

variety of natural resources that are vital for the well-being of its inhabitants, trade and environmental stability. IORA has begun to place more emphasis on growing the Blue Economy in a sustainable and inclusive manner.

Growth through the Blue Economy is a long-term strategy to support sustainable and inclusive growth in the marine and maritime sectors. The Indian Ocean is a valuable resource that is a main driver for the Indian Ocean Rim economies, and holds great potential for innovation and job creation.

As the economic potential of the Indian Ocean and its rim has not yet been fully realised, it is vital to focus on unpacking the meaning and value of the Blue Economy in ensuring sustainable growth in the region through the co-operation of the IORA member states. South Africa can make her mark by leading this initiative that is fortuitously in line with the NDP.

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Securing our seas and ocean food sources

Two focus areas could be maritime safety and security, and aquaculture and food security.

The first priority area relates to a number of risks and threats IORA member states face: territorial maritime disputes; maritime piracy; terrorism against ships, ports and other critical infrastructure; organised sea-borne crime and trafficking; and potential impacts of natural or man-made disasters or extreme events. These risks and threats affect national security and are detrimental to peaceful trade in the region.

Aquaculture relates to farming finfish, shellfish and aquatic plants. It is one of the world's fastest growing food sectors and already provides the planet with nearly half of all the fish consumed globally. It is therefore important to develop knowledge around this area, especially as it relates to food security – a major problem facing Africa in particular.

Important research questions deserve further investigation. These relate to the effectiveness of regional co-operation and governance; the applicability and role of existing regional institutions in addressing socioeconomic challenges; relationships within, among and beyond regions (bilateral and multilateral relationships) as well as the role of the United Nations; and the legal regimes that govern the oceans and seas.

Clearly this is a huge opportunity for the HSRC to continue contributing to the global good in ways that simultaneously enhance national interests. Read more about the HSRC's involvement in IORA research in NewsRoundup on page 3. ■

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UNPACKING THE TRUE POTENTIAL OF LIMPOPO'S TOURISM INDUSTRY

A new study has found that tourism in Limpopo contributes significantly to the national and provincial economies of South Africa, with more than 5% to Limpopo's economy and 3% to the national economy. *Selma Karuaihe, Nthabiseng Tsoanamatsie, Lebogang Mashile and Maria Molokomme* relate the key findings.

The study was compiled by the HSRC with the aim of measuring the actual contribution of the tourism sector, which is not normally measured as a clearly-defined industry but rather treated as a critical economic sector based on the value it adds to other sectors of the economy.

Its objectives included establishing the current composition of the tourism industry in Limpopo; the ways in which tourism contributed to provincial and national economies; the types of available attractions and tourism packages; its B-BBEE compliance; factors that hindered the diversification of tourism; threats to the tourism industry and other potential areas of development.

Study methods

The research team conducted face-to-face interviews using a structured questionnaire with either the owners or the managers of the tourism establishments and tourist attractions, and with key informants. The key informants were mainly experts from government departments dealing with tourism initiatives, district municipalities and the Limpopo tourism agencies in the respective districts.

Findings in a nutshell

- Empirical findings from the study supported secondary data that the tourism sector contributed to the national as well as the provincial economies.
- The tourism sector accounted for more than 5% of Limpopo's economy, measured in terms of tourism spending as a percentage of GDP¹.

¹ Measured in nominal/current prices



Limpopo Province tourism information centre

- The study showed that despite the provincial government's effort to introduce policies and strategies on tourism, the majority of respondents felt such policies were not effective.
- Where government provided incentives to boost tourism in the province, such incentives and marketing strategies were not known.
- The largest component of the accommodation category was the bed and breakfast (B&B) component, which represented 28% of the sample. This was followed by guest houses at 25%, lodges at 18% and hotels at 14%, with the remaining accommodation types accounting for less than 5%.
- In terms of attraction composition, the largest category was represented by nature reserves (32%), followed by art galleries, wildlife and adventures (14%). All other types of attractions accounted for less than 10%.

Other findings

Growth potential

Limpopo experienced increases in growth of domestic tourism (measured in bed nights by origin) between 2007 and 2012, while growth in international tourism declined over the same period as a result of the global economic meltdown. In 2010, the tourism sector's contribution to the GDP was higher for both the national as well as the provincial economy, resulting from the gains of the FIFA World Cup in South Africa.

About 54% of the accommodation establishments employed up to three people, while 23% of the establishments employed between four and six employees. The majority (54%) of

employees were female, and 56% of family members who worked at establishments qualified as employees.

Respondents from the accommodation and attractions categories indicated there was a shortage of relevant skills in the tourism industry.



Skills

The majority of respondents from the accommodation (52%) and attractions (70%) categories indicated there was a shortage of relevant skills in the tourism industry in their respective districts.

Compliance of tourism industry with government regulations

The majority of accommodation establishments (89%) and attractions (57%) were registered for tax purposes. About 55% of accommodation establishments and 62% of attractions indicated they didn't belong to any industry associations. When it came to grading, half of accommodation establishments (48%) were graded, while most of the attractions (67%) were not graded, although perceived grading as important to their business.



The provincial tourism sector was compliant with SA's national codes of good practice around B-BBEE-EE.



The highest star grading for most accommodation establishments was the 3-star grade (55%) followed by the 4-star grade (30%). Some of the main challenges they faced in getting graded were the specific grading requirements, especially for the small establishments; clients' expectations of certain standards that had to be met by establishments; and the high costs associated with keeping the standard, which made it unprofitable to operate the business.

More than 50% of both accommodation and attractions respondents indicated they complied with the transformation policies of government by showing their certificates of compliance. Responses by tourism owners and managers were in line with those of key informants; 56% of them stated the provincial tourism sector was compliant with South Africa's national codes of good practice around broad-based black economic empowerment employment equity (B-BBEE-EE).

There is a need for the stakeholder database to be regularly updated.



Recommendations

The study recommended that:

- The government maximises the potential of the tourism sector's contribution to the national and the provincial economies by raising awareness of the potential policies and incentives of which stakeholders can take advantage.
- Since the majority of the respondents indicated they complied with the transformation policies and were

registered for tax purposes, the provincial government could make special incentives for those who comply or introduce measures to deal with those who fail to comply in order to increase the revenue potential from such sources.

- There is a need for the stakeholder database to be regularly updated at all levels of government (provincial and local tourism authorities in the respective districts) and to improve communications among the various tourism stakeholders.
- There is a need to encourage a strong value chain among the various clusters in order to strengthen economic benefits that arise from such linkages. ■

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The full report, Contribution of the tourism industry to the economy of the Limpopo province, compiled by the HSRC, is available on www.hsrc.ac.za.

