



DEPARTMENT OF ECONOMIC DEVELOPMENT & TOURISM
DEPARTEMENT VAN EKONOMIESE ONTWIKKELING & TOERISME
ISEBE LOPHULISO LWEZOQOQOSHO NEZOKHENKETHO



**TOURISM SPEECH FOR THE DEPARTMENT OF ECONOMIC
DEVELOPMENT AND TOURISM'S BUDGET VOTE SPEECH 2008/2009,
DELIVERED BY MS LYNNE BROWN, PROVINCIAL MINISTER OF FINANCE
AND TOURISM, WESTERN CAPE LEGISLATURE, 28 MAY 2008**

Introduction

Mr Speaker

Honourable Members

Ladies and Gentlemen

Mr Speaker, the tourism component of Budget Vote 12 is fundamentally linked to creating a prosperous home for all in terms of growth and job creation as well as the benefits derived from tourism. It focuses on strengthening our key deliverables as well as implementation of and alignment to provincial legacy projects and the 27 priority areas.

Both ASGISA and the MEDS have identified tourism as a key priority sector for accelerated GROWTH and BBBEE.

In terms of GROWTH:-

898 million international arrivals were recorded by the World Tourism Organisation with a growth rate of 6.1% in 2006. Of the 26 million tourist arrivals in sub-Saharan Africa in 2006, South Africa received 8.395 million.

The Western Cape achieved 10.9% growth in international arrivals between April and September 2006 compared to the same period in 2005. For 2006, the Western Cape received 1.74 million international visitors and 3.2 million domestic visitors, with a total direct spend of R19.8 billion.

There were 1.23 million international arrivals to the Western Cape between January and September 2007. Of the domestic visitors, most were from the Western Cape itself (44.4%), followed by Gauteng (33.2%), KwaZulu-Natal (5.9%), Eastern Cape (5.8%), the Free State (3.5%) and others.

In terms of the Economic Significance of Tourism in the Western Cape Province:-

I would like to briefly reflect on NEW research commissioned by Cape Town Routes Unlimited (CTRU) which was completed by the Cape Peninsula University of Technology.

The research findings show:

That the tourism sector of the Western Cape contributed 14,08% to the Gross Geographic Product (GDP) to the Province in 2005.

AND in fact that 29 tourists are required to create one direct job in the industry while 20 tourists create one indirect job.

That the Demand generated by tourism in other sectors is valued at:

R2.5-billion for Manufacturing;

R2-billion for Transport, Storage & Communication; and

R1.5-billion for Wholesale/Retail Trade, Hotel & Restaurant.

That the total impact of Travel and Tourism consumption (this means travel and tourism industry supply) on the Western Cape economy in 2005 was R25,2-billion.

It can only be concluded that the true impact of tourism extends far beyond the core of the tourism industry and that current tourism statistics understate the real contribution of tourism to the Western Cape economy.

It is on this significant note that I wish to reflect on the **2007/2008 financial year:**

Progress on the **5** key priority areas identified in the 2007/2008 financial year is reported as follows:

Firstly, with regard to the development of tourism sites, attractions, routes in the Integrated Tourism Development Framework (ITDF):

During the 2007/2008 financial year, the ITDF review process provided a *State of the Province* on tourism products and tourism markets. This included an evaluation of tourism products and identification of future tourism potential.

The following two key projects were implemented as part of the ITDF's Tourism Development Areas which focused on tourism infrastructure:

- Implementation of the Eastern Gateway which is located at the Storms River Bridge and serves as an entry point into the Province. Distribution points allocated along this route allows for the employment of ambassadors who provide customer friendly service to our visitors, like distributing brochures and pamphlets and responding to Frequently Answered Questions (FAQs) on the destination.
- Finalisation of the L'Agulhas Business Plan for tourism-related infrastructure at the southern most tip in terms of signage, a boardwalk and benches (in partnership with SANPARKS).

Secondly, with regard to the implementation of the Tourism Human Resource Development:

We have implemented tourism training and development initiatives. In the 2006/2007 financial year R3.6 million was spent and 2 518 people benefited from training and development initiatives. In the 2007/2008 financial year R4.5 million was spent and 3 358 people benefited.

Some key accomplishments were:

- A refined Tourism HRD Strategy in consultation with all stakeholders through the Western Cape Tourism Development Partnership.
- The implementation of 5 new skills training programmes, with a total of 92 beneficiaries. And 3 bursary programmes for students furthering their tertiary education in tourism, with a total of 30 beneficiaries.

Thirdly, in upscaling the Tourism Enterprise Development programme:

The Tourism Tiered Support System provided entrepreneurial development services to emerging tourism enterprises at each stage of their development. In its fifth year of implementation, the Tourism Tiered Support System assisted 892 entrepreneurs in all six regions of the Western Cape. The Tourism Help Desk Programme conducted 181 TOPS (Tourism Outreach Programmes) where approximately 1 817 community members attended the tourism awareness sessions. These sessions helped communities to identify their tourism potential and the economic opportunities that arise from that potential when it is acted on.

Fourthly, to ensure that the Western Cape remains a competitive tourist destination:

We focused on Quality Assurance; the quality of the visitor experience at iconic tourism attractions; and the Tourism Safety and Support Programme.

The Department in partnership with CTRU and the Tourism Grading Council of South Africa developed a Quality Assurance Programme for tourism products throughout the Western Cape. This programme specifies minimum requirements for 4 categories of tourism products, namely: accommodation; conference venues; tour operators; and restaurants. It allows for membership to the local tourism organisations and can lead to the grading process of the Tourism Grading Council of South Africa. A total number of 535 tourism products were assessed during the 2007/2008 financial year.

With regard monitoring and evaluating iconic tourism attractions, the Outeniqua Choo Tjoe remains a key priority in terms of its future. The Department has undertaken to facilitate all processes and discussions with key role-players in relation to a way forward. This position is in light of the tourism potential of the region and the role of the Choo Tjoe as a provincial tourism icon. The Department is currently appointing a Service Provider to develop a sound business case for the Outeniqua Choo Tjoe as a future tourism product. The Department is sensitive to the iconic attractions in the Province, including Robben Island Museum and the Cango Caves; which, while national competencies fall within our geographic region. We therefore play a key oversight role to ensure a positive tourism experience.

With regard to Tourism Safety and Support, the safety of visitors to our destination is of paramount importance to the effective functioning and future growth of the tourism industry in the Western Cape. The 24/7/365 Tourism Victim Support Programme, in its 4th year of implementation, responded to 76 incidents involving Tourists in Distress, which is a decrease from 84 incidents in the previous year. This programme, which is a national benchmark that is being replicated in other provinces, will be maintained in the 2008/2009 financial year with a committed budget of R1-m.

Fifthly, in the role of Cape Town Routes Unlimited (CTRU) as a provincial destination-marketing organisation:

Cape Town Routes Unlimited's highlights during the past financial year include:

- Secured 10 international bids with a monetary value of R239 494,500.00, with attending delegates spending an average of R2, 400.00 a day.
- Marketed and promoted the destination at 6 international Trade Shows and 3 International Road Shows.
- Implemented the 2010 Tourism Accelerated Development Plan in the form of the 2010 Tourism Host Campaign and the 2010 Tourism Extended Stay Campaign.
- Facilitated the participation of 44 SMMEs at domestic shows and 17 SMMEs at international shows.
- Exposed 150 emerging entrepreneurs to exhibition training, business tourism workshops, marketing and 2010 workshops.

- Supported Nyoni's Kraal Restaurant, a beneficiary of CTRU's marketing support programmes, was the 2007 Emerging Tourism Entrepreneur of the Year winner. This was the first time in the history of the competition that a Western Cape product had won this prestigious award.

We also held the 2007 Provincial Tourism Awards' Ceremony, which will become an annual event. It is important that we nurture and recognise the zeal and elbow grease of those working in tourism. The following category winners were awarded for excelling in their service and for making extraordinary contributions to the development of the Western Cape's tourism industry:

The Tourism Information Office of the Year – **Knysna Tourism**

The Tourist Guide of the Year – **Ms Shereen Misbach Habib**

The Tourism Student of the Year – **Ms Tronel Berg**

The Tourism Helpdesk of the Year – **Ms Marian Mercuur**

MEC Award for Service Excellence – **Mr Melshaw Wyngaard**

The **5** key priority interventions were implemented through the Western Cape Tourism Development Partnership and the Western Cape Tourism Development Framework, with progress as follows:

During the 2007/2008 financial year, the Western Cape Tourism Development Partnership comprising delegations from Government, Business, Labour and Civil Society was successfully established – this is a first for South Africa. Delegation leaders chaired quarterly delegation meetings and there was full participation from the Partnership in the quarterly plenary sessions which were held. The Tourism 2010, Tourism Growth, Tourism HRD and Participation in Tourism Sub-committees were established, where monthly meetings were held to drive the implementation of key projects.

During the 2007/2008 financial year, the Western Cape Tourism Development Framework, our destination vision and strategy for tourism in the Western Cape, was updated through a consultative process with the Partnership. The annual updated Western Cape Tourism Development Framework was finalised and agreed upon by the Partnership in March 2008. [MEC: please refer to WCTD Framework booklets handed out to all in the house.]

MTEF Budget

Mr Speaker, in the 2007/2008 fiscal year, R46, 887 million was allocated to Tourism from the total R205, 386 million that was made available to Vote 12.

In the 2008/2009 fiscal year, R47, 781 million has been allocated to Tourism from a total of R219, 244 million available to Vote 12.

In the 2009/2010 fiscal year, a provision has been made for R49, 750 million, followed by an amount of R53, 386 in the 2010/2011 fiscal year.

In total, it is projected that the Tourism budget will increase by an estimated 11% from R47,781 million to R53,386 million over the coming Medium term.

Mr Speaker, it now gives me great pleasure to present the **5 Key Tourism Priority areas for the 2008/2009 financial year:**

PRIORITY 1: Developing and implementing targeted and cost-effective programmes by Cape Town Routes Unlimited, the destination marketing organisation

With regard to CTRU, let me remind you of the City's decision to withdraw its funding on 30 June 2008.

What this means is that CTRU's budget has been cut in half.

This will have a dramatic impact on the marketing of Cape Town and the Western Cape. Let me illustrate what this will mean.

First, let us look at the immediate impact on some of our premier City-based events. Last year, CTRU co-sponsored the Cape Argus-Pick n Pay Cycle tour to the tune of R475 000; the J&B Met to the tune of R400 000; the Cape Town International Jazz Festival received R300 000; and the Old Mutual Two Oceans Marathon received R120 000. CTRU will have no choice but to slash all of these sponsorships by at least half as a result of the City's withdrawal.

Second, the City co-funded the V&A Waterfront Gateway Visitors' Centre equally. As a result of the withdrawal of the City's funds it may have to close its doors on 30 June 2008 when the City's funding stops.

Third, CTICC is co-owned by the Provincial Government and the City. It needs CTRU's Conventions Bureau to attract business. It is highly successful at doing so. Its funding is now slashed in half and represents a real threat to the success of the Centre.

The biggest impact however, is that, just at the moment when we need all the funding we can get to market ourselves to maximise visitors during 2010 we are having to cope with a substantially smaller budget.

I want to assure the house that we have not sat back idly and watched this happen.

First, the Provincial Government of the Western Cape has increased CTRU's marketing funding to R26.9-million. This represents a 26.1 percent increase on the actual core marketing grant transferred to CTRU in the 2007/2008 fiscal year.

Second, we have funded a new e-business marketing platform and reservations booking engine which has the potential to generate significant funding for CTRU from the 2009/2010 fiscal year onwards.

Third, I have asked the Board to develop a completely new business model and organisational structure so that CTRU will never again be threatened in this way again. They have done this successfully.

Fourth, we will amend the Western Cape Tourism Act of 2004 to give all 30 Western Cape municipalities equal status in relation to the DMO.

Other key deliverables for 2008/2009 are:

- Honing International Marketing strategies through targeted interventions in key traditional (UK, Germany, US, Holland) and soccer loving markets (Brazil, Argentina, Southern Europe, Japan and Korea).
- Intensifying the Domestic Marketing Strategy to meet Cape 365's seasonal spread objectives.
- Strengthening the implementation of the 2010 Tourism Host Campaign, the 2010 Tourism Extended Stay Campaign and the Tourism Community Mobilisation programme.
- Co-hosting the Tourism Destination Conference as cementing legacy in the tourism industry by focusing on Global Competitiveness and Cape 365 as a campaign for ensuring seasonal spread, geographic spread and increased air access. The 4 social partners will be taking stock of key challenges facing the industry and crafting solutions to maintain and even exceed our current growth trajectory. This event launches September Tourism Month and will be used as a platform to showcase small business in the form of Blitznetworking sessions. Resolutions from this Conference will feed into the

Department of Environment Affairs and Tourism's national tourism conference planned for November this year.

- Launching the Western Cape Tourism Ambassador Programme with the objective to use influential individuals to communicate the virtues of the destination whenever they are in contact with local or international audiences. They will become advocates of the Western Cape as a destination of choice.
- Providing marketing support to SMMEs, with a targeted increase in the number of PDI beneficiaries for marketing programmes.

PRIORITY 2: Implementing the Tourism BBBEE Strategy and Implementation Plan

The Tourism BBBEE Strategy will focus on promoting representivity and inclusiveness in the areas of control, ownership, management and equity; driving transformation within large tourism organisations; using the Tourism BEE Charter and Score Card to effect transformation of established tourism businesses; and promoting Tourism Economic Empowerment with emphasis on the following designated groups: Black; Women; Youth; Rural; Disabled and Workers.

As part of the Tourism BBBEE Implementation Plan, key projects will be:

- Developing a Supplier Development Portal – a platform to link big business to SME/BBBEE entities within the tourism industry.
- Access to the Cape, which exposes marginalised communities to the tourism attractions in their own regions and enables better participation in the tourism industry; as well as the Tourism Schools' Competition and the Youth Seminars, with targeted beneficiaries from the 27 priority areas and a budget commitment of R1,1-m.
- Hosting the 2008 Provincial Tourism Awards' Ceremony which recognises individuals who embody service excellence in the tourism industry.

PRIORITY 3: Implementing the Tourism Human Resource Development programme

The Tourism HRD Programme has a committed amount of R1,9-m. Implementation relates to the legacy of the number of citizens who benefit from the range of skills programmes already in existence, such as bursaries, tourism training and tourist guide training. Beneficiaries will mainly be sourced from the 27 priority areas.

We will also launch the Tourism Welcome Programme, which is a completely new programme that has been conceptualised with the one aim of definite job creation. It plays a strategic role leading up to 2010 and is of such a nature that it will exist beyond 2010. The Programme will employ official tourism welcomers/helpers at tourist sites in order to enhance the image of the destination while simultaneously building a skills base. Duties of the Tourism Welcomers will include security, cleaning of the environment, welcoming tourists, distributing tourist information, directing people and assisting micro-business providers in the vicinity. It will create 500 direct jobs over a 3-year period, with the development and implementation of phase 1 in this financial year. Beneficiaries will mainly be sourced from the 27 priority areas.

PRIORITY 4: Implementing the Integrated Tourism Development Framework (ITDF)

Currently the revised ITDF is in draft form and will be finalised with Stakeholder Engagements in each region during 2008/2009 that will focus on the current state of tourism in the region as well as identifying potential tourism development and highlighting key blockages.

The ITDF, with a budget commitment of R2,5-m, will ensure implementation of key tourism related infrastructure projects in the Tourism Development Areas.

PRIORITY 5: Upscaling the Tourism Tiered Support System

The Tourism Tiered Support System is a programme targeted at 5 000 beneficiaries participating in Tourism Outreach; Awareness; Beginners; Intermediate; Fastrack; Advanced; and Mentorship entrepreneurial development. Beneficiaries will mainly be sourced from the 27 priority areas.

Another priority is the recent attacks on African nationals. My officials and I have been asked whether the Region is a safe destination for tourists. To date, it is.

My advice to locals and visitors is to take normal safety precautions and not hesitate to contact the police should they feel threatened. My officials and I are meeting with industry leaders – business, labour and civil society to pull together all the discussions that have taken place to create a synergised response.

In conclusion, Mr Speaker, colleagues, ladies and gentlemen...

Our priority interventions are facilitated and enhanced through the Western Cape Tourism Development Partnership and the Western Cape Tourism Development Framework.

I feel that great strides have been made, though the march is not yet over.

We are pleased at the extent to which we are upscaling and upskilling the tourism industry in the Province as a whole and taking it to the communities who so far, while integral to how the industry makes money, has never benefited from it.

We look forward to continuing this trend and growing the industry, by encouraging and supporting a service-excellence mindset and schooling communities to be alert to the opportunities afforded them by tourism – to better reach our goal of making bigger economic gains for the Province as a whole and importantly to include small, previously excluded, tourism entrepreneurs, in particular.

I thank you.