub-sectors

Education Description	Conservation & Tourism Guiding	Gambling & Lotteries	Hospitality	Sport , Recreation & Fitness	Tourism & Travel	Grand Total
Grade 12/	1 055	9 291	18 364	2 610	2 974	34 294
Cert/Diploma/NTC 5-6	533	2 170	9 203	2 940	3 801	18 647
Undefined	151	3 074	11 393	292	1 356	16 266
Below Grade 9/Std7/ABET4	1 983	294	5 861	525	126	8 789
Grade 10/Std8/NTCI	500	825	6 496	319	261	8 401
Grade 11/Std9/NTCI	185	561	4 137	326	337	5 546
Grade 9/Std7/ABET4	639	120	3 936	251	80	5 026
Degree/Higher Diploma	329	418	1 321	249	611	2 928
Honours/Masters Degree	118	138	339	104	97	796
Doctoral	15	1	3	9	3	31
Total	**5 508**	**16 892**	**61 053**	**7 625**	**9 646**	**100 724**

Source: Prodigy & Grant Thornton, 2007

Other priority skills areas were also addressed, in that client services, administrative skills and information technology made up a significant proportion of the training that was conducted, (Figure 16). These interventions are aligned to the critical skill findings of the Skills Audit.

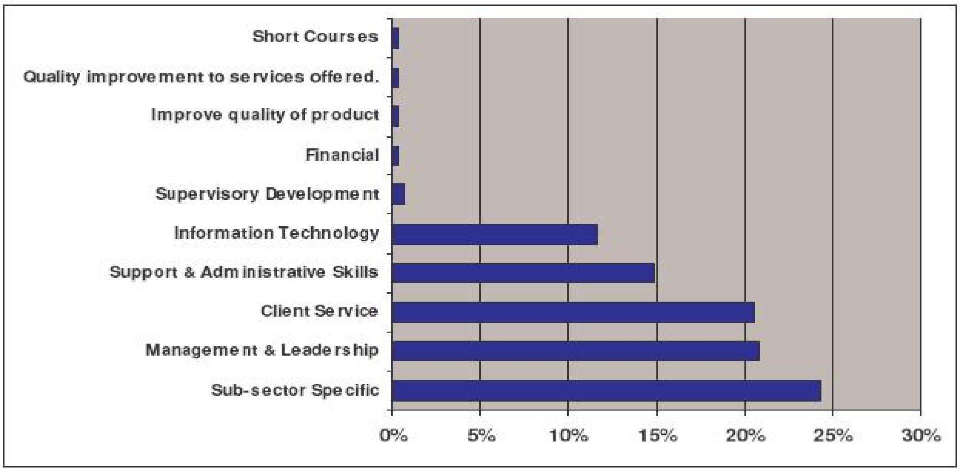


Figure 8: Types of Training conducted
Source: Prodigy & Grant Thornton, 2007

3.3 FLOW OF SKILLS

The flow of skills refers to the formation and upgrading of skills on a continuous basis. The most important feature in the supply of skills to the sector is the leading role played by employers in the formation of skills. Enterprises generally do not believe that educational programmes provide high quality employees. On-the-job training is the dominant method of skills development in the sector, followed by in-house formal training and then courses from outside agencies. On-the-job training makes up the greatest share of training provided both in the formal and informal SMME sector.

3.3.1 Responsiveness to demand

Responsiveness to demand suggests the relevancy of qualifications and adequate supply of skills needed by the sector. The number of learners enrolled, completed and employed is presented in the table to follow. Data is based on respondents' input and no verification of enrolled, completed and employment rates have been conducted via site audits. Employment rates are high (>80%) for all sub-sectors other than the Conservation and Tourist Guiding sub-sector (<50%). The number of learners completing their qualifications has been increasing over the five-year window, with steep changes noted in the sub-sectors of Sport, Recreation and Fitness and Conservation and Tourist Guiding. The number of Hospitality and Travel and Tourism Service graduates has experienced smaller increases, (Prodigy & Grant Thornton, 2007).

Table 19: Number of learners enrolled, completed and employed

Sector	2005			2006		
	Enrolled	Completed	% Employed	Enrolled	Completed	% Employed
Hospitality	2 569	2 510	82	2 388	2 307	84
Tourism & Travel	682	618	79	697	632	82
Sport, Recreation & Fitness	563	491	95	471	447	93
Gaming & Lotteries	398	249	-	306	391	-
Conservation & Tourist Guiding	178	176	37	204	202	50

Source: Prodigy & Grant Thornton, 2007

Table 20: Number of Learners supplied to the sector by all training providers

Sector	2004	2005	2006
Hospitality	14 698	16 566	15 226
Tourism & Travel	4 260	4 088	4 181
Sport, Recreation & Fitness	3 172	3 328	3 030
Gaming & Lotteries	No data	996	1 564
Conservation & Tourist Guiding	368	997	1 145

Source: Prodigy & Grant Thornton, 2007

From the tables, it is clear that the current number of accredited training providers will not be able to meet the requirements of the various sub-sectors. The skills shortage is further exacerbated by the fact that training providers have indicated that 16% (11% median) of their students, on average, leave South Africa to take up international opportunities, and 82% of the training providers surveyed have indicated that this trend is likely to increase in the next five years. (Prodigy & Grant Thornton, 2007).

Table 21: Number of Learners supplied to the sector

Sector	Supply				Requirements per annum	Shortfall or Excess
	2007	2008	2009	2010		
Hospitality	27 000	26 000	37 000	29 000	37 000	shortfall
Tourism & Travel	2 567	2 540	3 321	3 539	3 000	
Sport, Recreation & Fitness	413	488	163	136	3 000	Shortfall
Gaming & Lotteries	No reliable data				347	Unknown
Conservation & Tourist Guiding	312	544	595	567	1 500	Shortfall

Source: Prodigy & Grant Thornton, 2007

Other findings in respect of training provision include the following:

- The capacity of the labour market to absorb learners is questioned, especially in the more remote and/or rural areas.
- Human capacity is perceived to be lacking in the key government departments and municipalities.
- Role players at meso level should be well informed and able to refer correctly.
- Access to relevant information should be facilitated.
- Roles and responsibilities between the role-players should be clarified and adhered to.
- Alignment and integration of programmes and initiatives of all institutions (top-down, programmes, private/public should be promoted.
- Lack of baseline information on service providers in the Tourism sector.

3.3.2 Availability of programmes to meet scarce and critical skills

The courses run by tertiary institutions are perceived to be too long and lack practical application. As a result, tertiary institutions need to address industry needs more adequately by observing formats that are relevant and accessible to the industry and its current employees. THETA is addressing this through the development and registration of NQF aligned qualifications and accreditation of relevant institutions. Accreditation extends to on-the-job training to incorporate recognition of prior learning into the NQ framework. In cases where there is a definite need, THETA would implement a project that addresses that particular need, for example, a facility management course as well as the Management Development Programme offered for the Sport, Hospitality and Travel sectors in 2005 to 2006.

Even though there have been initiatives to address scarce and critical skills, the competitiveness study commissioned by SA Tourism found gaps in the tourism education system. Highly valued skills in the industry are not covered in education institutions. These include:

- Local, national and international tourism knowledge
- Promotion and advertising skills
- Marketing and accounting skills
- Computer skills and market research skills.

3.3.3 THETA Occupationally-Directed Qualifications Framework (TQF)

Over the past few years the THETA, together with its stakeholders, have designed an extensive Occupationally-Directed Qualifications Framework across its sub-sectors. This Framework relates occupations across the sectors to the qualifications that underpin these sectors. This initiative is aimed at addressing the provision of skills and training that is aligned to industry needs. The TQF ranges from level 2 upwards and qualifications covered are:

- Travel
- Tourism and Events
- Hospitality: Food and Beverage Services
- Hospitality: Accommodation
- Gambling and Lotteries
- Tourism and Adventure Guiding
- Sport, Recreation and Fitness
- Conservation.

These are designed to integrate theory and practice in the workplace, while defining and giving substance to career paths that are not simply next rungs on the corporate ladder, but attended by growing competence relevant to career being followed. (Triple L Academy, 2005).

Currently, THETA has registered 55 skills programmes, 40 qualifications and 24 Learnerships, all ranging from NQF level 2 to 5.

Skills programmes and qualifications
Currently THETA has revised all the registered qualifications and skills programmes in order to re-register industry relevant programmes. The review process is conducted partly because all THETA qualifications have run their life span and according to SAQA requirements they are due to expire and thus need revision.

Learnerships
Table 22 shows all current THETA registered Learnerships per chamber. The Department of Labour is currently conducting an evaluation study on the impact of learnerships as a vehicle to a qualification. The outcomes of this study will determine the extent to which learnerships are used by the industry, and more importantly, if learnerships have an impact on skills development and to what extent.

Table 22: THETA Registered learnerships per chamber

Learnerships per Chamber	Further			Higher			No. of Programs
	2	**3**	**4**	**5**	**6**	**7**	
Conservation and Tourist guiding	2		1	3	-	-	**6**
Tourism and Travel			3	3	-	-	**6**
Hospitality	1	1	3		-	-	**5**
Gambling and Lotteries		4			-	-	**4**
Sport, Recreation and Fitness			1	2	-	-	**3**
Total	**3**	**5**	**8**	**8**	**-**	**-**	**24**

Recognition of Prior Learning (RPL)

THETA has an RPL policy and programme which has not been fully utilised by training providers. The RPL tool helps to identify gaps and fast-track the acquisition of qualifications. Considering a high number of employees who have been executing their duties without a proper qualification, RPL is a viable option in addressing imbalances.

3.3.4 THETA accredited training providers

THETA has fully accredited 48 training providers and provisionally accredited 10 training providers. Table 23 indicates the number of fully accredited and provisionally accredited training providers in all nine provinces and across the five chambers. It is, however, apparent that Northern Cape has no THETA accredited training provider, whereas Eastern Cape, Free Sate, Mpumalanga, Limpopo and North West have either one or two accredited training providers. A higher density is observed in Gauteng and KwaZulu-Natal with a major focus being offerings in Hospitality and Tourism and Travel. The Gambling and Sport chambers have one each. Recently some providers offer training in more than one sector and province.

Table 23: Training provider status per province and per chamber

Province	Training providers per chamber										Total	
	Conservation		Gambling		Hospitality		Travel		Sport			
	Full	Provis	Full	Provis	Full	Provis	Full	Provis	Full	Provis	Full	Provis
Eastern Cape	1	-	-	-	1	-	1	2	1	-	4	2
Free State	1	-	-	-	1	-	-	-	-	-	2	-
Gauteng	3	-	3	-	17	4	6	4	1	1	30	9
KwaZulul-Natal	-	1	-	-	2	2	4	1	-	1	6	5
Mpumalanga	3	1	-	-	-	-	-	1	1	-	4	2
Northern Cape	-	-	-	-	-	-	-	-	-	-	-	-
Limpopo	1	-1	-	-	1	1-	-	1	-	-	2	3
North West	1	-	-	-	2	0	2	0	-	-	5	1
Western Cape	1	1	-	-	3	2	1	-	1	-	6	3
Total	**11**	**4**	**3**	**-**	**27**	**9**	**14**	**9**	**4**	**2**	**59**	**25**

When comparing the number of accredited training providers and the number of employers and employees, a big gap between demand and supply is evident. The average ratio is that one training provider services about 2000 employees (Table 24), and similarly, one provider serves more than 200 employers.

Table 24: Training Demand (Employment) vs Provision (Training Providers)

Province	Number of Employees 2006	Number of branches 2006	Number of training providers	Employee ratio	Employer ratio
Eastern Cape	5 720	939	2	1: 2 860	1: 470
Free State	3 617	294	1	1: 3 617	1: 3 617
Gauteng	43 832	4 613	21	1: 2 087	1: 220
KwaZulul-Natal	21 447	1 868	10	1: 2 144	1: 187
Mpumalanga	7 685	641	3	1: 2 561	1: 214
Northern Cape	1 324	126	0	0	0
Limpopo	4 333	224	2	1: 2 166	1: 112
North West	7 018	232	3	1: 2 339	1: 77
Western Cape	27 613	1 079	6	1:4 602	1: 180
Total	**122 589**	**10 016**	**58**	**1: 2 553**	**1: 209**

As a result of assessment of the status of training providers, THETA has in 2006 instituted a capacity building programme to create a standard and common understanding of quality provision which will see potential and constituent providers and stakeholders being assisted in the accreditation process, as per NSDS objective 5. This project re-orientates and capacitates existing providers through formal training sessions by accredited providers. It also targets emerging SMME providers and levy payers across the THETA constituency. The project establishes the THETA ETQA requirements and assists the training providers in the accreditation process.

3.4. CONCLUSION

Chapter three has, in a specific manner, analysed the supply of skills to the sector. Highlights of the current and required skills levels have been addressed as well as issues affecting the supply of specific skills in the short, medium and long term. The analysis also addressed the nature of output from education and training institutions. The contents of this chapter provides an overview of the provision of skills per occupation including some indication of numbers of learners in the supply chain per annum and projected over the five-year period. Both stock of skills and a flow of skills in sectors have been discussed so as to reveal the gaps and suggest possible interventions, particularly the fact that supply of skills should match the demand.

4. SCARCE AND CRITICAL SKILLS IDENTIFICATION

4.1 INTRODUCTION

Chapter 4 defines the scarce and critical skills requirements. It provides a consolidated interpretation of chapter 2 and 3 in terms of imbalances in demand and supply in the short term, and projected into the future. The final output of the section is a scarce and critical skills list in the prescribed *Framework for Identifying & Monitoring Scarce and Critical Skills* format. This scarce skills list will form the basis for the State of Skills publication to be used for information dissemination across the country.

4.2 SCARCE SKILLS

THETA, in partnership with DEAT and NBI has commissioned research into the demand and supply of skills required to elevate Tourism (and Sport) to higher levels of competitiveness. The initial phase of this research focused on a review of literature as well as consultations with key industry stakeholders. The second phase of the project includes primary field research and stakeholder consultation through a series of focus group discussions with each sub-sector of industry. The objective of these focus groups is to identify scarce or critical skills that are critical to the success of the industry and that are currently constraints to the growth of the industry.

4.2.1 Scarce and critical skills

Scarce skills as defined by the Department of Labour's Quality Learning Forum, refer to those occupations in which there is a scarcity of qualified and experienced people, currently or anticipated in the future, either because such skilled people are not available or are available but do not meet employment criteria. Scarce skills are:

- Priority skills
- Lacking in a particular geographical area
- Lacking in equity
- Requiring a lead time for training
- New skills needed for a new occupation
- Lacking in numbers of skilled people
- No training available to deliver required skills.

Critical skills refer to specific key or generic and "top up" skills within an occupation. This includes critical cross-field outcomes such as cognitive skills (problem solving, learning to learn, language and literacy skills, mathematical skills, ICT skills and working in teams). It also includes particular occupationally specific "top-up" skills required for performance within that occupation to fill a skills gap that might have arisen as a result of changing technology or new forms of work organization. Critical skills are top-up skills that are generic to all industries and are occupationally specific.

4.2.2 New Entrants

The skills audit has identified that learners and graduates are ill prepared for higher education and for the workplace. Training providers were questioned to determine what their experience with learners and graduates was, in order to identify areas that require remediation. A large number of training providers (44%) indicated that learners lacked the requisite numeracy and literacy skills required for successful completion of a tertiary qualification. Matriculants exiting the schooling system are found to be lacking in fundamental skills related to numeracy and literacy.

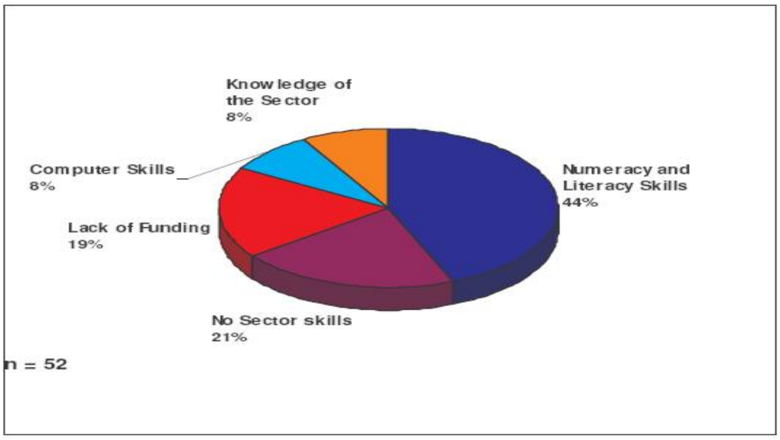


Figure 9: Critical workplace skills lacking - New entrants
Source: Prodigy & Grant Thornton 2007

New learners to the sector also lack sector skills and an understanding of the challenges and rewards of the sector. Many learners enter the training environment not knowing what demands the various sector qualifications will have on them, and then end up exiting due to their disillusionment with the sector and its demands. Training providers have implemented a variety of interventions to address the skills lacking in new learners to the sector, such as:

- Numeracy and literacy training and bridging programmes, to assist new learners improve their communication and numeracy skills.
- Experiential learning programmes to introduce the learners to the sector.
- Coaching and mentoring interventions, using senior students, to induct and acclimatise the learners to the sector.

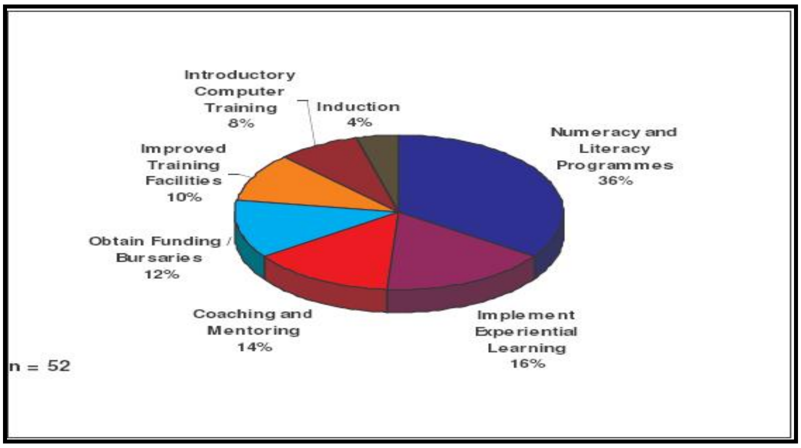


Figure 10: Interventions for new entrants
Source: Prodigy & Grant Thornton, 2007

As with the previous finding regarding funding, the prescribed intervention regarding the obtaining of funding or bursaries can be ignored in this particular context. Issues regarding funding have been dealt with in the section related to training effectiveness. Critical workplace skills lacking in graduates are as follows:

- Sector knowledge and/or sector experience – graduates are not able to be immediately productive and require a settling in and learning period, prior to becoming fully productive in the workplace.
- Some learners (16%) still have communication issues, but in this instance it is business communication skills that are required.
- 24% of the providers surveyed have indicated that their graduates are not lacking any workplace skills upon exiting their institution.

4.2.3 Hospitality

Taking into account the magnitude of the existing skills shortage as well as the negative impact that the lack of the skill has on the sector, the areas where skill development interventions are required in the Hospitality sector (listed in order of priority), include:

- The full range of Communication Skills - across ALL occupational categories.
- Broad-spectrum (full range) of Customer/Guest Relations Skills - across ALL occupational categories.
- Computer skills (usage of various computer programmes including specialised hospitality software for some occupational categories) – for technicians and associate professionals, professionals, senior officials/managers and clerks, in particular.

Occupationally specific skills for:

- Sales people
- Front of house reception staff
- Cleaners and accommodation service workers
- Financial managers
- HR/IR professionals
- Culinary workers (chefs and cooks).

4.2.4 Tourism and Travel Services

Taking into account the magnitude of the existing skills shortage as well as the negative impact that the lack of the skill has on the sector, the areas where skill development interventions are required in the Travel and Tourism sector (listed in order of priority), include:

- GDS/Central Reservation training for travel consultants
- Developing appropriately skilled tour guides and tour operators (full range of occupationally specific skills)

The full range of critical skills for tour guides and tour operators, viz:

- Communication
- Computer skills (usage of various computer programmes as well as industry specific programmes)
- Guest relations.

4.2.5 Conservation and Tourist Guiding

Taking into account the magnitude of the existing skills shortage as well as the negative impact that the lack of the skill has on the sector, the areas where skills development interventions are required in the Conservation and Tourist Guiding sector (listed in order of priority), include:

- Computer skills (various computer programmes) for technicians, senior officials/ managers and elementary workers.
- Financial management skills for technicians.
- Communication skills for technicians, clerks, tourist guides and life sciences professionals/rangers.
- General supervisory and operations management skills for senior officials and managers.
- Guest Relation skills for technicians, clerks and elementary workers.
- Office management skills for technicians and clerks.
- Understanding the importance of nature conservation – field rangers.
- Supervision and training skills for clerks and senior officials/managers.
- Occupationally specific cleaning skills for elementary workers.
- Front of house skills for clerks.

4.2.6 Gambling and Lotteries

Taking into account the magnitude of the existing skills shortage as well as the negative impact that the lack of the skill has on the sector, the areas where skills development interventions are required in the Gambling and Lotteries sector (listed in order of priority), include:

- Occupationally specific skills for surveillance and security personnel, including monitoring skills and equipment operating skills, as well as guest relation skills.
- Communication skills and HR specific skills (such as implementing the HR needs of an organisation and knowledge of Labour legislation) for HR personnel.
- Gaming payout skills for slot operators.
- Communication and computer skills (usage of computer programmes) for senior officials and managers.

4.2.7 Sport, Recreation and Fitness

Taking into account the magnitude of the existing skills shortage as well as the negative impact that the lack of the skill has on the sector, the areas where skills development interventions are required in the Sport, Recreation and Fitness sector (listed in order of priority), include:

- Communication and public relations skills for clerks, security/maintenance personnel, senior managers/officials, professionals and technicians.
- Computer skills (using various computer programmes) for senior officials and managers and clerks.
- Management and leadership skills (occupationally specific) for senior managers and officials.
- Development of financial managers (all occupationally specific skills).
- Sales, customer handling, sport best practice and office management skills for technicians.

4.3 FOREIGN LANGAUGES

The need to focus on the training of contact personnel at all tourism touch points cannot be ignored in the light of the increasing demand and lack thereof. It is important to start by giving an analysis of the training institutions currently offering foreign languages in the country. Apparently about 100% of foreign language training is centred in Gauteng at UNISA and University of Johannesburg. Other provinces have limited access to foreign language training except German and French Languages which are offered in almost all Universities. French is offered in 16 universities, German in 14 universities countrywide. Spanish in 6 Universities, Mandarin in 3 universities, Italian in 5 universities, Arabic in 3 universities, Russian not offered in any university, Japanese at WITS only and Portuguese at 3 universities, (DEAT, 2007). The Table 25 gives the geographic spread of foreign languages offering.

Table 25: FOREIGN LANGUAGES OFFERED IN SA HET

PROVINCE	FOREIGN LANGUAGES OFFERED IN SA HET								
	French	German	Spanish	Mandarin/ Cantonese	Italian	Arabic	Russian	Japanese	Portuguese
Gauteng			UNISA WITS TUT	M- UNISA M-WITS M-STEL	UNISA WITS	UNISA WITS CPUT		WITS	UNISA WITS UCT
W Cape	UCT	STEL	CPUT UCT		UCT CPUT				
KZulu-Natal	DUT		UKN		UKN				
Free State	CUT	CUT							
Limpopo, Mpumalanga North West E Cape N Cape									

In many instances the foreign languages are offered as part of a full qualification and not as a stand alone programme, this would create a problem for learners interested in the language only. Not all universities have campuses in all provinces and even if some do, very few will have the foreign languages offered at a satellite campus. There are no existing universities in Mpumalanga and Northern Cape. Whilst utilization of universities already offering foreign language training will be a good starting point, the current provision needs to be augmented and customized to meet current needs. The HET foreign language landscape is only one scenario presented here, further investigation needs to be conducted to establish offerings by workplaces and other private training providers that can be utilized

TABLE 26: REQUIRED TARGETED OCCUPATIONS PER CHAMBER

CHAMBER	OCCUPATION	Target 08-09	Target 09-10	Total
Hospitality	Receptionists (accommodation)	600	600	1200
	Chefs, cooks & Waitrons	600	600	1200
	Supervisors	200	200	400
	Cashiers	100	100	200
	Total	**1500**	**1500**	**3000**
Tourism & Travel	Travel consultants	200	200	400
	Sales consultants	200	200	400
	Tourist guides	200	200	400
	Call centre staff	200	200	400
	Total	**800**	**800**	**1600**
Sport, Recreation & Fitness	Receptionists	100	100	400
	Facility/Team Managers/Chef De Missions & VOC Officials	300	300	400
	Fitness trainers/Technical officials	200	100	200
	Total	**600**	**600**	**1200**
Conservation & Tourist Guiding	Tourists guides	500	500	1000
	Receptionists	300	300	600
	Gaming rangers	400	400	800
	Total	**1200**	**1200**	**2400**
Gaming & Lotteries	Receptionists	100	100	200
	Cashiers	100	100	200
	Slot operators	100	100	200
	Total	**300**	**300**	**600**
Grand Total		**4300**	**4300**	**8600**

to deliver training. All five THETA chambers identified and prioritized foreign language training as an urgent intervention. The target recipients are deemed to be contact personnel across the industry in all nine provinces and particularly the FIFA 2010 host cities. Estimated beneficiaries are classified as PER Table 26.

4.4 CUSTOMER SERVICE

Customer service as a critical skill required by the tourism industry has been touted at every skills meeting, and in documents produced by the private and public sectors. All THETA chambers, in line with the critical skills list have identified and prioritized customer care as an urgent intervention in preparation for FIFA 2010 Soccer World Cup and beyond. THETA already has adopted an international customer service programme commonly known as SA Host. It is therefore prudent for THETA to embark on SA host training throughout the country. Contact staff in all tourism touch points are targeted to receive this training. Beneficiaries are classified per chamber in the Table 27.

TABLE 27: REQUIRED TARGETED OCCUPATIONS PER CHAMBER

CHAMBER	OCCUPATION	Target 08-09	Target 09-10	Total
Hospitality	Receptionists (accommodation)	1000	1000	2000
	Chefs, cooks & Waitrons	1000	1000	2000
	Supervisors	1000	1000	2000
	Cashiers	1000	1000	2000
	Total	**4000**	**4000**	**8000**
Tourism & Travel	Travel consultants	500	500	1000
	Sales consultants	500	500	1000
	Tourist guides	500	500	1000
	Call centre staff	500	500	1000
	Total	**2000**	**2000**	**4000**
Sport, Recreation & Fitness	Receptionists	100	100	400
	Facility/Team Managers/Chef De Missions & VOC Officials	300	300	400
	Fitness trainers/Technical officials	200	100	200
	Total	**600**	**600**	**1200**
Conservation & Tourist Guiding	Tourists guides	1000	1000	2000
	Receptionists	600	600	1200
	Gaming rangers	400	400	400
	Total	**2000**	**2000**	**4000**
Gaming & Lotteries	Receptionists	500	500	1000
	Cashiers	100	100	200
	Slot operators	100	100	200
	Total	**700**	**700**	**1400**
Grand Total		**9700**	**9700**	**19400**

4.5 SECTOR OVERVIEW

The Sector Skills Plan is a tool to guide the allocation of limited resources and effort to the best possible use. The best possible use is simply the one that yields the highest output or return on investment. Simply identifying a particular area of shortage does not mean that the bulk of resources have to be used to reduce this shortage. As more resources are used for a particular purpose, so the impact of those resources will diminish and another area of resource allocation may emerge as yielding a higher impact.

Accordingly, this skills plan considers various categories of training objectives, all or most of which will absorb some of the resources available for training. Table 28 presents a list of scarce skills and Table 29 is a list of critical skills across the five chambers. This summary is a consolidated list of skills priorities based on information obtained from the WSPs, as well as the outcome from the skills audit report.

4.4 CONCLUSIONS

This fourth chapter has attempted to define the scarce and critical skills concepts and provided an outline of the scarce and critical skills in the sector. Tables aligned to the *Framework for Identifying & Monitoring Scarce and Critical Skills* have been incorporated to present tentative figures and description of skills required.

Table 28: Current list of Scarce Skills

Occupn Code	Level 1	Occupation	Specialisation	Critical Skills	Intervention	NQF Lev	NQF Aligned (Y/N)	Estimated Demand	Comments
252801	PROFESSIONALS	Biokineticist	Biokineticist	Biokinetics skills	Specialised skills	7	y	**100**	Limited availability black male/female biokineticists & Sports Scientists,cant fill crit pos.
351301	TECHNICIANS & TRADES	Chef	Chef de Partie	All different types of chefs	Specialised chef skills	6	y	**1300**	There is a lack of qualified black chefs.
234301	PROFESSIONALS	Conservation Officer	Environmental Scientist	Conservationist/scientist	Develop our current staff	6	y	**200**	
131102	MANAGERS	Sales And Marketing Manager	Sales Assistant / Promotions Supervisor	Ability to sell corporate travel	Sales seminars, presentation skills	5	n	**100**	
224701	PROFESSIONALS	Management Consultant	Manager	Industrial Relations knowledge & leadership skills	Management dev programme	5	y	**2000**	All levels of management need to understand and apply IR codes of good practice
221102	PROFESSIONALS	Management Accountant	Financial Accountant	Financial & Business Man	Financial & Business Management	6	y	**200**	To complete the staff development process, a professional qualification is needed.
225201	PROFESSIONALS	Ict Account Manager	ICT Development Manager	IT and Top-up Skills	Theroy & Practical	5	n	**1000**	
136102	MANAGERS	Programme Or Project Manager	Project Advisor / Leader / Supervisor	Project Management skills	Project Management course	5	y	**200**	Lack of management skills
132201	MANAGERS	Finance Manager	Finance Director	Management & financial skills	Technical Mangnt training	6	y	**200**	Business is growing, biggest challenge is placing managers with correct technical skills
431401	COMMUNITY & PERSONAL SERVICE	Hotel Service Manager	Hotel Service Supervisor	Culinary and management	F&B Stratgey	6	n	**200**	Have put together a comprensive strategy of dev & recruitment for all levels of chefs
551101	CLERICAL & ADMIN WORKERS	Accounts Clerk	Accountancy Clerk / Officer / Technician	Accounting, Pple skills, Stock control	Trainee Managers	5	n	**200**	It is becoming harder each year to find suitable staff with the correct skills to fill positions.
225401	PROFESSIONALS	Sales Representative (Industrial Products)	Sales Assistant / Promotions Supervisor	Neg & selling value-added product	Neg & selling value-added product	5	y	**200**	Relative scarcity of the skill - high staff turnover.
542101	CLERICAL & ADMIN WORKERS	Receptionist (General)	Communication Services Clerk	Professional writing and communication skills	Business writing skills	5	y	**150**	Need to be providing a service with a professional touch
224701	PROFESSIONALS	Management Consultant	Gaming Manager	Management	ADP & Management dev Programme	6	n	**200**	
263202	PROFESSIONALS	Ict Support Engineer	Gaming Manager	CompTIA A+, N+, MCP, Novell CNA Cisco	Operating systems, desktop hardware	5	n	**200**	
452101	COMMUNITY & PERSONAL SERVICE	Fitness Instructor	Fitness Consultant / Trainer / Instructor	Fitness training	National Certificate in Fitness	5	y	**400**	Lack of qualified staff in the industry
451602	COMMUNITY & PERSONAL SERVICE	Travel Consultant	Senior Officer	Fares, ticketing, galileo	Internal Fares training, GDS training	5	n	**200**	
451402	COMMUNITY & PERSONAL SERVICE	Tour Guide	Tour Controller	Client Services and Foreign languages	Customer Care and Foreign language training	5	y	**1000**	To offer professional service to our clients

Table 29: Current list of Critical Skills

Occupation Code	Level 1	Occupation	Specialisation	Critical Skills	Intervention	NQF Level	NQF Aligned (Y/N)	Estimated Demand	Comments
551101	CLERICAL AND ADMINISTRATIVE WORKERS	Accounts Clerk	Bookkeeping Clerk	Accounting & bookkeeping know	Accounting & bookkeeping course	6	y	**100**	
621701	SALES WORKERS	Cash Van Salesperson	Cashier	Effective cashiering skills	Cashiering course	5	y	**190**	Improve cashiering skills for existing employees
591104	CLERICAL AND ADMINISTRATIVE WORKERS	Sales Clerk	Team Leader Client Services	Prod know & Customer Care	Customer Care/Induction course	5	y	**100**	To align Customer Care/satisfaction standards to organisational goals
224701	PROFESSIONALS	Management Consultant	Manager (Regional)	Coaching aqnd Mentoring skills	Coaching and Mentoring course	6	y	**120**	Through its BEE partner the company will focus trainining
451602	COMMUNITY AND PERSONAL SERVICE WORKERS	Travel Consultant	Travel Arrangements Manager	Prod know & Customer Care	Customer Care/Induction course	5	y	**320**	To align customer care/satisfaction standards to organisational goals
224701	PROFESSIONALS	Management Consultant	Relationship Manager	Employee Relations management	Stakeholder Training	7	y	**220**	Teaches the importance of good management practices/Best Practice
224701	PROFESSIONALS	Management Consultant	Labour Relations Manager	Legislative Compliance	Discipline Management	7	y	**360**	Understand how to investigate, initiate and chair disciplinary hearings
224701	PROFESSIONALS	Management Consultant	Accommodation Supervisor	Coaching & Mentoring	Coaching and Mentoring course	6	y	**400**	
224701	PROFESSIONALS	Management Consultant	Rental Car Hirer	Prod know & Customer Care	Customer Care/Induction Course	5	y	**600**	To align Customer Care/satisfaction standards to organisational goals
224701	PROFESSIONALS	Management Consultant	Business Services Manager	Leadership	Change management	6	n	**500**	Implementing a change mangmt process to instill people focused leadership style
224701	PROFESSIONALS	Management Consultant	HR Officer	Management & Leadership	JD Writing & Job Grading	7	y	**300**	To ensure efficient and transparent stakeholder participation
224701	PROFESSIONALS	Management Consultant	Personnel Officer	Performance management	Software Based Training	7	y	**260**	To ensure efficient and transparent stakeholder participation
851101	ELEMENTARY WORKERS	Fast Food Cook	Fast Food Assistant	Cooking Skills and food preparation	Waitering/customer service	5	y	**200**	Need qualified and accredited cooks for industry
431501	COMMUNITY AND PERSONAL SERVICE WORKERS	Waiter Or Bartender	Restaurant Hostess / Supervisor	Prod know & Customer Care	Customer Care/Induction Course	5	y	**400**	To align Customer Care/satisfaction standards to organisational goals
351401	TECHNICIANS AND TRADES WORKERS	Cook	Fast Food Server	Prod know & Customer Care	Customer Care/Induction course	5	y	**400**	To align Customer Care/satisfaction to organisational goals

5. SMALL BUSINESS & ENTREPRENEURIAL OPPORTUNITIES AND NSDS PRIORITIES

5.1 INTRODUCTION

This chapter is dedicated to small business within the THETA universe as well as entrepreneurial opportunities available within the sector. The analysis starts off by looking into the development of SMMEs in South Africa, followed by their role in Tourism. Lastly, entrepreneurial and franchising opportunities available in growth areas and skills development implications are explored.

5.2 DEVELOPMENT OF SMALL ENTERPRISES

The World Travel and Tourism Council (WTTC) emphasises that governments have within their power, the ability to unlock the Tourism industry's potential to create jobs and generate prosperity (Blueprint for New Tourism, 2003). The Tourism sector lends itself to the development of small enterprises. However, half of those businesses operate from informal premises (30% are street vendors) and most likely employ few people. Tourism growth is dependent on government recognition of the multiplier effects for all sectors of the economy and population.

Hospitality is the single largest chamber in the THETA sector and its characteristics dominate the entire THETA universe. A very large share of the permanent employees in the THETA universe are working in the large number of formal hospitality businesses that have small staff numbers and relatively low turnover. The following characterise the SMMEs in the Hospitality sector: (HSRC, 2005).

- Many of these businesses are run by middle-aged or retired people, particularly women whose careers have passed their peak and whose future business expectations are relatively limited and short-term.

- Some of these businesses may be under-capitalised for the same reasons, reducing the risk tolerance further.

- Many such businesses are badly located in the spatial framework of the national tourism market, with inadequate client base and little prospect of expansion in the future.

- Many are also family-run, with extensive use of unpaid family helpers, leaving them with little or no prospect of promoting non-family employees or offering a career track to trained people. In such cases, training may become an incentive to leave the job. (HSRC, 2005).

On the other hand, the young population of owners/managers of SMEs exhibit great potential in the Tourism field but have little access to resources and are further characterised by the following:

- They have difficulty in accessing credit.
- They struggle with levels of education.
- Their qualifications are just too low to be viable in the formal job market.
- More than half of this group is living on poverty incomes.

5.3 THE ROLE OF SMEs IN THE SECTOR

A review of the structure of the sub-sectors comprising the Tourism sector reveals that it is a sector with particular relevance to small and medium-sized enterprise development. The structure of the Tourism sub-sectors is characterised by the competitive co-existence of large and small firms. Quality of the tourism product[1] itself, as well as the quality of service delivery, distinguishes one supplier from another. The demand for quality (both in terms of product and service delivery) and the consequent differentiation drives competition in all sub-sectors. Herein lies the key to the structure of these sub-sectors and the opportunities that exist for small or medium-sized business. Scale is not necessarily an advantage in the provision of a service, especially if the service (tourism) is an interactive service in the sense of involving direct people contact. Indeed, this characteristic may offer an advantage to the small business over its larger competitors. It remains true however that in respect of certain types of tourism, scale does offer advantages. (Letsema, 2002).

5.4 SMEs AND BLACK ECONOMIC EMPOWERMENT

It is a common understanding that SMEs is about black businesses and vice versa. Franchising is beginning to play a more important role in the industry and this is opening up further opportunities for smaller players as it allows entry without very large capital investment, and offers a lower perceived risk. While it is common for hotels, airlines and other players in the Tourism sector with franchise and/or management relationships with foreign companies to use their foreign links to market themselves and to give an impression of a large foreign presence in the sector, ownership and employment in the sector remains very much white South African. One unanticipated constraint to increased black ownership in the Tourism industry, mentioned by several interviewees, was a perception that the Tourism market was "not attractive to black companies". Small business development and affirmative procurement have the potential to account for a large proportion of BEE activity in the Tourism sector.

Tourism is by and large following the same development pattern as most other sectors. Affirmative procurement policies tend to be initiated by government departments and state-owned enterprises but then gradually spread through the private sector, driven by the buying power of the larger players and the commitments of companies with a strong empowerment focus. The problem of "fronting" has been highlighted in several sectors but will remain difficult to solve so long as the demand for empowerment suppliers exceeds the supply. Many of those surveyed also indicated that they were not willing to compromise on quality in order

[1] In this context we refer to the accommodation package as the product, for example, in order to distinguish the delivery or supply thereof from that which is actually delivered.

to reach affirmative procurement targets.

Table 30 provides a snapshot summary of SMEs' areas of concern, skills gaps and required intervention.

Table 30: A summary of SMEs' concerns, skills gaps & training intervention required

SMEs' Areas of Concern	Skills Gaps	Required Training intervention
Access to capital and financial management	Financial management skills and basic bookkeeping	Training in financial management and bookkeeping
Partnership opportunities with bigger business	Negotiation skills	Training in negotiation skills
Quality of products and service level	Quality product development and customer care	Training in product development and customer service
Access to markets	Marketing skills	Training in marketing
Business management	Business management skills	Training in business management
Information technology and computer skills	IT and computer skills	Training in IT skills particularly programming
Communication and deal negotiation	Communication skills	Training in business communication English

Dealing with small businesses presents three broad challenges: Firstly, locating businesses that are able to provide goods and services of an acceptable quality; secondly, providing medium-term support and capacity-building to those small businesses that require it; and thirdly, communicating with small businesses which have neither email nor Internet connectivity nor a reliable contact telephone number. Black SMEs, especially community-based small businesses, may lose business opportunities due to lack of access to information about tourism related tenders, events, products or initiatives.[2]

Tourism Enterprise Programme (TEP) is one of the main role players within the Tourism SME sector. Forms of assistance provided by the TEP include:

- Helping large tourism companies analyse their spend to identify areas where they can involve small businesses in outsourcing and procurement.
- Helping them develop policies and programmes for affirmative procurement.
- Locating small businesses to link with.
- Identifying and developing these small businesses to result in a mutually beneficial relationship with the big companies.

Survey respondents were asked to provide a list of the main skills and qualifications that they believe are needed for a person to be a successful owner/manager operating in the sector. This was posed as an open-ended question, thus the responses have been grouped into themes and ranked according to the number of mentions. Survey respondents believe that in order to be a successful owner/manager the following skills/qualifications are required (listed in order of importance):

[2] The current trend by both government and industry associations is to use email and the Internet as a primary means of communicating with geographically dispersed stakeholders. This is supplemented by press releases in the print media.

Attitude – which includes having a positive outlook, being passionate about the business, being dedicated and hard-working, having the right personality, being clean and healthy, displaying good manners and using common sense.

Management skills – knowing how to manage a business, employees and customers.

Business skills – this incorporates business management skills and an understanding of how businesses operate, the various components of a business, understanding the market and the sector in which the business operates, and understanding business related legislation, etc.

Specialist skills – this refers to specific skills relevant to the service/product offering provided by the SMME, such as cooking/catering skills, tour guiding knowledge, etc.

Qualification – a relevant qualification (degree, diploma, certificate) that provides proof of the owner/manager's skill and ability to operate the business.

Communication Skills – which includes communication with employees, suppliers, competitors and clients.

Customer relation skills – knowing how to interact with customers, including customer etiquette, etc.

People skills – which is similar to customer relations skills and management, and includes being a friendly, welcoming and warm person who deals in a favourable manner with employees, clients/customers, suppliers, etc.

Money/Financial management – which includes having an understanding of how to manage finances, how to budget, of bookkeeping and financial accounts and of taxes and the tax system as well as general mathematical literacy and how to purchase goods from suppliers.

Marketing & market knowledge – knowing how to market a product as well as an understanding of the market as a whole.

Basic literacy – which includes basic reading and writing skills (ABET).

Matric – which indicates having more skills than someone with only ABET, but less skills than a qualified person (degree, diploma, certificate).

Vision, goals & strategy – being able to understand the strategic direction to be followed in order to reach their goals and vision.

Selling skills – being able to sell their product/service effectively. Interestingly, only 1% of the respondents mentioned experience as an important criterion for a successful owner/manager. Furthermore, only 1% mentioned the need for computer skills. Almost none of the respondents mentioned that there are no qualifications/ skills required to be a successful owner/manager.

The survey respondents were asked to indicate their specific training or skills needs that would allow them to operate their SME more effectively and efficiently. 77% of the respondents indicated that they have one or more training/skills needs. However, about a quarter of all the respondents indicated that they do not require any skills or training. This was posed as an open-ended question, thus the responses have been grouped into themes and ranked according to the number of mentions. Survey respondents cited the following skills/training, listed in order of importance, which they believe they personally need:

- Business and people management skills
- Budgeting and financial skills
- Specialist skills – specific skills related to their line of business such as cooking
- Marketing and sales skills
- Communications skills
- Computer skills
- Creativity skills
- Customer Relations skills
- Legal knowledge, including knowledge on the Labour Relations Act.
- Key skills required relate to business, people and financial management.

Survey respondents were asked to provide an indication of the type of training that they had attended or completed as well as the name/type of institution that provided the training. Only 27% of the respondents had attended one or more relevant training programmes. Thus three quarters of the owner/managers included in the sample have not participated in any form of training. Coupled with the low level of education amongst these owner/managers, this indicates that in general, SME owner/managers are probably ill-equipped to grow and sustain their businesses and create jobs through new employment opportunities. The types of training programmes attended by the respondents (listed in order of number of mentions) include:

- Business management, Bookkeeping skills
- Arts and Crafts, Sculpting
- Cooking, Catering, Hospitality Skills
- Computers, Administrative skills
- Plant & Resource Management
- Sales and Marketing
- Fitness and Health course, Health and Hygiene
- Liquor and Beer Service/Taverner.

44% Of the training undertaken by SME owner/managers was delivered by friends, managers or through a company (such as a former employer, supplier, etc). In general, this training is not credit bearing and is often on-the-job and ad-hoc (and thus is often quite focused and specific). 56% of the training received by SME owner/managers was provided by a university, college or training provider. This training tends to be more formal, credit bearing training. However, it is often more generalist training/skills development and not necessarily specific to the job requirements of the owner/manager. The majority of the respondents who have attended one or more training programmes indicated that the training was beneficial to them.

Apart from the responses provided in respect of the structured questions, feedback was also elicited from community respondents around specific constraints to SME development. These are important to note in terms of engaging with SMEs:

- SMEs generally have a narrow product and service range.

- SMEs are mainly cash businesses, implying that prior bookings and arrangements cannot be made, thus SMEs have a lower power base for negotiation purposes.

- SME owner/managers expressed their major financial needs in terms of meeting household needs rather than for business development, an expression of the essentially survivalist nature of rural tourism.

- Other concerns expressed included improved access to markets and marketing for their enterprises and issues concerning crime, safety and security.

- SME owner/managers also indicated that the seasonal nature of tourism in rural areas or in certain sub-sectors means that many rural tourism SMEs must also seek other alternative income sources.

- Few business linkages were forged by the majority of Sport SMEs with the larger formal sport enterprises. (Prodigy & Grant Thornton, 2007).

5.5 CORE OR FOCAL BUSINESS OPPORTUNITIES FOR NEW VENTURES

Self-employed entrepreneurs or SMEs are the growth engines in the Tourism and Hospitality sector. THETA has put more emphasis on skills required to create new ventures within its universe. Established SMEs may be open to training that enhances their capacity to grow. They may be interested in acquiring management or marketing skills to improve their businesses. The following factors tend to hamper the creation of new ventures:

- Poor infrastructure limits access to outlying areas, particularly for rural SMEs.
- Lack of finance to develop their offerings.
- Lack of tourism knowledge and marketing and management skills to develop viable business ventures.

THETA co-ordinates training programmes that inform and train rural SMEs in particular but also SMEs in other areas, in the processes of obtaining finance. Secondly, the SMEs are given access to training to acquire tourism and general business skills. Finally THETA would encourage partnerships between the SME and formal sector Tour or Hospitality operators through New Venture Creation Learnerships.

Table 31 further illustrates THETA's projects being implemented to develop new venture creation skills within the SME sector and other NSDS target related projects in Hospitality, Sport, and Tourism and Travel.

5.6 THETA NSDS TARGETS 2007/2008

Table 31a: NSDS Targets – Organizations supported in 2007/2008

SI No.	Reporting Information Required	THETA SLA Target for 2006/07	THETA Achieve-ments	THETA Achieve-ments %
2.1	Number of large firms received WSP/ATR grants for 2007/8 financial year	134	0	0
	Number of medium firms received WSP/ATR grants for 2007/8 financial year	176	0	0
2.2	Number of small levy paying firms supported by SETAs for 2007/8 financial year	823	0	0
2.3	Number of government departments that have spent at least 1% of personnel budget on training and impact of training on service delivery measured and reported	13	0	0
2.5	Number of small BEE firms and BEE cooperatives supported by skills development	75	0	0
3.2	Number of NLPEs, NGO's, CBO's, Co-ops supported by SETAs	1 054	0	0

Table 31b: NSDS Targets – Workers supported in 2007/2008

SI No.	Reporting Information Required	THETA SLA Target for 2006/07	THETA Achieve-ments	THETA Achieve-ments %
2.7				
	No. of workers that have registered ABET Level 1,2,3,4	5 600	0	0
	Total No. of workers that have entered Learnership programmes	1 175	322	27.4
	Workers Entered Internships	50	0	0
	Workers Entered Unit Standard Based Skills Programmes	712	322	45.22
	Workers Entered Other Learning Programmes	790	0	0
	Total No. of workers that have completed learning programmes	587	139	23.68
	Workers Successfully Completed Internships	50	0	0
	Workers Successfully Completed Unit Standard Based Skills Programmes	244	139	56.97

Table 31c: NSDS Targets – Unemployed supported in 2007/2008

SI No.	Reporting Information Required	THETA SLA Target for 2006/07	THETA Achieve-ments	THETA Achieve-ments %
4.1				
	Total No. of unemployed people that have entered learning programmes	1 175	344	29.28
	Unemployed People Entered Learnerships	413	0	0
	Unemployed People Entered Internships	50	0	0
	Unemployed People Entered Unit Standard Based Skills Programmes	712	344	48.31
	Total no of unemployed people that have completed learning programmes	587	110	220
	Unemployed People Successfully Completed Internships	50	0	0
	Unemployed People Successfully Completed Unit Standard Based Skills Programmes	330	110	0

Table 31d: NSDS Targets – Youth supported in 2007/2008

SI No.	Reporting Information Required	THETA SLA Target for 2006/07	THETA Achieve-ments	THETA Achieve ments %
4.2	No. of learners assisted to gain work experience	1 500		
4.3	No. of young persons trained and mentored to form new ventures	100		
	No. of new ventures that are in operation 12 months after completion of programme	70	0	0

Table 31e: NSDS Targets – Training providers supported in 2007/2008

SI No.	Reporting Information Required	THETA SLA Target for 2006/07	THETA Achieve-ments	THETA Achieve-ments %
5.1	No. of Institutes of Sectoral or Occupational Excellence recognized and supported by SETA	1	0	0
5.2	No. of Institutions accredited to manage delivery of new venture creation qualification	1	0	0

Table 32: THETA SMME and other NSDS targets related projects

No.	Project	Provinces	NSDS Targets	Number of Learners
1	Youth Coaching Clinic	4		450
2	Admin, Technical Officials Capacitation	all 9	4.1, 5.1	250
3	Facility Managers' Development	all 9	2.3	150
4	Boxing Development	all 9	4.1, 5.1	160
5	2010 Coordination & Liaison Project	all 9	4.1, 5.1	
6	Mass Participation Project	all 9		1 500
7	Volunteer	all 9		1 000
8	Media Liaison/Relation & Journalism	all 9		100
9	Sports commentary	all 9		120
10	Graduate Development	all 9	4.2	5 000
11	Spanish Language	PNA		45
12	Learnerships 2007 - 2009	all 9	2.8	2 400
13	ABET	all 9	2.7	1 935
14	Specialised computer training (GDS)	all 9		3 000
15	Small Tour Operators Training	all 9	2.2	120
16	New Venture Creation	all 9	4.3	125
17	Capacity Building SMMEs	all 9	2.2	3 000
18	Sport Tourism Development	all 9	2.2, 3.2	150
19	Curriculum development	all 9	5	50
20	Industry Effectiveness Research	all 9	1.1, 1.2	
	Total			**19 555**

5.7 CONCLUSION

Chapter 5 focused on small businesses within the THETA universe as well as entrepreneurial opportunities available within the sector. The analyses included a broad understanding of development of SMMEs in South Africa, followed by their role in Tourism and entrepreneurial opportunities available. While most employers in the Tourism sector are micro, small or medium, it is large employers that do most of the training. This creates a challenge for skills development, retention and transfer.

Human resource development in the Tourism sector requires the development of SMMEs. These two issues cannot be unbundled. Training for SMME workers should be understood as a strategy for increased profitability and competitiveness. Facing this challenge requires the redesign of skills development, retention and transfer programmes at every level. It affects the design of curricula, the training methods used, the training providers used, and the location and timing of training programmes.

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ANNEXURE "A"

ACRONYMS

ABET	Adult Basic Education and Training
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
ATR	Annual Training Report
B&B	Bed-&-Breakfast
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CBO	Community Based Organisation
CEO	Chief Executive Officer
CHE	Council for Higher Education
CSP	Customised Sector Plan
DEAT	Department of Environmental Affairs and Tourism
DoE	Department of Education
DoL	Department of Labour
DTI	Department of Trade and Industry
ETQA	Education and Training Quality Assuror
Fedhasa	Federated Hospitality Association of South Africa
FET	Further Educational Institution
FIT	Foreign Independent Traveller
GCP	Global Competitiveness Programme
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution Framework
GEM	Global Entrepreneurship Monitor
HCTC	Hotel and Catering Industry Training Council
HET	Higher Educational Institution
HITB	Hospitality Industries Training Board
HSRC	Human Sciences Research Council
IATA	International Air Transport Association
ICC	International Convention Centre
INTAC	Integrated Nature-Based Tourism and Conservation
ISAK	International Society for the Advancement of Kinanthopometry
IT	Information Technology
JIPSA	Joint Initiative on Priority Skills Acquisition
KPI	Key Performance Indicator
LOC	Local Organising Committee
LPM	Limited Payout Machine
NBI	National Business Initiative
NBSAP	National Biodiversity Strategy and Action Plan
NOCSA	National Olympic Committee of South Africa
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NTTT	National Tourism Task Team
NVC	New Venture Creation

NZG	National Zoological Gardens
OFO	Organising Framework of Occupation
PAS	Provincial Academies of Sport
PPP	Public Private Partnership
RPL	Recognition of Prior Learning
SA Tourism	South African Tourism
SAACREG	South African Advisory Council on Responsible Gambling
SANBI	South African National Biodiversity Institute
SANParks	South African National Parks
SAQA	South African Qualifications Authority
SASC	South African Sports Commission
SASCOC	South African Sports Confederation and Olympic Committee
SATI	South African Tourism Institute
SATOUR	SA Tourism
SATOUR	South African Tourism
SATSA	South African Tourism Services Association
SDA	Skills Development Act
SDF	Skills Development Facilitator
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SISA	Sports Information and Science Agency
SME	Small, Micro Enterprise
SMME	Small, Medium and Micro Enterprise
SMPP	Siyadlala Mass Participation Programme
SOC	Standard Occupational Classification
SRSA	Sport and Recreation South Africa
SSP	Sector Skills Plan
Stats SA	Statistics South Africa
T&T Economy	Travel and Tourism Economy
T&T Industry	Travel and Tourism Industry
TBCSA	Tourism Business Council of South Africa
TEP	Tourism Enterprise Programme
TFCA	Transfrontier Conservation Area
TGCSA	Tourism Grading Council of South Africa
THETA	Tourism, Hospitality and Sport Education and Training Authority
TQF	THETA Occupationally-Directed Qualifications Framework
UK	United Kingdom
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
WSP	Workplace Skills Plan
WSSD	World Summit on Sustainable Development
WTO	World Tourism Organisation
WTTC	World Travel and Tourism Council