

# Tourism Incentive Programme

Portfolio Committee on Tourism

13 March 2015

*Department of Tourism*  
*[www.tourism.gov.za](http://www.tourism.gov.za)*



**tourism**

Department:  
Tourism  
REPUBLIC OF SOUTH AFRICA



# A force for change

Tourism brings socio-economic development and growth

Tourism has transformative power to accelerate more inclusive growth

Tourism Incentive Programme is a tool to activate change

The pilot phase starts this year





# Desired outcomes

Enterprise growth	→	More employment
Quality standards	→	Enhanced visitor experience
Enhance iconic attractions	→	More competitive destination
Efficient and renewable energy sources	→	Energy security, lower input costs



# Pilot phase focus areas

- Market access support: Subsidise access to new markets
- Tourism grading support: Lower the cost of tourism grading
- Project sustainability and enhancement: Invest in improved facilities at strategic attractions
- Energy efficiency pilot: Retro-fit facilities with renewable energy systems





# Market access support

- Partial reimbursement of certain costs
- Participation in predetermined international marketing platforms
- Capped amounts on airfare, accommodation and exhibition or participation fees

## Objectives:

- Unlock untapped market potential and introduce new players to the market
- Reduce cost burden on tourism enterprises to access markets
- Facilitate enterprise growth and expansion to stimulate job creation and sector transformation



# Market access support (2)

## Process:

- Published list of marketing platforms to be supported with regular calls for applications
- Technical assessment against eligibility and qualifying criteria in programme guidelines
- Approval, contracting and participation
- Post intervention reporting and reimbursement of agreed amounts

## Target audience:

- Small-and medium-sized inbound tourism enterprises (< R35M)
- Focus on transformed and market-ready enterprises



# Market access support (3)

## Business Tourism:

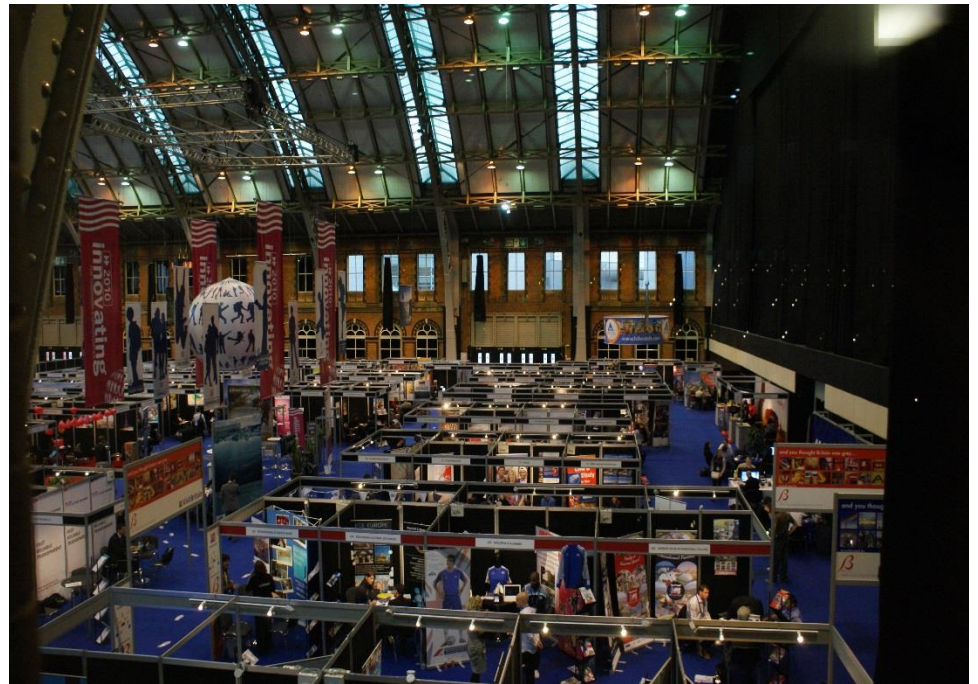
- IMEX America, USA (Incentive Travel, Meetings and Events)
- EIBTM, Spain (Incentive Travel, Meetings and Events)
- CIBTM, China (Incentive Travel, Meetings and Events)

## Leisure Tourism:

- ABAV Travel Show, Brazil
- Vakantiebeurs, Netherlands
- Swahili Tourism Expo, Tanzania
- Magical Kenya, Kenya
- Akwaaba, Nigeria

## SAT Roadshows:

- India Roadshow, India
- Asia Roadshow, China, South Korea, Japan



# Tourism grading support

- A structured and incremental system of rebates on annual assessment fees paid to the Tourism Grading Council
- 30% rebate on 1st assessment
- 35%, 40%, 45%, 50% respective rebates on 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> re-assessment
- Continuous 50% loyalty rebate on 5<sup>th</sup> and subsequent re-assessment
- Additional 10% transformation rebate

## Objectives:

- Greater conformity to quality standards through wider participation in the Tourism Grading system
- Enhanced visitor experience and improved destination competitiveness





# Tourism grading support (2)

## Process:

- Application for rebate at the same time as assessment or renewal application to TGCSA
- Technical assessment against eligibility and qualifying criteria in programme guidelines
- Qualifying rebates processed once star grading awarded by the TGCSA

## Target audience:

- Existing TGCSA members including both newly graded establishments and those that renew their grading and membership
- Particular focus will be placed on small- and medium-sized accommodation and meeting venues



# Project sustainability and enhancement

- Development assistance grant for projects in which the department is already involved
- Development assistance to strengthen iconic attractions
- Improve visitor experience and improve destination competitiveness

## **SRI project focus and potential areas of support :**

- Independent assessments to identify operational challenges
- Management development and mentorship
- Skills development and training
- Management contracts
- Management and operational systems
- Market access support





# Project sustainability and enhancement (2)

- Enhancement of strategic and iconic attractions such as World Heritage Sites, Museums, National Parks, Botanical Gardens, etc.
- Three destination development projects in 2015/16

## **Walter Sisulu Botanical Garden (SANBI)**

- Improvements to signage and visitor access
- Domestic marketing support

## **Kruger National Park (SANParks)**

- Wild activity hub
- Shangoni gate development
- Community support (skills development, employment, etc.)

## **Robben Island Museum (World Heritage Site)**

- Capacity building and skills development for tourist guides
- Visitor management system improvements
- Value added services



# Energy efficiency pilot

- Subsidise the retro-fitment of tourism facilities with renewable energy systems to enhance the visitor experience

## Objectives:

- Alleviate pressure on the grid and ensure reliability of electricity supply
- Reduce input cost for tourism operations
- Reduce the sector's carbon footprint
- Confirm our status as a leading responsible tourism destination

## Solar technology opportunity:

- Decentralised energy generation
- Short payback period
- 20 year maintenance contracts on Photovoltaic (PV) systems
- Localised production to support Industrial Policy





# A phased approach

## Pilot phase focus on state-owned destination areas:

- World Heritage Sites
- National Parks
- Botanical Gardens
- SRI projects

## Subsequent phases:

- Staggered subsidy to incentivise retro-fitment by private sector tourism enterprises
- Larger subsidies for smaller enterprises
- Possible financing instruments for non-subsidised portion

## Procurement and contracting:

- In accordance with Public Finance Management Act
- Partnership with Development Finance Institutions
- Emphasis on localisation to support green economy



# Retro-fitment benefits

- Tourists - uninterrupted visitor experience
- Enterprise – lower input cost goes straight to bottom line
- Country – less pressure on grid, competitive edge

## Examples:

- 500kW PV mini-grid to cover electricity requirement of Robben Island
- 280kW PV mini-grid to cover peak demand in a visitor camp will save SANParks close to a R1 million p.a.
- 10kW PV-system can save a 15-room guest house more than R5 000 p.m.
- 65kW PV system can save a 250-room hotel more than R50 000 p.m.





# Governance and management

- Follow prescripts of Public Finance Management Act
- Adjudication committee to be appointed by the Director General
- Regular meetings – recommendations to Director General for approval
- Unique identification numbers for applicants
- Technical assessment and verification





# Expenditure estimates

## Pilot phase

- 2015/16 budget allocation: R 180 397 000
- Transfer estimate: R173 597 000
  - Market access support  $\approx$  R14 000 000
  - Tourism grading support  $\approx$  R 10 000 000
  - SRI sustainability support  $\approx$  R 40 000 000
  - Enhancement of iconic attractions  $\approx$  R 59 579 000
  - Energy efficiency pilot  $\approx$  R50 000 000

## Outer years

- 2016/17 budget allocation: R188 804 000
- Transfer estimate: R181 586 000
- 2017/18 budget allocation: R188 084 000
- Transfer estimate: R180 437 000





# Looking ahead

## Pilot Phase:

- Programme guidelines available from April 2015
- Call for applications for market access support 3 to 6 months prior to each event
- Applications for tourism grading support from April 2015

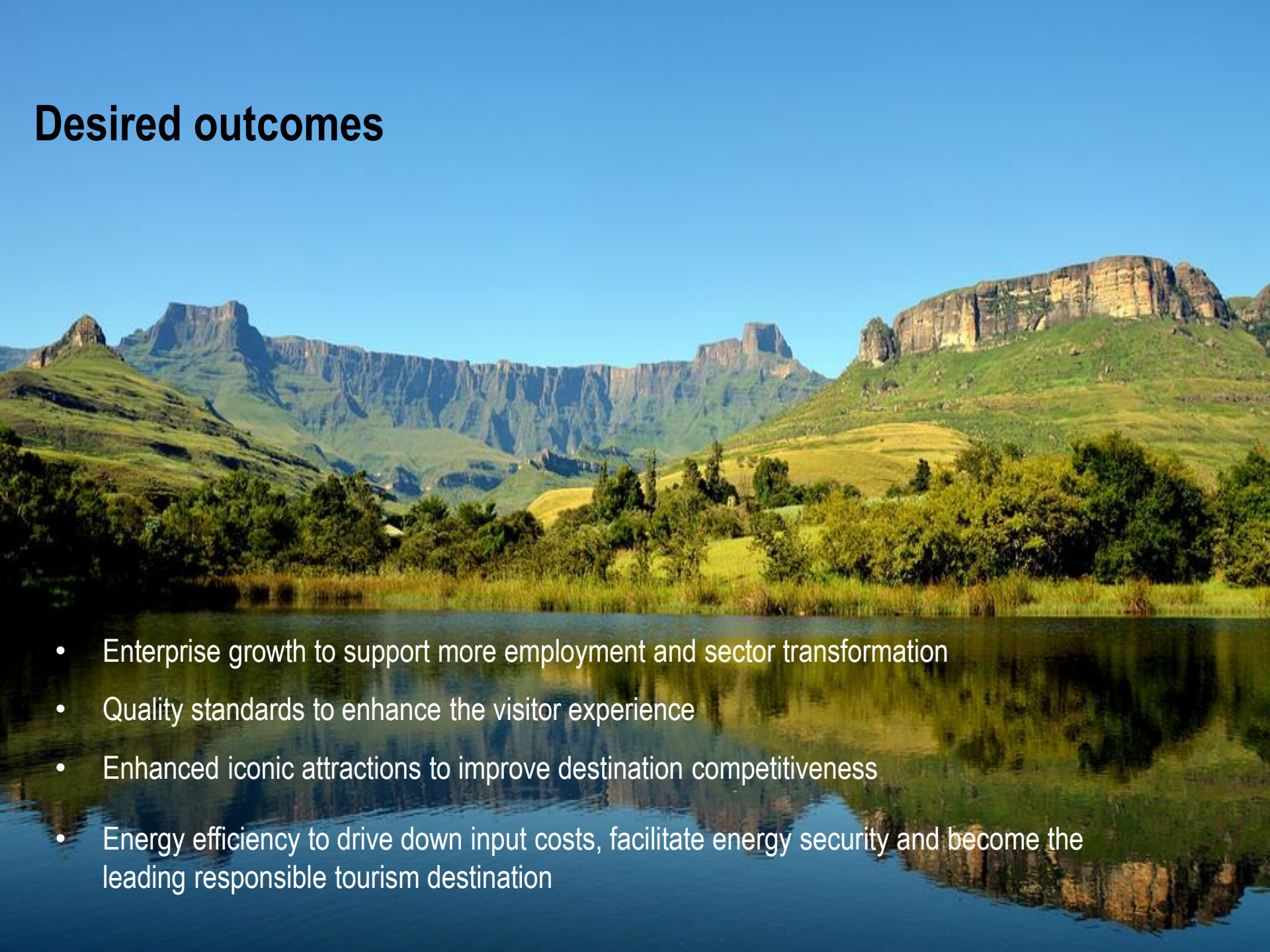
## Following the pilot phase in 2015/16:

- Refine and re-align some programme components
- Expand and scaling-up programme components
- Introduce new programmes





# Desired outcomes

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- Enterprise growth to support more employment and sector transformation
  - Quality standards to enhance the visitor experience
  - Enhanced iconic attractions to improve destination competitiveness
  - Energy efficiency to drive down input costs, facilitate energy security and become the leading responsible tourism destination



More information will be available on the Department's website  
in April 2015 – [www.tourism.gov.za](http://www.tourism.gov.za)

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