

# Tourism Institutional Framework

## A Model for the Establishment and Operation of District and Local Tourism Organizations



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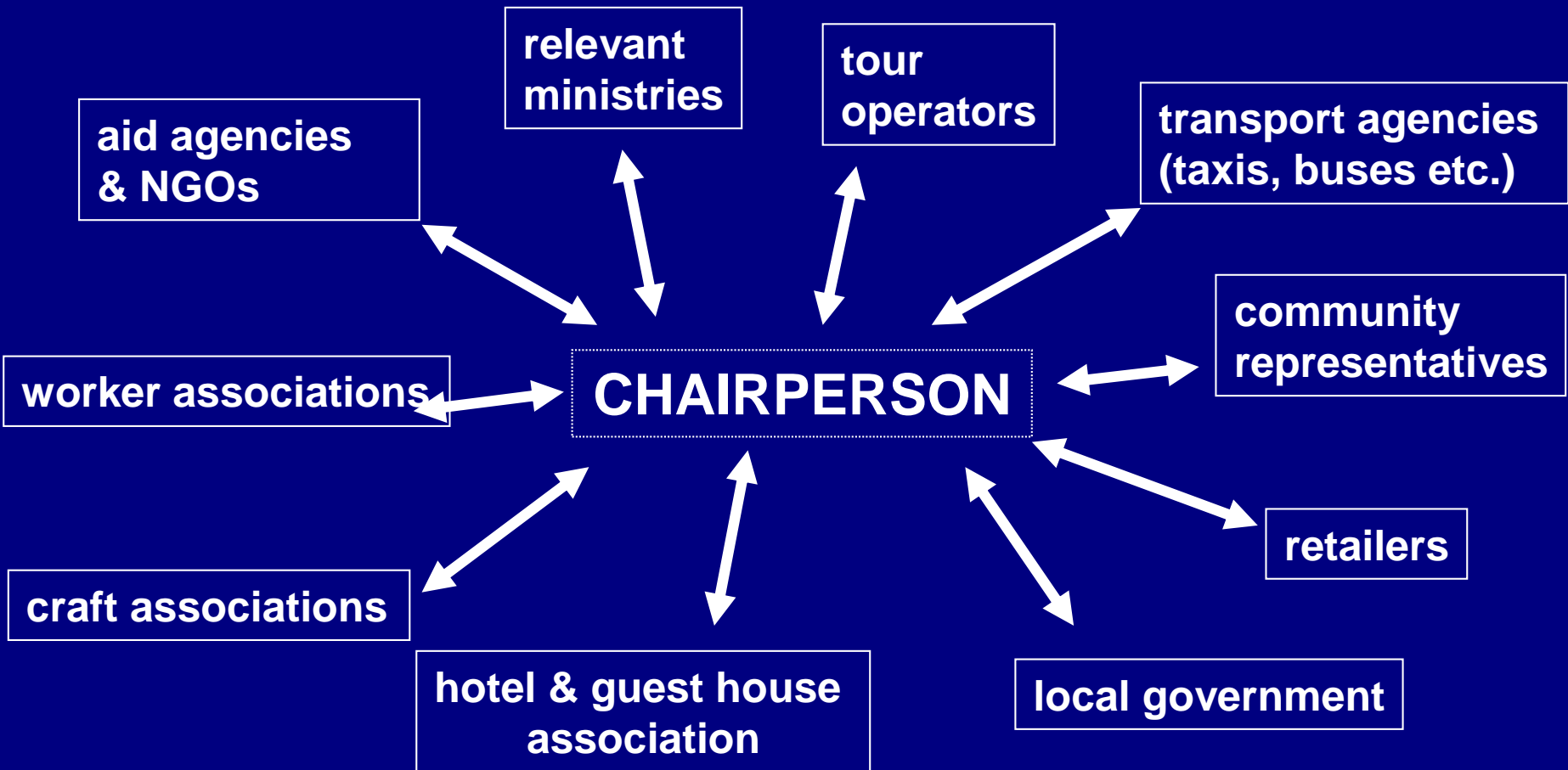
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# Functions and Role of the LTO

# Multi-Stakeholder Partnerships

## ESTABLISHING A LOCAL TOURISM ORGANISATION



# Functions and Role of the LTO



Ideally, the LTO should undertake the core functions of a fully-fledged destination marketing organization (DMO), namely:

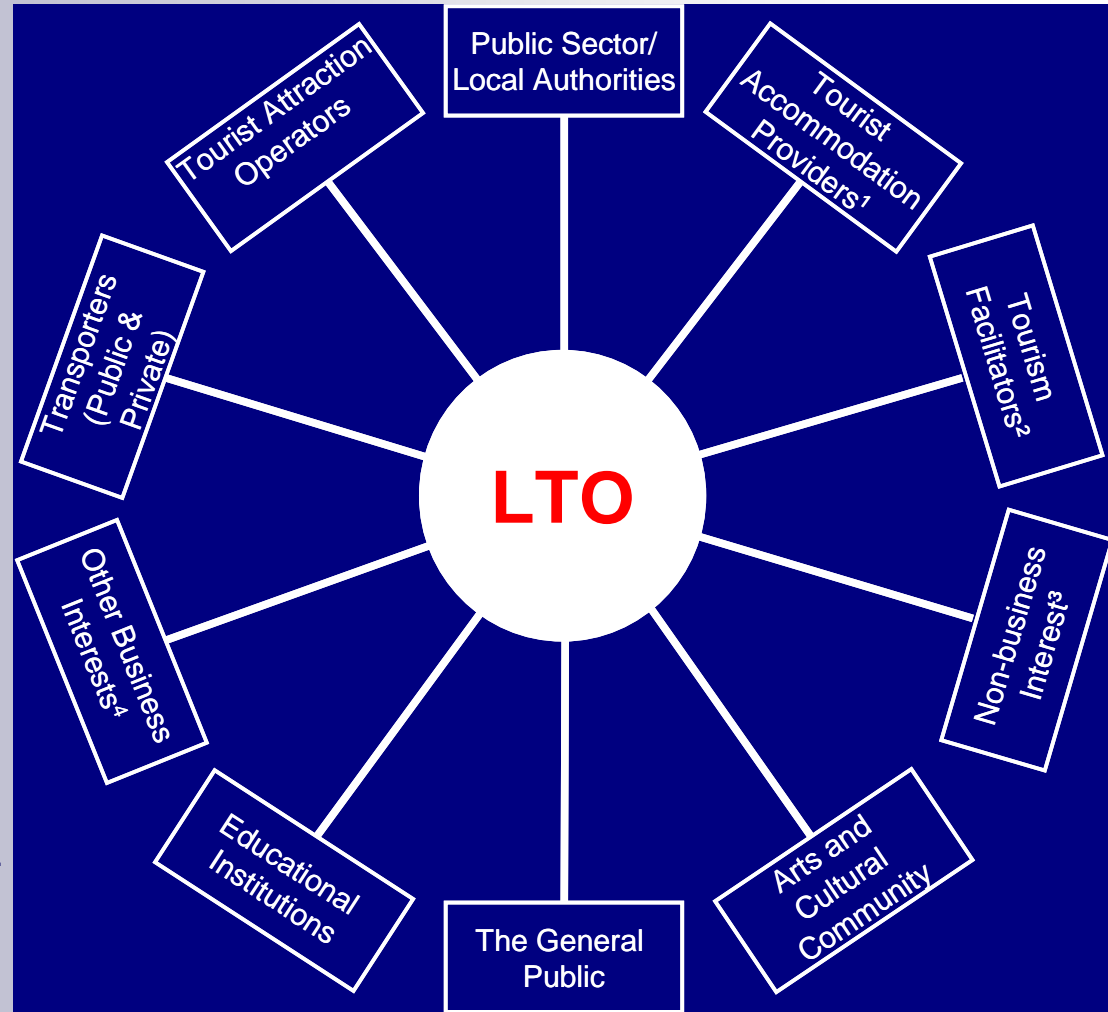
- Facilitator
- Initiator
- Matchmaker
- Communicator

Therefore, the starting point for the LTO lies in marketing the destination, and then facilitating the development of the tourism industry in the destination

# The coordinating role of the LTO



- Interactions with Stakeholders:



<sup>1</sup> Hotels, motels, bed & breakfast, etc.

<sup>2</sup> Tour operators, travel agents, advertising agents, etc.

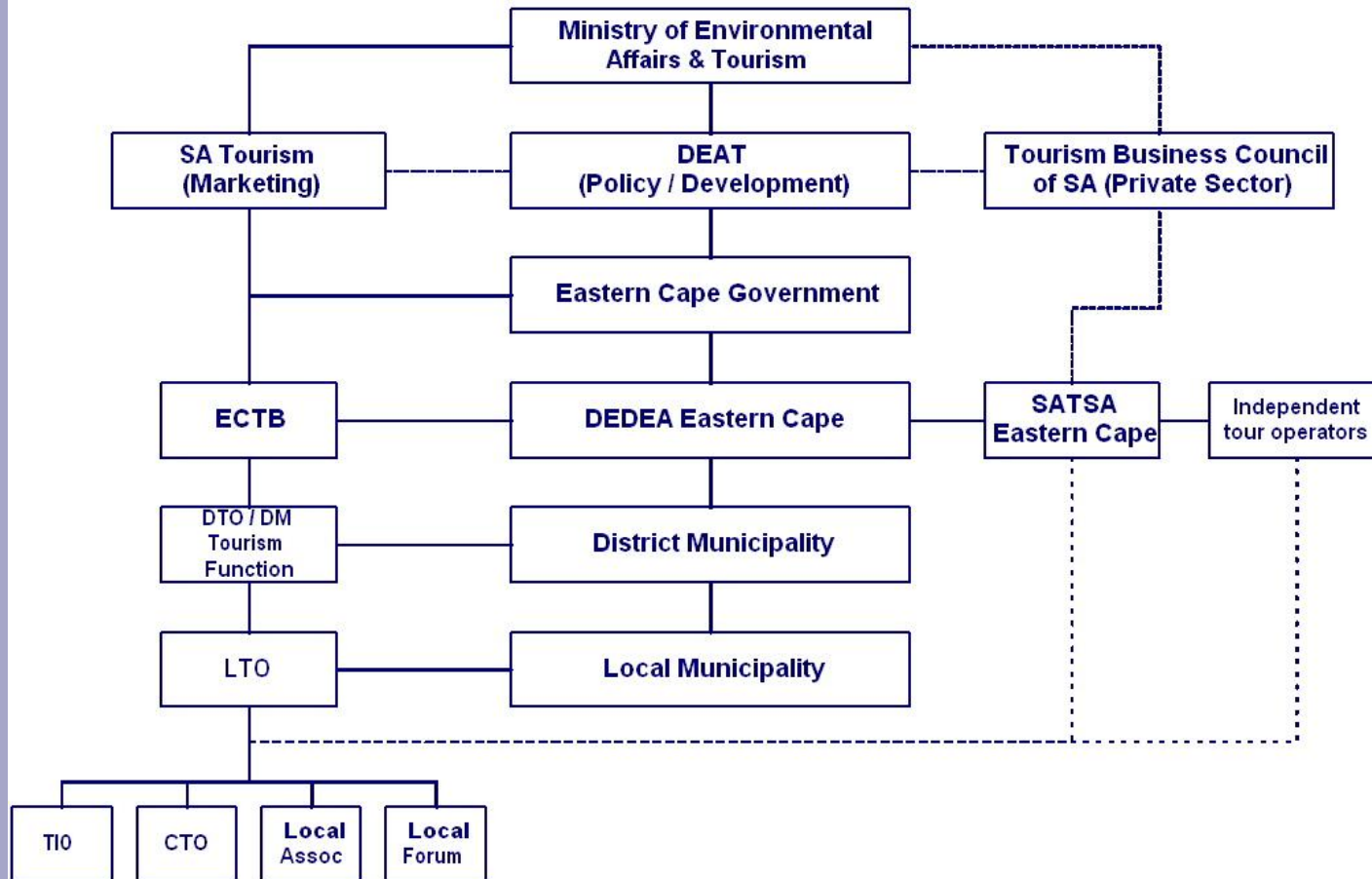
<sup>3</sup> Environmentalists, conservationists, etc.

<sup>4</sup> Retailers, restaurants, industrial interests, etc.

# Tourism Institutional Relationships in South Africa



## Tourism Institutional Relationships



# **Institutional Framework for the LTO**



# Context of the LTO



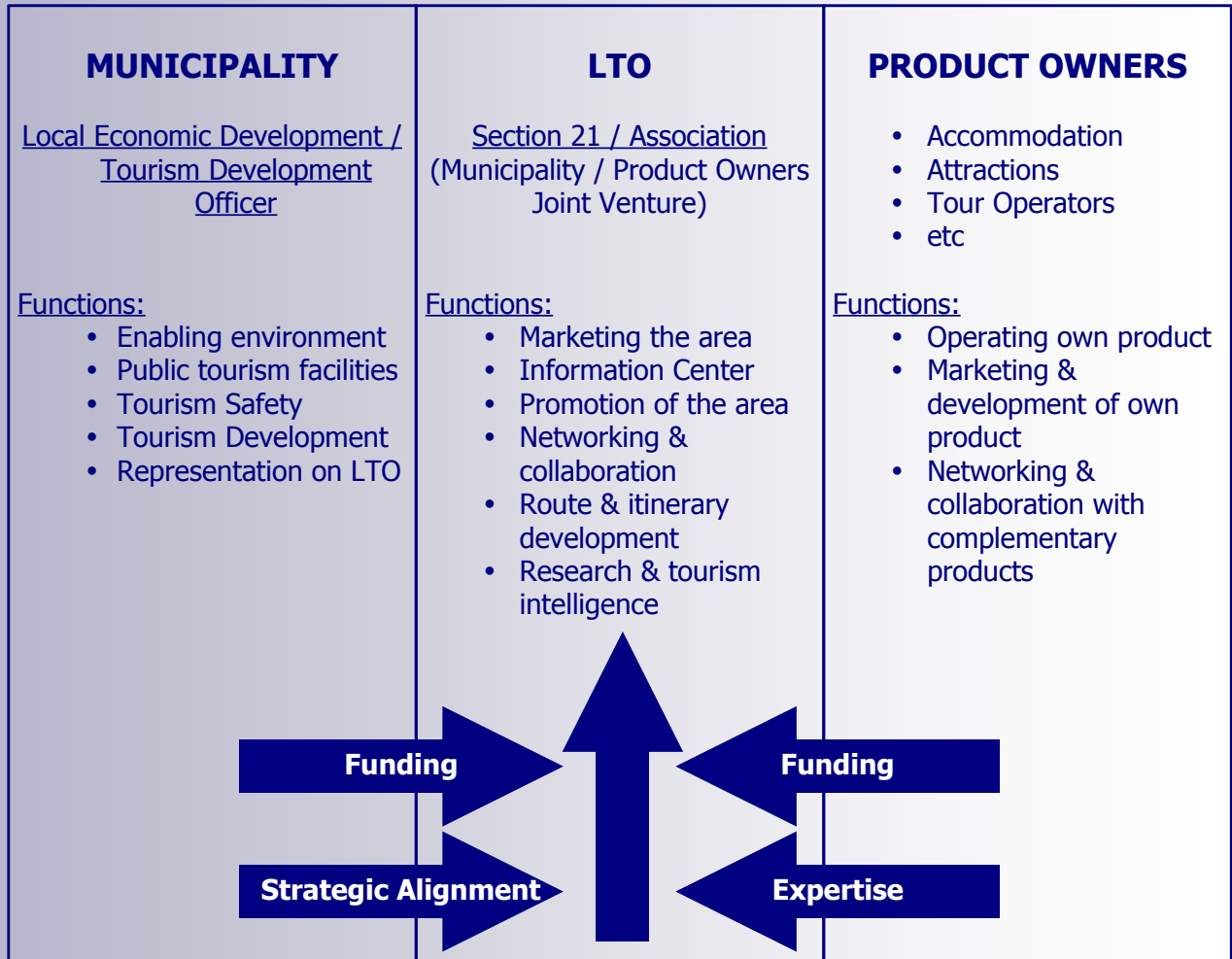
In the South African context at the local government level, the overall tourism development strategy has 2 main strategic priorities:

1. Grow the tourism economy by increasing the number of visitors, length of stay, or average spend, and so increase the economic benefits of tourism to the area as a whole;
2. Diversify the tourism industry to all sectors of the population, specifically by assisting, supporting and promoting the development of emerging tourism entrepreneurs and SMMEs, and community-based tourism products.



# Proposed Tourism Institutional Framework

- Model:



# Selection of Legal Entities & Structures

# Options for the Legal Entity



Appropriate legal entities for an LTO comprise:

- Unincorporated organizations:
  - Association not for gain
- Incorporated organizations
  - Non-Profit Company (also referred to as a Section 21 Company)

# Relationship Between an Independent LTO and a Local Municipality



The MoU / SLA will define the overall service provided by the LTO to the Municipality:

- The objective of the interaction;
- The roles and responsibilities of the parties to the MoU / SLA;
- The tasks to be undertaken by the LTO;
- The performance requirements / measurables;
- The support provided to the LTO by the Municipality;
- The oversight of the satisfactory performance against the MoU / SLA by the Municipality;
- Financial reporting arrangements.

The MoU / SLA could in addition define requirements for continued representativity of the LTO Board.

# Considerations for the Constitution / Memorandum of Incorporation and Articles of Association



The Founding Document should include the following elements and considerations.

1. Name
2. Objectives
3. Status
4. Membership
5. Subscriptions - Options
6. Organization of the LTO - Considerations
7. The Role of the Board
8. Composition of the Board
9. Committees
10. Meetings - Considerations
11. Amendments to the founding document

# Roles & Responsibilities

# Roles and Responsibilities of the LTO



The common objectives for the strategy of the LTO are:

## Direct

1. To develop a Brand Identity
2. To develop a high profile and positive image
3. To attract visitors
4. To increase the number of visitors
5. To increase the length of stay
6. To identify tourist attractions
7. To develop tourism products



# Roles and Responsibilities of the LTO



The common objectives for the strategy of the LTO are:

## Direct

8. To develop special events (sporting & cultural)
9. To develop cost effective marketing tools
10. To develop tourist routes
11. To develop wholesale packages
12. To create an awareness of the benefits of tourism
13. To make visitors feel welcome
14. To build an adequate development and promotional budget

# Roles and Responsibilities of the LM



The prime responsibility of a Local Municipality is to provide an enabling environment in which tourism can flourish by:

1. Providing public infrastructure that meets the expectations of visitors
2. Providing a safe and secure environment for visitors
3. Providing a clean environment for visitors

# Partnership Relationship between the Local Municipality and the LTO



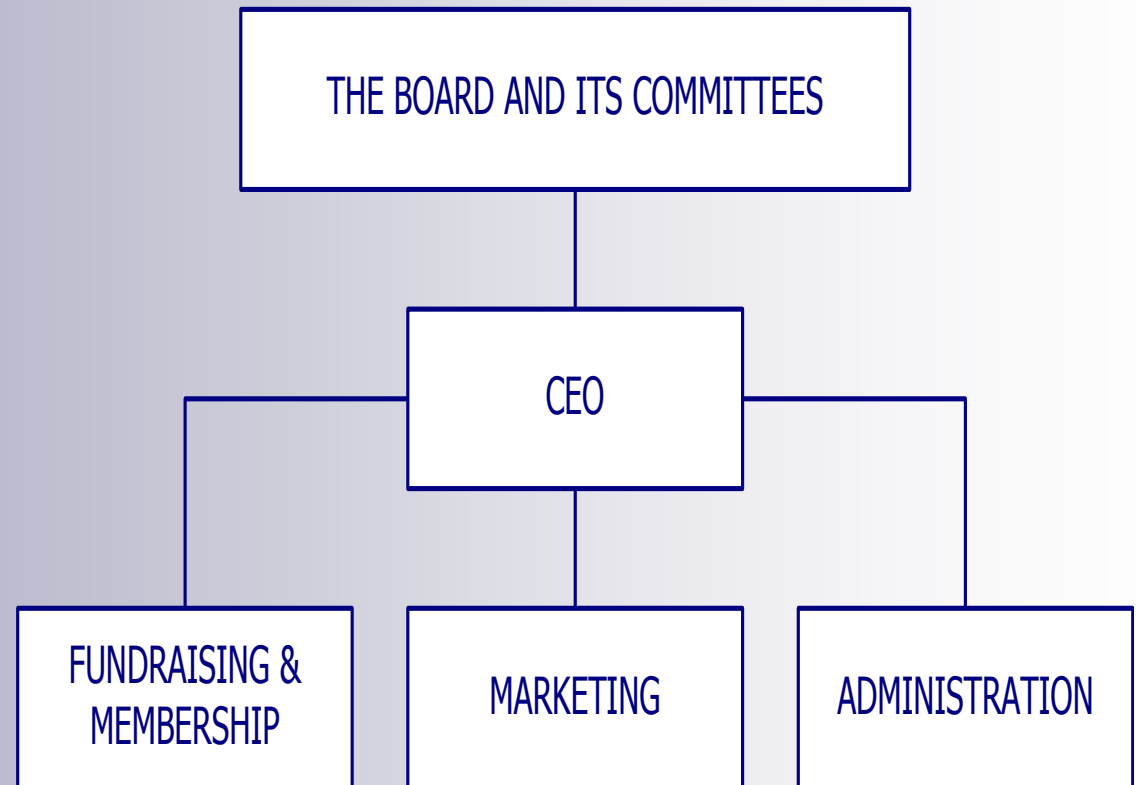
- **Recognize each party's role;**
- **Recognize the driving imperatives of each party;**
- **Recognize the constraints on each party;**
- **Develop and maintain trust between the parties;**
- **Work together in a constructive manner to achieve positive goals and outcomes.**

# Operational Arrangements

# Structure



The key elements of the structure of a successful LTO focus on the core business of the organization to drive its strategy and achieve its strategic objectives.



# The Board of the LTO



The Board of the LTO is critical to ensure the success of the LTO particularly in the case of a small LTO with limited resources, the members of the Board provide valuable skills and specialist expertise to drive the functioning of the LTO.

The structure and composition of the Board should be informed by the South African tourism landscape, the presence and activities of tourism organizations or their members in the area, and the requirement to provide specialized expertise to the Board and the staff of the LTO.

It is imperative that the composition of the Board is comprised of members who have experience in the travel & tourism industry.

# Representation on the LTO



It is important that all role players and stakeholders are represented:

- The Local Municipality;
- Different sectors of the tourism industry (tour operators, accommodation, attractions etc);
- National or Provincial parks as appropriate;
- Key economic players (major stakeholders);
- Tourist Information Offices;
- Local communities;
- Other tourism collectives, such as forums, sector associations (for example a local community tourism forum, hospitality association);
- Other collective organizations such as the local business forum, community policing forum, heritage forum etc;
- All towns / geographic areas in the Local Municipality;

# Resource Requirements for the LTO



The resource requirements for the typical LTO can be categorized as:

1. Physical (premises, equipment etc);
2. Financial (start-up capital, ongoing revenue);
3. Human (staff).



# Funding the LTO



Generally, funding for the LTO comes from 3 main sources:

- Municipal subsidy
- Membership subscriptions
- Other sources (commissions on reservations, sale of information material, fundraising)

# Thank You!

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