

Summary: PPT facilitation at Southern Sun

Summary of Initial Scoping Report

INTRODUCTION

The aim of the Pro-Poor Tourism (PPT) Pilots project is for the PPT team and site partners to identify and implement linkages that bring benefits to poor people, and make business sense to the operator. The initial ('scoping') stage of PPT facilitation involves understanding the current linkages between the tourism company and local (poor) stakeholders, and identifying the needs and assets of the company and local stakeholders. Building on this, the next key step is to identify the type of linkage or linkages that should be developed and with which local partners. From there, PPT facilitation supports the partnership through stages - from making joint commitments into implementation.

Initial scoping reports have been prepared for each partner site by compiling information gathered during 2003¹, in order to provide background information for prioritisation and implementation of PPT actions. These cover

1. stakeholder analysis (identification of needs and assets of company and community);
2. assessment of existing linkages between stakeholders;
3. discussion of potential linkages.

This report is a summary of the full scoping report (which is available on request).

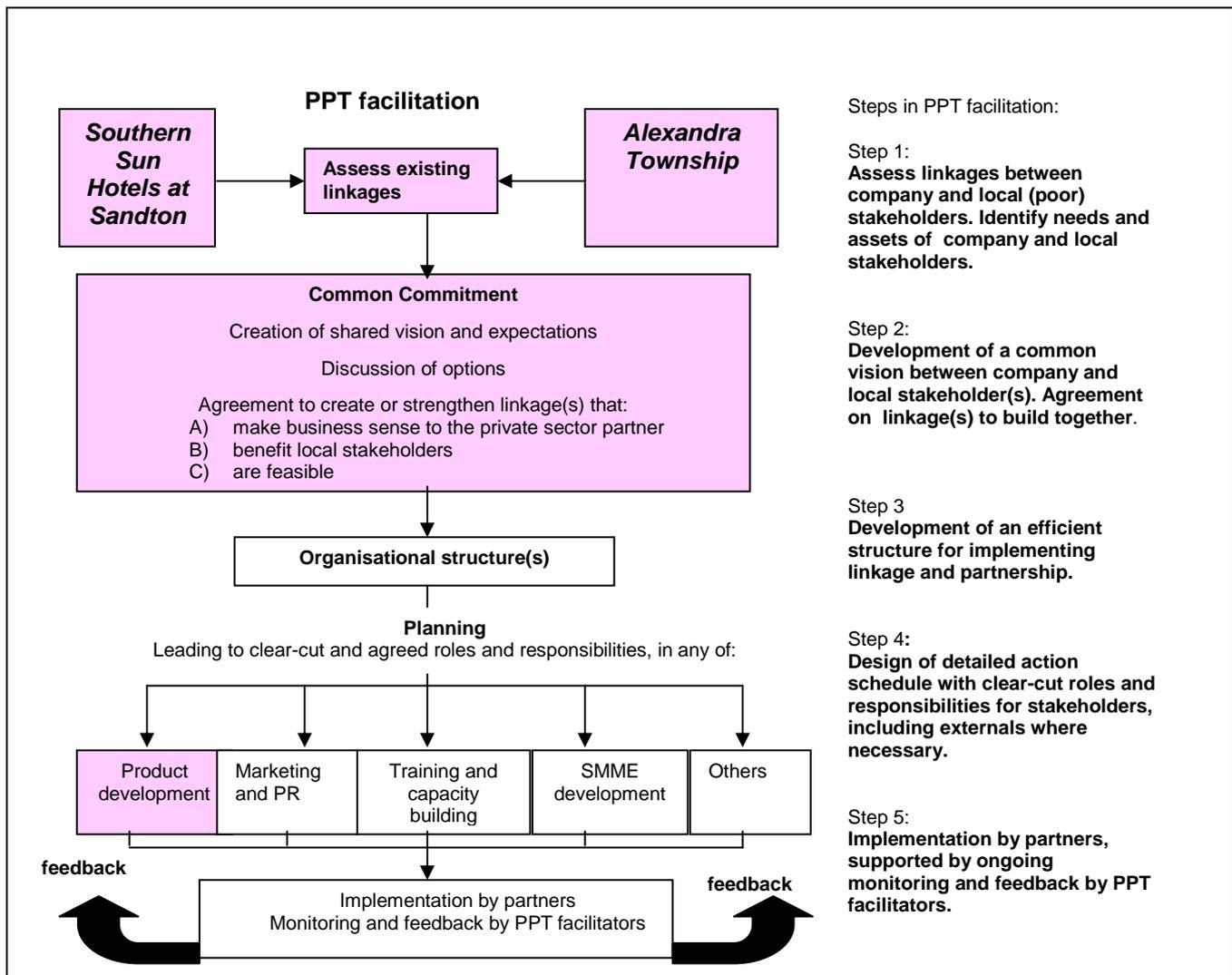
What is PPT facilitation?

PPT facilitation is a service provided to a tourism company and its local stakeholders, to assist in building linkage(s) between them. The support facilitates the process of developing a joint vision, exploring mutually beneficial linkages, planning tasks, and achieving successful implementation.

The facilitation format is flexible but provides a generic tool that will be adapted to each site. It can be applied to the creation of a very specific linkage concerning one product, or to building a long-lasting partnership with many components. As a point of departure and drawing on the programme's skills base, PPT facilitation helps create agreement between partners on what could be achieved, and then focuses on developing the organisational structure(s) needed to deliver the linkage(s) they have prioritised. Efficient organisational structure(s) are pivotal to the parties achieving their vision in partnership. From this, clear planning of tasks and support for implementation follows.

The facilitation format is designed as an implementing tool. It demystifies PPT and provides an operational guide to site developments. The figure below highlights the way in which PPT is facilitated. The shaded areas of the diagram illustrate on which steps PPT facilitation has so far focused at the Southern Sun site.

¹ This report has been finalised in December 2003 and distributed in January 2004, however, the background information on tourism flows and business details was gathered during 2003 and thus some parts may not be the most up to date.



PPT facilitation entails the following components:

1. Identification of stakeholders, existing linkages, stakeholder needs and assets
2. Establishment of a common vision and agreement and commitment for its implementation
3. Development of joint organisational set-up responsible for implementing the vision
4. Planning of implementation roles/responsibilities
5. Implementation and Monitoring

i. Identification of stakeholders, existing linkages, stakeholder needs and assets

The first step in PPT facilitation is to understand the stakeholders involved – the nature and business of the private company, and the range of poor stakeholders (communities, local residents) that might be impacted by tourism.

i. The Private Sector Company: Southern Sun Hotels

Southern Sun is a leading Southern African hotel group ranked in size in the top 50 worldwide and one of the top four accommodation providers in Gauteng. Among its portfolio are 79 hotels with 13,342 rooms.

The group has structured its portfolio along the following lines:

Upscale: Southern Sun Collection, InterContinental Hotels & Resorts; Crowne Plaza Hotels

Midscale: Southern Sun Hotels & Resorts; Holiday Inn; Holiday Inn Garden Court; Southern Sun Timeshare Resorts

Upper Budget: Express by Holiday Inn

Lower Budget: Formula I; Formula Inn

Southern Sun Hotels is globally the largest independent franchisee for Holiday Inn hotels, holding strategic arrangements with Six Continents plc (for the Intercontinental, Crowne Plaza and Holiday Inn brands) and Accor (for the Formula 1 brand). The brand mix according to numbers of rooms is as follows:

| | |
|------------------|--------|
| Holiday Inn | (58%), |
| Southern Sun | (18%), |
| Formula 1 | (12%), |
| InterContinental | (12%). |

The Southern Sun Hotels' business model includes a mix of owned (33%), leased (33%) and managed (34%) operations across its wide range of activities.

The PPT Pilot partner sites in the Sandton precinct of Johannesburg are:

| | |
|--|--|
| InterContinental Sandton Sun & Towers | Two interlinked five star hotels with a total of 564 rooms. Facilities include: 2 Outdoor swimming pools, Spa/Gymnasium and several restaurants. Conference facilities cater for up to 800 delegates. The hotel is linked to the Sandton Convention Centre with a capacity of up to 3,500 delegates, a multipurpose pavilion seating 4,000 and 10,000 m ² of exhibition floor space. |
| Crowne Plaza Sandton | A 4 star hotel with a room capacity of 346. Facilities include: conference facilities for up to 600 delegates, several restaurants and bars, and sport and leisure facilities. |
| Holiday Inn Johannesburg Sandton - Katherine Street | A 4 star hotel offering 122 rooms. Facilities include an outdoor pool, a restaurant and cocktail bar, as well as a conference venue. . |
| Holiday Inn Garden Court, Sandton | A 4 star hotel with a room capacity of 444. Facilities include an outdoor swimming pool and McGinty's Irish Pub and Grill. |
| Holiday Inn Garden Court Johannesburg – Sandton | A hotel with a total of 157 rooms. Facilities include an outdoor pool and McGinty's Irish theme pub. |
| Total | - just under 1,700 rooms (over 3,400 beds) - conference facilities for a total of just under 5,000 delegates - several restaurants and bars |

Southern Sun Hotels directly or indirectly employs approximately 6,360 individuals within its hotel division. In terms of diversity the permanent work force is 62.2% black, 18% white, 12.5% Asian and 7.3% Coloured

employees; 47.2% of employees are female (20% executive level). Staff turnover averaged 12.9% in 2002 with a very high turnover level at junior and middle management level (24%) which raised serious concerns, but is also related to general lack of skilled employees in the hotel and tourism industry in South Africa. The work force is relatively young with 50% of all employees under the age of 40. Operating efficiency increased from 1998 to 2002 in terms of permanent staff per 100 bedrooms, i.e. from 48 staff per 100 bedrooms to 30. In 2002 3,539 employees attended staff training and a key objective of the company is to double this figure in the coming years. The Tourism Learnership Project was set up to accelerate skills development in the hospitality sector. The programme offers learnerships to previously unemployed and disadvantage individuals to gain NQF-approved workplace qualifications. In April 2002, Southern Sun trained 33 learners in seven properties and the long-term aim is to increase this to 100, one-third of which will go to previously unemployed individuals.

The company's top 20 suppliers account for approx. one-third of total annual purchasing. The operational purchasing breakdown across the group is as follows:

| Item | % of total cost |
|----------------------------|-----------------|
| Food | 25% |
| Facilities Management | 18% |
| Water/ electricity/ sewage | 11% |
| Laundry | 10% |
| Security | 9% |
| Rates and taxes | 7% |
| Advertising and marketing | 5% |
| Telephone | 2% |
| Guest amenities | 2% |
| Flight costs | 2% |
| Other | 9% |

The value of total operational purchases in 2002 was estimated to be R 600 million.

Table 1: Key company characteristics of Southern Sun²

| Company characteristics | |
|--|---|
| Name | Southern Sun |
| Location | 8 African countries (6 properties in Sandton are part of PPT) |
| Size of operation | 79 hotels |
| Type of company | Hotel / conference centre |
| Financial information for hotel and gaming division | group turnover: US\$ 164m trading profit: US\$ 28m Average revpar (revenue per available room): R232.80 average occupancy: 65.7%, average room rate growth: 12.7% |
| Properties at Sandton: | |
| Type of product(s) | accommodation, conference facilities |
| Size | 1,633 rooms, 5 and 4 star, |
| Pricing structures | Between R499 and R1,950 – average R845 |
| Number of visitors annually | Approx. 400,000 rooms sold based on 65.7% occupancy levels |
| Socio-demographic characteristics of visitor segment | Business travellers, international visitors |
| Seasonality of demand | Very low |
| Origin of visitors | International, domestic (Relatively high percentage of African visitors (domestic and regional)) |
| Number of Employees | |
| Socio-demographic details of employees | Overall: over 60% black – far less on managerial level |
| Seasonality of employment | Very low |

² Source for financial information: SAB plc Annual Report 2002

The scale and nature of Southern Sun's operation at Sandton means it has a great deal of marketing power and business acumen to contribute to the development of PPT linkages. At the same time new PPT linkages can contribute to the SS business by providing practical implementation of transformation policy, developing stronger links with Alex, and developing new products for guests.

Table 2 – Southern Sun's assets and needs relevant to PPT

| Southern Sun's assets relevant to PPT | Southern Sun's needs relevant to PPT |
|---|--|
| <ul style="list-style-type: none"> ○ Large-scale operation ○ Location close to one of the most densely populated townships in Southern Africa ○ Interest in and need to implement transformation policies ○ Several initiatives already in place (i.e. cleaning CCs, emerging entrepreneurs) ○ High spending clientele | <ul style="list-style-type: none"> ○ Need to implement transformation and BEE policy due to parent company and industry pressure ○ Realised that more could be done working with the neighbouring community of Alexandra ○ Needs input and facilitation in creating new linkages with Alexandra |

ii. The local Stakeholders: Alexandra Township

Alexandra, or Alex as it is generally referred to, is Gauteng's oldest township and one of the poorest areas of the region, where lack of infrastructures, overcrowding and rampant crime make living conditions extremely difficult. Alexandra was established as a residential area in 1905 by a white farmer who wanted to establish a white suburb. In 1912 it was transformed into a 'Native Township' where black people were allowed to buy land. From the beginning, Alexandra has been a very poor suburb and the almost complete lack of infrastructure led to it being called 'the dark city'. Continuous strong population growth, due to an unemployed, young, black, male population moving into the area in search for employment, worsened the living conditions considerably.

Crime, violence, building speculation, and absence of rent regulation, were all problems that have afflicted Alexandra since the 1930s. Alexandra is still one of the most politicised areas in South Africa, with more than 70% of its population belonging to a party or an organisation.

Over the years, the Apartheid government tried to solve the problems afflicting Alexandra in two main ways: by either destroying the township, or by transforming it into a hostel dormitory for black workers. Relocation measures had the immediate effect of almost halving the population, but no long-term consequences. The number of illegal squatters kept on rising. Equally unsuccessful were the redevelopment plans that, in the 1970s and 1980s were meant to convert Alexandra in a middle-class residential suburb. In 1979, after a long protest led by Rev. Sam Buti, the government renounced its relocation plan and decided to redevelop Alexandra as a densely populated black suburb.

Today, Alexandra has an official population number of 350,000. The population density is of around 45,000 people per square kilometre, 100 times the average population density of Gauteng. In some areas of Old Alexandra, population density reaches peaks of 770 people per hectare (81,000 per square km). Unofficial population estimates set the figure however closer to 600,000. Recent attempts to solve problems of overcrowding and lack of infrastructure include the Alexandra Renewal Project (ARP), a 1.7 billion RAND project announced by the national government in 2001.

Alexandra Township is located only 3km from Sandton, the financial heart of Johannesburg, it borders the industrial areas of Wynberg, and is very close to the Limbro Business Park, where large parts of the city's high-tech and service sector is based. Alexandra is also very near to Bruma Commercial Park and the East Gate Shopping Center. Alexandra extends over an area of 800 hectares (or 7.6 square kilometres) and it is dissected by the Jukskei River. The township is divided into three distinct area:

- Old Alexandra (west of the Jukskei river): the poorest and most densely populated area, where housing is mainly in informal dwellings and hostels

- East Bank (east of the Jukskei river): an area redeveloped in the 1980s and now occupied by middle-class blacks. It comprises only the 5% of Alexandra.
- Far East Bank, now called Tsutsumani, recently redeveloped to support the All African Games.

Alexandra's population is mainly black (87%), while white (11%), Indian (1%) and coloured (1%) form small minorities. The black population can be further divided into Zulu (30%), North/Sotho Pedi (26%), Tswana (12%) and Xhosa (10%).

Alexandra's population is very young: most of the population is in the age group 17-35, and 70% are under 35 with an overall average age of 23 years.

Overcrowding is the main cause of all the other problems afflicting Alexandra such as:

- High incidence of crime
- Heavy strain on engineering services, social services and hospitals
- Lack of good sanitation

According to the 2001 census, Alexandra has one of the highest incidences in the region of people over 20s without schooling, at almost 50%. Similarly, approximately 50% of people aged 5-24 do currently not receive schooling.

There are no precise and absolute figures on unemployment rates in Alexandra related to the high turnover of people and the lack of conducting surveys in informal settlements. Official figures report 32% unemployment, while unofficial figures report a rate closer to 60%, almost triple that of Gauteng (21%). Official figures show unemployment to be much more widespread among women (40%) than men (19%) (Wilson 2001). Research undertaken by CASE estimates that the average monthly income in Alexandra is around R1,029. Income is unevenly distributed and the lowest income are found in Old Alexandra (Wilson 2001)

Alexandra's housing situation reflects its erratic development. The first well built houses had been followed by the mushrooming of informal dwellings or shacks, estimated now to number over 34,000, of which one third are in backyards and two thirds freestanding. They are concentrated in Old Alexandra, and it is estimated that they are home to more than 50% of the population. Alexandra is one of the very few areas of Johannesburg in which informal dwellings predominate. There are three hostels in Alexandra, two men's hostels and one women's hostel. These are currently occupied by households and single people, and house more than 7,000 people in total. While hostels are in a very poor condition and overcrowded, the more recently developed areas of East Bank and Far East Bank are characterized by middle-class blocks of flats and formal housing.

Overcrowding, lack of investment, inadequate and/or non-existent planning, and diffusion of informal housing have created an intense shortage of services. Most shacks are not connected to the electricity grid and inhabitants resort to tapping the main power lines. Only around 65% of households have access to piped water (mainly in communal areas). Distribution of water infrastructure is uneven. In better developed areas in the east, over 80% of households have access to piped water. Roads are not tarred and obstructed by the uncontrolled expanding of shacks. Less than 20% of households have access to private toilet facilities, and only 65% of households have regular refuse collection. These factors contribute heavily to the unhealthy living conditions, especially since the shortage of space and lack of public parks lead to children playing in the streets.

Violence and crime are among the biggest problems in Alexandra. The biggest outburst of violence happened in 1991-1992 when several people died and others were injured during fights between occupants of the men's hostels and local residents.

Table 3 - Alexandra at a glance (in 2001)

| | Gauteng | Johannesburg | Alexandra |
|--|--|-------------------|--|
| Ethnic origin | White (23%), Black (70%), Coloured (3.8%), Indian (2.2%) | | White (11%), Black (87%), Coloured (1%), Indian (1%) |
| Languages | | | |
| Female / male ratio | | | |
| Population density | 400/sqkm | 2,000/sqkm | 45,000/sqkm |
| Number of informal dwellings | 26% | 23% | more than 50% |
| Flush or chemical toilet on their dwelling | 83% | 87% | Less than 20% |
| Number of households with access to piped water | 84% | 84% | 65% |
| No of households with refuse removed by the municipality | 86% | 94% | 65% |
| use electricity as the main source of energy | | 80% of households | |
| Number of people more than 20 years old, but without schooling | 7% according | 8% | 50% |
| In the age of 5-24 and not going to school | 36% | 34% | Around 50% |
| Illiteracy | | | |
| Unemployment rate | 29% | 27% | Official figures: 32%(40% women and 19% men); unofficial figure: 60% |
| Population under 35 | 65% | 65% | 70% |
| Electricity use for cooking | | | 57% |
| Average monthly income | | | R1,029 |

Source: SA Census 2001

There are a number of organisations and initiatives in Alex that are relevant to tourism development. Different organisations have different agendas, political backgrounds, and resources. One of the challenges for PPT linkage development will be to build the most effective forms of collaboration among organisations in Alex, Gauteng, and with SS.

Alexandra Tourism Project Development programme

The Alexandra Tourism Project Development programme (ATPD) is part of the Alexander Renewal Project (ARP). It is funded through the Poverty Relief Programme, and administered by the Gauteng Tourism Authority (GTA). The Gauteng Tourism Association (GTA) is leading the project and has already started to try to get Alexandra on the tourist 'map' by organising the first township tour just prior to the WSSD in 2002. So far GTA has trained twelve tour guides, advertised Alexandra on GTA's website, and linked up with the Alex Tourism Associations, in the Alexsan Kopano Resource Centre.

As part of the tourism programme, thirty-five students from Alex are currently undergoing a one-year Events Management Learnership with an events management company. 300 residents have participated in a 2-day 'customer SA Host service' course, approved by the Department of Environment and Tourism.

GTA provides learnership grants to 20 residents annually (value R2000). The aim is awareness raising about the potential of tourism, stimulating local initiative and collecting oral histories as part of cultural conservation.

Today there are a few township tours of Alexandra, but the ARP is aiming to attract more tourists. Links with the Sandton Tourism Association (STA) are being explored. STA donated R5,000 towards the programme and has made a commitment to assist its development by providing knowledge, experience and support.

Alexandra Chamber of Commerce (AlexCoC)

The AlexCoC is a leading business organisation in Alexandra, with a membership of approximately 4,000 comprising entrepreneurs from street vendors, hairdressers through to shebeen owners and funeral undertakers.

The AlexCoC is divided into several sub-sectors which include Retail, Construction, Alex woman, Education, and Monitoring and Safety (shebeens). The responsibility for tourism falls within the Monitoring and Safety sub-sector and is at this stage largely concerned with collaboration and business development for the approximately 600 shebeens that are members of the AlexCoC and located within Alex. The AlexCoC is eager to become more involved in tourism development in Alex and already has strong linkages with Southern Sun Hotels and SAB through its shebeeners. A main project in which the AlexCoC is currently involved and which is also indirectly related to tourism is the development of a state-of-the-art shopping complex, which is expected to cost about R250million and occupy an area of close to 44,000sqm. It is planned to provide approximately 32,000sqm of rentable space with the remainder being made available to existing Spaza shop owners and small traders to create a multicultural zone integrating cultural activities, arts and crafts.

Tourism assets and attractions in Alexandra

The Township tours' selling point will be Alexandra's rich cultural history, its cultural diversity, and its history of resistance during Apartheid. The tours will benefit from the new structures (museum etc.) that are being developed under the ARP. To this end, four heritage precincts have been identified, and a heritage route has been created. Currently, tours can include a traditional meal and/or visits to local shebeens and music 'clubs.

The main attractions which figure in existing township tours are:

- The Reconstruction area, commonly referred to as the 'Beirut area' (where most of the 1992 killing occurred), with its Zulu hostels;
- Indian market;
- typical one bedroom house and informal shack development;
- Mandela's Yard, the room where Nelson Mandela stayed when he first arrived in Johannesburg in 1941. ARP planned to convert it into a museum;
- Alexandra Clinic;
- the single-sex hostels, typical example of Apartheid architecture;
- the 70-year-old Roman Catholic Church;
- the township's 1950s art-deco cinema, which is still at the centre of Alexandra's night life;
- Freedom Square where the famous Alexandra Bus Boycotts took place;
- the East Bank housing developments;
- traditional beer taverns;
- Jukskei River;
- traditional healers shop;
- Zionist Church, which has the largest membership of all churches in the country;
- Pan Africa new gateway shopping experience.

It is however of key importance for Alex to focus on its uniqueness and develop a Unique Selling Proposition that is based on for example:

- Interaction and storytelling
- Political history
- Gangster history
- Cultural melting pot
- Living with overcrowding
- Etc.

Existing support organisations in Alex for tourism purposes include:

- Alexandra Chamber of Commerce
- Sandton Tourism Association
- Alexandra Tourism Business Association
- Gauteng Tourism Association
- Alexandra Renewal Project

- Alexandra Tourism Project Development Programme (formerly the Alexandra Tourism Forum)
- Alexan Kopano Resource Centre

Table 4: Community information summary

| | |
|----------------------------|--|
| Community: | Alexandra township in Johannesburg, officially 350,000 inhabitants (unofficially close to 700,000) within 7.6 square kilometres |
| - geographic | Located in the North East of Johannesburg, about 3km from Sandton the richest suburb and financial centre of South Africa. Other neighbours are the industrial estate of Wynberg and Limbro Business Park. |
| - demographic | 87% black, 11% white, 1% Indian, 1% coloured, very young population with 70% under the age of 35 |
| - socio-cultural | Mixed ethnic and socio-cultural background with the largest (i.e.30%) being Zulu |
| - economic | High unemployment of 32% officially and close to 60% unofficially, especially high among woman; highly uneven monthly income distribution with an average of R1,029 |
| - resource and environment | Mushrooming of informal dwellings in limited space (i.e. 50% of the population of Old Alex are living in informal dwellings); three single sex hostels (2 male/1 female) |

Table 5: Community assets and needs in relation to PPT

| Community assets | Community needs |
|--|--|
| <ul style="list-style-type: none"> ▶ Proximity to South Africa's main economic hub and Southern Sun Hotels ▶ Extensive cultural and social history ▶ Extensive music history ▶ A more 'unique' and grim township feel compared to Soweto ▶ Tourism is one of the ARP's strategies ▶ Existing links to Southern Sun, ARP, Gauteng Tourism ▶ Strong Chamber of Commerce favourable towards tourism ▶ large labour market | <ul style="list-style-type: none"> ▶ employment ▶ business network development ▶ skills development ▶ infrastructure improvements ▶ structuring and set-up of formal sector ▶ SMME development ▶ Tourism market knowledge ▶ Product development and quality improvements |

iii. Existing PPT Linkages

There are already a number of linkages between Southern Sun hotels in Sandton and Alexandra Township which are summarised in Table 6.

Table 6: existing linkages between Southern Sun and local stakeholders

| Economic linkages | Non-financial livelihood linkages | Information and partnership linkages |
|--|---|--|
| <p>local enterprise linkages³:</p> <ul style="list-style-type: none"> - Closed Corporation established for Cleaning/house keeping - Plans to extend waste recycling programme using HDI waste recycling companies - Plans to extend further the existing beading (memento) contracts - Existing guest room decoration purchasing contract with Disabled Centre in Alexandra that was used for the refurbishment of the Holiday Inn Garden Court in Sandton - Support to Kwaze Kwaza restaurant in Alexandra (supply of equipment, and training) - Emerging entrepreneurs scheme <p>Jobs</p> <ul style="list-style-type: none"> - Southern Sun does aim for diversity and increased participation of HDIs - managerial level recruitment falls well short of general recruitment of HDIs and has been identified as a key HR resource strategy - very high staff turn-over at middle management/managerial level – has been identified as problem areas and remedies are being sought <p>Sources of collective community income</p> <ul style="list-style-type: none"> - Southern Sun has CSI budget of R8 million across the group in 2002 - Support of Kwaze Kwaza restaurant in Alexandra | <p>Local access to infrastructure and services</p> <p>Mitigation of environmental impacts and competing use of natural resources</p> <ul style="list-style-type: none"> - Southern Sun has carried out a waste management test scheme at a number of their properties in Sandton. The company is currently considering its expansion. <p>Capacity building, training</p> <ul style="list-style-type: none"> - Southern Sun has been involved in the Government supported Learnership programme and currently trains two Kwaze Kwaza middle management employees at Southern Sun properties in Kempton Park - Southern Sun has invested heavily in in-house training, one aim being to secure staff retention at middle management level. <p>Social, cultural contributions</p> <ul style="list-style-type: none"> - Southern Sun has supported and subsidised local dance and music performances at Sandton Convention Centre | <p>Information and communication to local stakeholders</p> <ul style="list-style-type: none"> - currently done through collaboration with the Alex Chamber of Commerce and other local organisations <p>Consultation or shared decision-making with local stakeholders</p> <ul style="list-style-type: none"> - Southern Sun have developed a scheme to solicit employees' satisfaction <p>Partnerships between local stakeholders and private sector</p> <ul style="list-style-type: none"> - collaboration with the Alex Chamber of Commerce <p>Action for supportive pro-poor policy/planning framework</p> <ul style="list-style-type: none"> - Southern Sun currently has a strong position within the Sandton Tourism Association, and with the Gauteng Tourism Board - collaboration with the Alex Chamber of Commerce |

³ Local enterprise linkages may be either (1) direct trade between the company and providers of inputs to the tourism business, such as farmers (these are 'upstream' linkages) or (2) a business or support relationship between the company and providers of tourist facilities and products, such as craft-makers or local guides, who supply tourists themselves (these are downstream linkages).

iv. Potential PPT Linkages

There are many different ways in which existing PPT linkages can be strengthened or new ones created. This section briefly reviews them, and then focuses on the main options discussed so far. In considering different options, three criteria (among others) are particularly important. Any linkage should:

- i. Make business sense to the operator – generate benefits that (over time) will outweigh transaction costs or financial costs, and ideally be integral to the top commercial priorities and business developments on which the operator is focusing in the medium term.
- ii. Impact on a significant number of poor people in the area and meet one or more priority development needs.
- iii. Be feasible – likely to be implemented and succeed.

Table 7 presents a brainstorm of a variety of possible strategies that could be developed or strengthened. These are not prioritised in terms of the criteria or necessarily recommended, but have served as a basis for stimulating discussion.

Table 7: Examples of possible strategies for expanding existing linkages and developing new ones ⁴

| Increase economic benefits | Enhance non-financial livelihood impacts | Enhance information-sharing and partnership |
|--|--|--|
| <p>Stimulate local enterprise linkages</p> <ul style="list-style-type: none"> - Considering the extension of Closed Corporation - Extension of waste recycling programme and build up of SMME's, i.e. recycling of soap, bedlinen, towels, paper, aluminium, glass - Extend further beading (memento) contracts - Extend the purchase of guest room decorations from Alexandra - Support of Alex SMMEs and inclusion in Emerging Entrepreneurs scheme - Provision of sales outlets for Alex products - Further Equipment donations to Alexandra restaurant Kwaze Kwaza coupled with training and business development - Development of a township tourism product to be promoted and sold to Southern Sun guests <p>Boost local wages: more jobs, or at a higher level</p> <ul style="list-style-type: none"> - increase employment of individuals from Alexandra. - increased managerial level recruitment and training of individuals from Alexandra - in-house training and promotion <p>Create collective income sources</p> <ul style="list-style-type: none"> - Increase CSI investment / donations with a focus on Alex - Collective income from township tours | <p>Increase local access to infrastructure and services</p> <p>Mitigate environmental impacts and addressing competing use of natural resources</p> <ul style="list-style-type: none"> - support for beautification scheme and development of recreation space on the banks of the Jukskei <p>Capacity building, training</p> <ul style="list-style-type: none"> - Extension of Learnership programme - Tourism information workshops for residents in collaboration with Alex Chamber of Commerce, ARP and Gauteng Tourism Association - In-house staff training <p>Improve social, cultural impacts</p> <ul style="list-style-type: none"> - support to cultural events and festivals such as Jazz concerts, arts and crafts exhibitions, film festivals etc. | <p>Increase flows of information, communication to local stakeholders</p> <ul style="list-style-type: none"> - collaboration with the Alex Chamber of Commerce and other local organisations <p>Increase participation of local stakeholders in decision-making</p> <ul style="list-style-type: none"> - set up of collaborative arrangements and decision making structures <p>Build poor partnerships between local stakeholders and private sector</p> <p>Encourage more pro-poor policy/planning framework</p> <ul style="list-style-type: none"> - Create collaborative agreements with the Alex Chamber of Commerce - collaboration with the Sandton Tourism Association in which Southern Sun plays an important role - collaboration with the ARP, Gauteng Tourism and Alex Tourism Association, and others |

4 - some of these may already be done or underway, given that our information is incomplete.

As Table 7 shows, there is some scope for continuation and expansion of *existing* PPT linkages, and also developing new ones.

For both expanding existing initiatives and developing new ones it is essential that they fulfil three criteria:

- i. **It makes business sense,**
- ii. **It impacts on the poor,** and
- iii. **It is feasible.**

2. Establishment of a common vision and agreement and commitment for its implementation

After initial scoping visits and discussion of options with the various partners, the PPT facilitation team lead a joint workshop between Southern Sun and the AlexCoC to reach a common vision about what kind of linkages to establish and a joint commitment for its implementation. The aim of this was to achieve a clear agreement between the different parties to work together with specific goals.

Several potential new linkages were discussed with Southern Sun and the AlexCoC which included developing township tours to Alex marketed and sold to Southern Sun guests; establishing an African Trade Centre; recycling guest amenities (soap and bed linen); and increased awareness raising and marketing about Alexandra to Southern Sun guests.

a) Township tours to Alex

Township tours offer potential because:

- o they respond to market demand in particular from overseas visitors;
- o they bring visitors to the 'hosts';
- o they are focused on 'experiencing the authentic' and relatively little infrastructure investment is needed (depending of course on the theme and length of the tour);
- o they help create access to areas often perceived as dangerous;
- o they offer the potential to involve a wide spectrum of the community;
- o Southern Sun has declared great interest in moving away from solely selling the Soweto-product to focusing closer on its neighbouring community.

Currently, Southern Sun properties do not sell any township tours to Alexandra, although they are offered by a small number of tour-operators. The only township tour sold through Southern Sun is a relatively standardised tour to Soweto covering the main tourist attractions without much interaction with residents and information about the 'way of life' or the cultural/political/social history. The development of interactive, personalised and tailor-made township tours was seen as the best feasible option to generate new linkages by Southern Sun and the AlexCoC.

However, township tours also suffer from inherent problems linked to marginalised communities excluded from the mainstream tourism sector. These problems are:

- the township tourism industry is often not linked to the overall tourism supply chain;
- few opportunities for interaction with the target market exist;
- the product range is often very narrow and uninventive;
- SMMEs often have weak bargaining powers;
- the township tourism industry is highly dependent on foreign tourists;
- promoters and foreign tourists often do not understand township tourist product and services;
- little information is often available and thus tourists that have not planned to visit a township are not encouraged to do so;

- endorsement by a credible third party is often lacking;
- contact between township enterprise and other more traditional enterprises is often limited.
- township initiatives are often at risk of being absorbed into conventional tourism enterprises;
- township SMMEs tend to differentiate their products on price rather than uniqueness or demand
- package tours often pre-define or constrain the possibility of township tours;
- difficulties in completing transactions given problems of language, currency and cultural attitudes;
- lack of investment in logistical infrastructure in order to make products and services available;
- There are often no formal channels for feeding back information about product satisfaction.
- Existing themed routes and themed maps developed and distributed by the local tourist boards often do not include township tours.
- Promotional material provided by tourists boards are paid for by its members and the businesses advertised in it, seldom are SMMEs asked whether they would like to be included, often due to lack of information, but also because they are not deemed to fit in with the traditional product.

b) African Trade Zone

A second idea for a new linkage between Southern Sun and the Alex Chamber of Commerce was the development of an African shopping precinct (an 'African Trade Zone').

The AlexCoC has recently voted for such a development. This 'African Trade Zone' will function as a central attraction bringing together attractions and products available in Alexandra in a safe and easily accessible location. Facilities currently considered include restaurants, shebeens, music venues and a shopping mall, to be developed and managed by local entrepreneurs and supported by the AlexCoC. The AlexCoC has now opted for establishing a retail centre with a large proportion of national franchise chains rather than a strong focus on SMMEs. As plans for this retail centre are still being drawn-up, it offers limited opportunities for PPT facilitation during the duration of the PPT pilots project.

c) Recycling guest amenities to local SMMEs

It was discussed with Southern Sun to implement rather effective short-term solutions to offer opportunities to local SMMEs and the development of a sustainable economic structure rather than donating or disposing of used equipment and/or amenities. The two ideas that were seen as most likely to succeed in the short-term were a) the donation of bed linen to be reprinted and sewn into sellable craft objects by a local SMME and b) the recycling of soap left-overs from guests' bathrooms.

d) Sale of locally produced goods via hotel shops / purchase of locally made mementoes/ /

- i. sale via concessionaires in Southern Sun properties:* It was furthermore discussed with Southern Sun what the potential would be to influence arts and crafts concessionaires to buy more of their products locally. The chances here seem limited as there are only a very small number of shops within the hotel properties and it would be difficult to influence them, and thus more effective ways to create linkages with greater impacts should be sought.
- ii. purchase of locally made mementoes:* Southern Sun has used a beading company to produce 7,000 beaded key-rings to be left as guest mementoes in guest rooms during special events such as the WSSD in 2002 and the tourism Indaba in 2003. Southern Sun is keen to explore other opportunities to expand this scheme.

e) Awareness raising and marketing

Discussions with Southern Sun related to awareness raising and marketing of Alex focused on several issues which included:

- i. *providing guest information on Alex to guests in their rooms:* Southern Sun was eager to explore the possibilities to provide more information on Alex to guest, but saw it as a long-term strategy which would need to link in with products in Alex once they were developed, such as the township tour.
- ii. *Marketing and endorsement of township tours via the concierge desk:* Southern Sun would like to market the Alex township tour product once it has become established via its concierge services.
- iii. *Including Alex SMMEs to the emerging entrepreneur scheme:* Again Southern Sun was eager to do this once a product with sufficient quality has been established.

The agreement between Southern Sun and the Alexandra Chamber of Commerce:

In December 2003 Southern Sun and the AlexCoC reached the following agreements for linkage creation:

- 1. To collaborate in the development of Alex township tours that will be marketed by Southern Sun to its guests.**
- 2. Southern Sun to supply old bed linen to the Alexandra sewing centre for them to recycle as shopping bags or other products.**
- 3. Southern Sun to supply soap left-overs to be recycled by qualified soap producers in Alex.**

The agreement is attached as Annex 1.

3. Development of joint organisational set-up responsible for implementing the vision

PPT facilitation team has started to help design and implement an organisational set-up between the stakeholders that offers the best possible chances to secure the long-term implementation of the common vision. This is particularly relevant for the broad township tours project and is linked to the inherent difficulties in setting-up township tours. More work is required to ensure the full involvement of necessary stakeholders.

In the SS-Alex partnership, organisational links at different levels of specificity are needed, such as:

- a) A leadership committee comprising Southern Sun and AlexCoC (possibly others) to oversee development of the linkages;
- b) A working group for the township tour that brings in outsiders including Gauteng Tourism Association, township tour entrepreneurs, and other whose expertise is needed for the tour development;
- c) development of specific agreements between Southern Sun as supplier and Alex individuals/groups as users of Southern Sun material (bed linen and soap) to be recycled in Alexandra.

4. Planning of implementation roles/responsibilities

It is essential that the next meeting between Southern Sun and Alex CoC develop a detailed schedule of roles and responsibilities for various aspects such as product development and capacity building and training. PPT facilitation will assist in such planning, while also offering advise, input into specifics, and sourcing external inputs where necessary.

Roles and responsibilities between Southern Sun and Alex have been divided for the recycling of soap and bed-linen between a small number of key individuals. PPT facilitators will keep track of the developments and ensure that the collaboration will run successfully and any occurring problems or obstacles will be resolved as soon as they arise.

Roles and responsibilities in developing township tours will be discussed and agreed upon in the next joint workshop. During this workshop, the AlexCoC will present Southern Sun with an inventory of unique and sellable tourism attractions and initial township tour ideas. The process of identifying a potential product has been supported by the PPT facilitation team.

5. Implementation and Monitoring

It is essential that the main tasks are carried out by the stakeholders so as to provide stakeholders with ownership over the product and outcome, and to ensure sustainability of the linkage once the facilitation process is completed. The PPT facilitation team will monitor, analyse the linkages and report back to stakeholders to suggest improvements during the agreed time of interaction.

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Appendix 1: Agreement between Southern Sun and Alex Chamber of Commerce

The agreed vision is

To expand the collaboration between Southern Sun and Alexandra Chamber of Commerce to a partnership that develops tourism and related services and enterprises through linkages between SS and Alex, that has momentum to carry ideas forward to implementation, and that relies on contribution from both parties and delivers benefits to both as genuine partners.

1. Components

The currently planned components of the extended partnership are:

1.1. *Medium-term: establishment of Alex township tours, marketed to Southern Sun clients.*

The vision here is for a uniquely South African product that entails promotion of arts and crafts, improved security, training and jobs for Alex residents, and that draws on the existing partnership and outside support.

Southern Sun undertakes to market such a product, once the product quality, security arrangements, and other product components are developed to the level at which they are suitable for SS clients.

With the help of PPT facilitation, the two partners will work on development of the product and other tasks essential to making this happen.

1.2. *Short to medium term*

Provision of used materials from Southern Sun to businesses in Alex in order to support business expansion and product development, and to make good use of materials from Southern Sun. Specifically, SS will provide used linen to sewing groups in Alex, for production of shopping bags or other commercial items, and will provide used guest soap for recycling and resale.

2. Institutional structure for implementing the partnership

The key structure is a small partnership team comprising Southern Sun, AlexCoC, and PPT facilitators which will be expanded to include other stakeholders (such as Gauteng Tourism Authority) to undertake specific tasks (such as developing township tours).

From Southern Sun, Kamil Karim is the lead representative, joined by other SS staff, particularly Bonki and other colleagues.

AlexCoC representatives are Joe Manana, Teddy Leklabika, Raymond Sibanda, and Nomvuyo Manana.

PPT facilitation of the partnership will be led by Clive Poultney, with the majority of technical inputs to AlexCoC provided by Zeph Nyati, with support from Dorothea Meyer.

These plans were agreed at a meeting on 28th October 2003 and approval of this write-up by the partnership team confirms the acceptance and commitment of the partners.

Appendix 2: Tourism context in South Africa and Gauteng

| Tourism in South Africa (in 2002): | Tourism in the province of Gauteng (in 2002) |
|---|---|
| <ul style="list-style-type: none"> ▪ Foreign tourist arrivals: 6.4 million, an 11.1% increase over 2001 (this includes all international arrivals irrespective of purpose of travel – tourists are estimated to be about one-fifth of this). ▪ The top five source markets are neighbouring SADC countries (i.e. 1.5 million arrivals from Lesotho alone). ▪ The biggest overseas markets are the UK (approx. half a million arrivals), Germany (just under a quarter of a million) and the US (around 175 thousand). ▪ Domestic tourism makes up around 70% of the tourism value to South Africa. ▪ Europe is a very important growth market: UK (24% increase in arrivals between 2001 and 2002), Germany (22%), France (35%), Netherlands (14%), Italy (29%), Ireland (43%), Portugal (34%) and Spain (37%) ▪ 61% of air travellers are repeat visitors and 87% of land visitors ▪ Arrivals are seasonal and cyclical. The peaks are in December and the valleys are in June. The difference is approx. 60,000 arrivals. This pattern is repeated every year. ▪ The average length of stay for air tourists who visited South Africa in 2002 was 14.4 days, while the average length of stay for land tourists was 8.1 days ▪ While holiday and VFR visitors stayed on average 14 nights, shopping and business travel was far shorter with 4 days and business travellers with an average of approx. 5 days ▪ Value estimated at R90.4 billion in 2000 to which overseas visitors contributed R25.9 billion. Almost level with gold, 2nd largest earner of foreign currency for SA. ▪ Projected growth of 11.6 % p.a. to 2010. ▪ Total foreign direct spend in 2002 is estimated to have been R48.8 billion. ▪ On average just over 40% of total trip cost is spent in South Africa ▪ In 2002 tourism contributed approx. 10.9% to South Africa's GDP. ▪ In 2002 492,654 people were employed in the sector. It is estimated that by 2005 tourism employment will make up 9.3% of all employment. | <ul style="list-style-type: none"> ▪ 54% of international visitors to South Africa visit Gauteng for an average period of 3 days in 2002, i.e. just under 3.5 million arrivals ▪ the bednights spent in Gauteng were approx. 22 million, i.e. 12 million for land arrivals and just over 10 million for air arrivals. ▪ foreign visitors are from: Africa (23%), UK (14%), Germany (9%), rest of Europe (13%), North America (10%), Far East at 9%, Australasia (4%), South America (4%) and Middle East (2%). ▪ The majority of the province's domestic market originates from Gauteng (41%), Northern Province and North-West (23%), Western Cape, Mpumalanga and Kwa-Zulu Natal (8% each), the Northern Cape and Free State (7%) and Eastern Cape (5%). ▪ International visitors to Gauteng are expected to increase 11%, year on year, by 2005, and domestic visitors by 3%, year on year, by 2005. ▪ National investment in the South African tourism sector is estimated at R12.8 bn or 11.4% of total investment. Gauteng retains some 51% of investment. ▪ The value of tourism to Gauteng in 2002 is estimated to have been R16.9 billion or 35% of the total value of tourism for South Africa |

Source: SAT 2002, Gauteng Tourist Board 2002