

Social Responsibility Implementation Progress Report

Briefing to
Portfolio Committee on Tourism
11 November 2016

broadening horizons



tourism

Department:

Tourism

REPUBLIC OF SOUTH AFRICA



Overview of presentation

- Purpose of briefing
- Objective of SRI Programme
- SRI funding criteria and requirements
- Programme History
- Programme Successes
- Challenges, lessons learned and corrective measures
- Update on forensic audits
- Status of infrastructure projects
- Other SRI Projects



Objective of the SRI Programme

- The Department of Tourism is funding and managing the implementation of tourism infrastructure and skills development and destination enhancement projects through the Social Responsibility Implementation Programme (SRI).
- The programme is aligned to and funded as part of the Expanded Public Works Programme (EPWP).
- The objective of the SRI Programme is *job creation (fulltime equivalent jobs)* through the provision of a range of tourism services and infrastructure.



Objective of the SRI Programme cont.....

The areas of work includes, but not limited to:

- Visitor information services;
- Accommodation establishments;
- Caravan sites;
- Retail centres for crafts;
- Heritage tourism products;
- Day visitor precinct;
- Youth tourism learnership programmes;
- Tourism experience and destination enhancement (e.g. safety monitors) and
- Product/attraction enhancement - the development and maintenance of infrastructure like: benches, boardwalks, fencing, pathway development, attractions interpretive signage, access roads into attraction, parking and sidewalk infrastructure, bike lanes, and other public space upgrades.



EPWP: Funding criteria

- Project must be identified based on their ability to generate a labour content of between 25% and 35% for the infrastructure projects and 40% to 60% for the skills development projects.
- The EPWP employment target set for women is 55%, youth is 55% and 2% for people with disabilities as set by the national EPWP programme.
- Persons must be employed in terms of the conditions of service for Special Public Works Programmes determined by the Minister of Labour.



EPWP: Funding criteria cont.....

- Selected persons must be provided with accredited training, the cost of which may not exceed 5% of the total project cost.
- Non-accredited training to the value of 2% of the total project cost must be provided.
- The EPWP infrastructure project must be for community or *public benefit*.



Programme history

- In 2010 all tourism related projects from the Department of Environmental Affairs and Tourism (DEAT) were ceded to the Department of Tourism (NDT).
- 310 project files were handed over to NDT.
- Only 43 projects (with 97 contracts of different phases) were work in progress.
- The remainder of the project files (i.e. 267) were administratively concluded.



Programme Successes – since 2010

- Created **21 933** Full-time Equivalent Jobs
- Create tourism assets for beneficiary communities.
- Local procurement and supplier empowerment (brick layers, landscaping, interior décor, horticulture, painting, tiling, plumbing, carpentry, transport, catering, branded clothing etc.)
- Non-accredited training, (life skills, first aid, health and safety, financial management and HIV/Aids).
- Achieved accredited training associated with delivery of infrastructure for beneficiaries (skills areas include –construction and hospitality related areas).
- Trained **2077** youth as Chefs.
- Trained **6600** youth as Buddies.
- Trained **470** youth in food and wine pairing.
- Deployed **1200** safety monitors in partnership with SAPS and provinces at key South African attractions.



Challenges encountered with infrastructure projects

- The challenges are mainly in the implementation of the Infrastructure projects within the Environmental cluster (instead of the infrastructure cluster).
- Pervasive focus on job creation and limited focus on the resultant infrastructure.
- Viability and due diligence assessments conducted by the same people who implemented the projects.
- Detailed planning and technical designs completed after budget allocation, (leading to under or over estimation of project costs) – sequencing problem.
- Limited joint planning amongst the key role players. (impacting on Project sustainability beyond construction)
- Lack of internal technical capacity to manage infrastructure projects and insufficient contract development and management skills.
- *Programme budget reduction in the MTEF.*



Lessons learnt

- The majority of community based organisations do not have the capacity and capabilities to operate and manage the accommodation establishments.
- *Pre and post* construction support, training and mentoring is needed. It should be part of the requirements for funding community owned projects.
- Tourism infrastructure projects are capital intensive and it is a challenge to meet the EPWP labour intensity.
- Mechanisms for sustainability must be established prior to the commencement of projects and where applicable the future strategic/operating partner must be involved from start.



Lessons learnt cont.....

- Joint planning and pulling together of resources across all spheres of government (vertical and horizontal) is a critical success factor.
- EPWP requirements would be best served through the destination and experience enhancement, maintenance of viable existing facilities and skills development types of projects.
- Greenfield projects (built from scratch) are expensive due to the need to put bulk infrastructure – *thus project bulk infrastructure should be in place prior to starting of projects.*
- Need for an integrated approach which takes into account economic and technical aspects of interventions.
- Where implementers had a tourism background, projects were largely successful.
- Involvement of all parties during planning phase led to post completion sustainability.



Corrective measures

Projects must prove that they will be technically, commercially and financially viable before funding is granted.

Viability covers amongst others:

- Land availability/ownership and use rights;
- Identify access (roads);
- Bulk services (water, electricity, sewer);
- Identify beneficiaries;
- Type/ nature of facility and the required grading;
- Blending with surrounding environment (natural and built);
- Identify other developments that will complement the facility (if any);
- Identify development that may have a negative impact on the facility (if any);
- Ownership and operating mechanisms for the facility;
- Market viability assessment;
- Highlight linkages with the IDP Process including support from other spheres of government; and
- Surrounding attractions and amenities (the case for tourists).



Corrective measures cont...

- Application of construction industry standards – within the context of EPWP for SRI;
- Provide targeted support to owning entities in pursuit of sustainability (skills and capacity support);
- Introduction of milestone based payment (*a balance between the cashflow needs and accountability for resources*); and
- Review and prioritisation of the funding.



Corrective measures cont...

- Undertaking economic and technical evaluation of projects under planning and those that had to be stopped and re-evaluated after the forensic investigations.
- Services of Government Technical Advisory Centre (GTAC) have been sourced in this regard.
- Each of the projects under planning or that were stopped after the forensic investigations will be treated independently and the decisions on each will be based on the outcomes of the assessments.
- GTAC will all provide technical expertise to ensure that the projects which are currently at a planning phase are successfully completed and handed over.
- External audit services have also been acquired to undertake a detailed independent review of the internal systems and practices- with the view to close existing systemic gaps.
- Engagements with Provinces regarding sustainability support for projects that are ready for handover.



Corrective measures cont....

GTAC to provide Technical Assistance Services to the National Department of Tourism (NDT) to:-

- provide **long term** support to establish a Programme Office (PO) to assist the department to manage the Social Responsibility Initiative (SRI) Programme and review the processes and guidelines for this programme;

AND/OR

- to undertake a **short term** review of the department's current SRI stopped projects, those under planning and undertake pre-feasibility studies on identified projects.



Forensic investigations

- Initially during 2010, a total of four projects were referred for Forensic Investigation;
- After recommendations, three were referred to the SAPS for further investigation and one taken on arbitration;
- The SAPS referred the cases to the Commercial Crimes Unit;
- NPA initiated prosecution in one case at the Commercial Court in Pretoria; and
- 3 cases are still under investigation by the SAPS (one of which is in arbitration with the aim of enforcing accountability).



Forensic Investigations

The 2nd Forensic Investigation was instituted in 2013:

- 13 Projects were referred for Forensic Investigation;
- After recommendations they were referred to the SAPS for further investigation;
- SAPS referred the cases to the Commercial Crimes Unit;
- The NPA issued a Nolle prosequi, (decision not to prosecute) with advice that the Department institute civil proceedings to recover any losses incurred;
- Office of the State Attorney has been given instructions to institute civil proceedings to recover losses; and
- Summons are being prepared for issue and service to the affected Implementers.



Forensic Investigations

In the main, the findings were as follows:-

- Possible misstatement of expenditure on material and equipment of projects;
- Non-compliance with the pertinent conditions of the MoA by the project implementers and by officials of the Department; and
- Inaccurate reporting or failure to report on the progress of the project by the project implementers and the provincial project managers (*i.e. departmental officials managing projects in various provinces*).



Forensic Investigations

It was recommended that:-

Corrective action be taken against 4 departmental officials for the following;

- Failing to timeous report non-compliance and breach by implementers;

Corrective action was taken in a form of disciplinary steps.



Risk and Mitigation

- The findings of the forensic investigations have been discussed at the Departmental Risk Committee.
- A Policy on the Management of Contracts has been developed.
- Accounting Officer has withdrawn delegations of powers on all SRI projects (pending the processes and efforts to strengthen the system – GTAC process).



Forensic Investigations

INVESTIGATED PROJECTS: (re-evaluation underway)

- LP- Tshakuma Heritage and Conference Centre;
- EC- Wild Coast Tourism Development;
- KZN - King Mantiwane;
- Gauteng and Eastern Cape training;
- FS- Guest House Building in Qwaqwa;
- FS- Information and Business Centre Project;
- EC-Lake Gariep Development Project;
- EC-Lake Gariep and PK Le Roux dam;
- EC- Rock Art Tourism;
- EC- Motherwell Eco Tourism Development Project;
- (MP) LP - Mnisi Resort project;
- LP- Vha Tsonga Cultural Village Project; and
- LP- Thutlane Site.



SRI Projects to be launched

Province	Project Name	Budget	Location
Free State	Witsieshoek Mountain Lodge	R26 158 606	Moeding
Gauteng	Komjekejeke Heritage Site	R21 185 000	Gauteng: Wallmansthal
Mpumalanga	Middleburg Tourism Information Centre	R 4 702 500	Mpumalanga: Nkangala District Municipality / Steve Tshwete Local Municipality Middelburg
Northern Cape	NC- Caravan Park Kai Gariep (launched already)	R 6 474 163	Kai Garib Local Municipality



WITSIESHOEK CHALETs



KOMJEKEJEKE HERITAGE PROJECT



MIDDLEBURG INFORMATION CENTRE COMPLETED



KAI GARIEP SWIMMING POOL



Projects currently under implementation

Province	Project Name	Budget	Location
Eastern Cape	Aliwal Spa Project	R 7 930 080	Maletswai Local Municipality
Eastern Cape	Cradock 4 Garden of Remembrance (Phase 2)	R13 056 403	Eastern Cape: DC13 Chris Hani District Municipality Inxuba Yethemba Local Municipality Cradock
Eastern Cape	Mthonsi Lodge Project	R28 215 000	EC127 Nkonkobe Local Municipality
Eastern Cape	Qatywa Eco -Tourism Development	R23 750 000	Amatole District Mbhashe Local Municipality Qatywa



Projects currently under implementation cont....

Province	Project Name	Budget	Location
Eastern Cape	Six Day Hiking Trail	R 9 405 000	O.R. Tambo District Municipality Port St Johns Local Municipality
Free State	Building a Guesthouse in Qwa Qwa - Phase 2	R16 906 319	Maluti a Phofung Local Municipality
KwaZulu - Natal	Lilani Hot Springs Project	R18 810 000	Umzinyathi District Municipality Umvoti Local Municipality Lilane
KwaZulu - Natal	Muzi Pan Phase 2	R12 447 480	Umkhanyakude District Municipality (Hluhluwe)



Projects currently under implementation cont.....

Province	Project Name	Budget	Location
Limpopo	Mukumbani Waterfalls (Phase 3)	R23 738 732	Mopani District municipality Greater Giyani Local Municipality Ngove
Limpopo	Ngove Cultural Centre and Theatre (Phase 2)	R20 133 951	Mopani District municipality Greater Giyani Local Municipality Ngove
North West	Manyane Lodge Project	R47 515 112	Mahikeng



Projects currently under planning (also under evaluation)

Province	Project Name	Location
Eastern Cape	Kiwane Camp site	Buffalo City Municipality
Eastern Cape	Mdantsane Lodge	Buffalo City Municipality
Eastern Cape	Qaukeni Great Place Cultural Village	Qaukeni Local Municipality
Free State	Dinosaur Project	Golden Gate National Park
Free State	Empereni Hospitality Training Centre	Setso Local Municipality



Projects currently under planning (also under evaluation)

Province	Project Name	Location
Free State	Masilonyana Information centre	Masilonyana
Free State	Vredefort Dome	Fezile Dabe
Limpopo	Oaks Information Centre	Maruleng Municipality
Limpopo	Phiphidi Waterfall	Thulamela Local Municipality
Limpopo	Sekhukhune Cultural Village	Fetakgomo Local Municipality
Limpopo	24 Rivers	Mogalakwena Local Municipality



Projects currently under planning (also under evaluation)

Province	Project Name	Location
Mpumalanga	Bohlabela Cultural Village	Bushbuckridge Local Municipality
Mpumalanga	Mnisi Resort	Bushbuckridge Local Municipality
Northern Cape	Platfontein Lodge	Sol Plaatjie
North West	Lotlamoreng Dam	Mahikeng Local Municipality
Western Cape	Cape Agulhas	Agulhas



Current Non-Infrastructure Initiative

- Buddies (2100 youth)
- Chefs (577 youth)
- Food safety (500 youth)
- Wine appreciation (270 youth)
- Blue Flag beaches (200 youth)



Thank You

