



## **NCOP POLICY DEBATE ON BUDGET VOTE NO 35: TOURISM**

**26 MAY 2011**

Honourable Chairperson of the NCOP

Honourable Deputy Chairperson of the NCOP

Honourable Minister of Tourism

Honourable Members

As highlighted in the New Growth Path, tourism is one of the fastest growing industries in South Africa and its potential to contribute towards job creation, poverty alleviation and the Gross Domestic Product (GDP) has been acknowledged by the South African Government.

Local government tourism represents the third sphere of public sector tourism. While national and provincial tourism organisations are chiefly responsible for the design and implementation of tourism strategies and national and international marketing campaigns, it is the lesser-known local government authorities that often shoulder the responsibility for promoting and supporting the local tourism products. There is no doubt that local

tourism as it relates to general development is a "missed opportunity" (White Paper, 1996). There is a need to widen focus of Local Governments impact on tourism and product development in how they manage their socio-economic environment and how they provide services to their communities. Local Government should ideally have the ability in supporting tourism. It is also important to state that municipalities are not homogenous in nature, and therefore operate in a differentiated manner. The key roles / functions of municipalities when it comes to tourism include:

1. Providing a strategic and operational role in maintaining a high quality physical environment;
2. Serving as a facilitator to ensure that the needs of the whole destination, including residents, businesses, and the environment, are represented and considered in the management of tourism;
3. Providing links and continuity of policy between /across all municipal services, such as economic development, planning, land use management, environmental health and roads;
4. Being a catalyst for partnerships driving inward and external investment;
5. Coordinating and driving a local tourism development ensuring quality information services provision; and
6. Driving an economic development agenda.

The role and profile of local government has more recently been enhanced through the Cabinet approved National Tourism Sector Strategy (NTSS). The NTSS not only represents the core strategy document of government with respect to Tourism, but also serves as the tool with which to drive change and improve the performance and competitiveness of the sector.

The NTSS recognises Local Government as a key partner / stakeholder in achieving the outcomes of the strategy and this is highlighted in various areas including:

- Ensuring the geographic spread of tourism beyond just the conventions markets, especially focusing on rural tourism and in terms of rural municipalities;
- Ensuring responsible tourism, especially on projects that benefit the community;
- Creating a single knowledge platform for tourism, data collection and information dissemination;
- Developing a comprehensive framework for actively supporting local government, in terms of:
  - Local tourism development
  - Funding / budgeting for tourism initiatives
  - Skills and capacity to support tourism initiatives
  - Asset identification & Tourism infrastructure investment
  - Tourism friendly by-laws and Managing tourism information including signage and information centres

We, as SALGA therefore acknowledge that Government has begun to see local government's role both in terms of the supply and demand of tourism growth and development. There are however, a number of challenges that are hampering an integrated and co-ordinated approach towards tourism between governments at all levels. This includes inadequate working relationships on tourism-related issues between municipalities and national and regional stakeholders resulting in a lack of partnership or collective approach to planning for tourism.

As SALGA we believe that these challenges need to be addressed, as local government would like to be onboard, to work closely with the Department in achieving their KPI as highlighted in the Budget Vote, particularly focusing on:

- Number of Tourism projects in rural areas
- Tourism interventions to facilitate, guide and support product development

Currently, as SALGA we are working closely with the Department and the DBSA, in outlining / proposing a comprehensive local government support programme, which fits in and can be aligned with all 3 of the Departments strategic programmes.

For example under Tourism Development (Programme 2), there needs to be Better co-ordination of Funding of Tourism Projects. While there are a variety of funding sources for Tourism Projects that exist from national programmes, development agencies, provinces, foundations (ngos/ charities), also within other departments (transport, safety and security, culture, etc.) there is very limited co-ordination or alignment. There is also much criticism of the “helicopter” projects that appear in municipal spaces without the municipalities’ involvement or buy-in. There is a need for guidelines which stipulate what conditions need to be in place in order to fund tourism plans in order to improve the appropriateness of these plans, and their likely implementation. On local government role in supporting the tourism sector and SMME development, there are existing barriers including insufficient funding for businesses and not many options are readily available to encourage small scale business development.

Appropriate and strategic support for entrepreneurs needs to be provided – but the capacity at municipal level to support the emerging tourism industry is not available.

Under Tourism Growth (Programme 3), SALGA is proposing a greater emphasis on Tourism Awareness, Capacity Building & Guidance for municipalities. The level of expertise and focus that local municipalities have in these areas varies considerably. This has resulted in uneven visitor and community experiences. There needs to be a greater focus / investment to assist the development of capacity and investment from Local Government to realise tourism opportunities. In the past the approach was just on having few days of ‘capacity building’ training on what tourism is and the principles of responsible tourism. However this did not result in buy-in or improved implementation.

Under Tourism Policy, Research, Monitoring and Evaluation (Programme 4), there are two key areas SALGA wishes to highlight. The first; revolves around unpacking and understanding spatial differentiation and unlocking tourism potential. Not all municipal spaces are equal in terms of public, private and community capacity, and social capital. Not all spaces are equal in terms of tourism potential. While tourism cannot be developed everywhere, in “destinations” with potential, tourism can lead to robust local economic development. A spatial approach to tourism development which identifies high priority areas in the country may be a more strategic approach than a municipal bottom up, supply-led approach which pre-supposes that all spaces have equal potential and capabilities and that detailed tourism plans are necessary in each and every area. The second area includes tourism research and information as it pertains to local

government. Not only is there a lack of information on trends, both locally, regionally, nationally and globally, there is also a lack of information to guide investment by the private sector, in particular, business and funding models, components of market and financial feasibility studies; industry performance; and sources of finance. SALGA would support a national approach to data development access to understand supply and demand trends needs to be put in place. For example, South African Tourism has a number of data sources which districts can request access to either directly or through provinces.

In conclusion, we are excited about the new stand alone Department of Tourism, as tourism has importantly been identified as one of the three industries that can facilitate economic growth and thus contribute to halving poverty and unemployment by 2014 in line with South Africa's Millennium development goals. We are also excited about forging new and strong partnerships between national, provincial and local government in order to ensure that implementation of local programmes stemming from national and provincial imperatives, does take place. The successful programmes of the Department need to work in partnership with key stakeholders and not in parallel or in a conflicting manner.

As SALGA we appreciate being part of this partnership and influencing its outcomes.

I thank you

Cllr Mxolose