



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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**VIRTUAL DEBATE ON TOWNSHIP ECONOMY
BY DEPUTY MINISTER OF TOURISM HON. FISH MAHLALELA, MP
01 SEPTEMBER 2021
NATIONAL COUNCIL OF PROVINCES, CAPE TOWN
TOURISM BUDGET VOTE 33**

Honourable House Chairperson
Chairpersons of the Select and Portfolio Committees
Members of NCOP
Director General of Tourism and Senior Managers of the Department
Acting CEO of South African Tourism
Distinguished guests
Ladies and Gentlemen

I rise today to address the National Council of Provinces on a very important debate central to the growth of our economy and development of our country. This debate takes place during a difficult period in the history of humankind since the Spanish flu, also known as the Great Influenza pandemic of 1918.

The nations of the world are engulfed by yet another pandemic, the COVID-19 pandemic. This has disrupted lives and livelihoods of citizens, economies as well as social cohesion across the world. It has further claimed many lives, leaving many families destitute.

We are however encouraged by the response of the ANC-led government of the risk mitigation strategies and the vaccine roll-out programmes to defeat this pandemic and bring back economic activity to its full scale. We look forward to achieving herd immunity in the near future.

Honourable House Chairperson, notwithstanding the sad developments brought about by the COVID-pandemic as we have mentioned before, we are truly excited that this important debate takes place during Tourism Month as September is a Tourism Month worldwide.

The United Nations World Tourism Organization (UNWTO) has declared the year 2021-2022 as a year of "Tourism for Inclusive Growth". This theme builds forward from the theme of the year 2020-2021, which was "Tourism and Rural development", and resonates well with the transformation goals of our country.

But most importantly, a theme of "Tourism for Inclusive growth" responds very well to the theme by this House as we engage on this debate today... a call to "Build a self-reliant and vibrant township economy".

These two themes go hand in hand in the sense that there can never be inclusive growth without a self-reliant and vibrant township economy. Furthermore, there can never be a vibrant township economy without tempering with the base and the super-structure of our economy, unleash wholesale transformation and bring in our people, whom are black in majority, into the economic activity of our country.

Most importantly as our country continues to mark the 25th anniversary of its freedom and democracy – an anniversary which must remind us how far we have come as a brand and a destination

Over the past 25 years, we have tirelessly worked towards the development of destination South Africa as a first port of call for tourism and investment in the Southern hemisphere and the world over

Honourable Members

Tourism continues to find a strong footprint in townships, small towns and dorpies and the forecast for the future is very optimistic. We are fully aware that its full potential remains vastly untapped in townships and villages – whose potential we all know that, if exploited, could catalyse and sustain rapid economic growth.

We want to assure this House as the 6th Administration led by President Ramaphosa, of our political will and a demonstration of the readiness of our government to reposition the township and rural tourism development as an anchor to a self-reliant and vibrant local economic development.

As we enter the third decade of the second millennium, we shall do so inspired by the words of one of our revolutionary mothers of the nation, Mme Charlotte Manye-Maxeke, when she once said: “This work is not for yourselves – kill that spirit of self, and do not live above your people but live with them. If you can rise, bring someone with you”

I therefore can confidently say that we debate here today with a collective commitment of our government to grow the tourism sector in townships and villages, and carry the aspiration of millions of South Africans whose hopes hinges on tourism propelling them towards a path of growth, recovery and a self-reliant and vibrant township economy.

Tourism and Township Economy

Townships fit within development zones. Where tourism potential exists, it would be within clearly defined spatial areas or precincts. This is the responsibility of the local government. However, development of the tourism economy in townships and villages is underpinned by co-relations of the three spheres of government working together to achieve common developmental goals. This work is coordinated under a newly-structured District Development Model.

What have we done so far

Since 2017, the Department has undertaken the following by way of *capacity building of the state*:-

- In **2017/18** The Department developed a *Destination Planning Manual* and Precinct Planning Methodology.
- In **2018/19** the Department conducted training on Manual and Methodology for municipalities, districts and provinces where 89 municipalities attended the first session; 58 attended the second session; 35 attended both sessions as required.
- In **2018** the Department developed **the** Tourism Investment Market Analysis Framework which included training and assistance to individual municipalities ongoing since 2018.
- In **2019** the Department developed the Niche Development and Marketing Methodology (122 pages) and conducted training where 38 municipalities attended the training, 25 of which had attended the 2018/19 training sessions
- *There are Precinct plans completed to enable township economic activity in* Galeshewe, Khayelitsha, Mdantsane, Vilakazi Str, Kleinzee, Carnarvon and Port St Johns

Market Access Support Programme (MASP):

We have also introduced the Market Access Support Programme as a mechanism to reduce the cost burden on small tourism enterprises from townships and villages to participate in selected international trade platforms. This is based on the rationale that improved market access not only drive higher revenue and export earnings, but that the associated increase in demand will also inform enterprise growth and expansion, which in turn will lead to greater job creation

Green Tourism Incentive Programme (GTIP):

We introduced the Green Tourism Incentive Programme against the backdrop of ongoing electricity supply challenges, escalating electricity prices and drought conditions in many parts of our country. The rationale for introducing the GTIP was to encourage private sector tourism enterprises to move towards more efficient energy sources and water usage that will not only ensure an uninterrupted visitor experience for tourists, but will also reduce input costs and facilitate increased competitiveness and operational sustainability in the tourism sector

Tourism Transformation Fund (TTF):

We further introduced the Tourism Transformation Fund. In recognising the slow pace and extent of transformation in the tourism sector, the TTF aims to drive transformation in the tourism sector and catalyse the rise of a new generation of black-owned tourism enterprises. The TTF offers a combination of grant funding, debt finance and equity contributions to facilitate capital investment in new and expansion projects in the tourism sector by black entrepreneurs

The outbreak of the Coronavirus (COVID-19) pandemic has caused unimaginable damage to global tourism, travel, and the hospitality industry. It has not only caused huge loss of lives and continues to do so, but is leaving behind a trail of havoc on the world's economy. We have seen many cycles of downturn in the tourism industry over decades due to health crisis. However, never before has there been so much panic, despair and hopelessness as caused by COVID-19.

The Coronavirus (COVID-19) pandemic that has swept across the globe within a matter of weeks, has not only had a significant impact on public health, it has also severely affected one of the linchpins of the global economy, i.e. the tourism sector.

The Department of Tourism introduced the Tourism Relief Fund for COVID-19 to provide an amount of R50 000.00 once-off capped grant assistance to small and micro-sized enterprises in the tourism sector to mitigate the impact of COVID-19 in order to ensure their sustainability. The Majority of businesses who were assisted are based in rural provinces of our country, and continue to operate as we speak here today.

GRADING OF RURAL HOMESTAYS

We have embarked on the grading of homestays to provide for a structured approach that will build confidence in many accommodation products, especially those in rural areas. This is to enable tourism products that do not meet the core requirement of grading to access trade with the tourism sector's support and providing access to funding opportunities to develop their offering to meet core requirements for formal grading over time. The programme allows products to be assessed for a duration of a maximum of two (2) years, after which they will be encouraged to apply for full star grading assessment.

288 Small, Micro and Medium Enterprises, in the Eastern Cape were identified and enrolled in this pilot project over a period of two (2) years. These 288 enterprises will be supported through needs assessment, gaps identification, growth planning, mentorship, coaching, increasing access to information, funding networks, market exposure, and general business advisory services. On 31 January 2021, 68 of these enterprises were already enrolled in the programme. The programme will be expanded to other provinces after being piloted in the Eastern Cape with success and challenges being taken into consideration.

Honourable Members

This is over and above the ongoing work of identifying special economic zones and industrial parks with tourism potential as pivotal to the **economic reconstruction and recovery plan**. These programmes and projects as alluded earlier, are geared to attract private sector investment in the township economy and link township and rural small businesses to the mainstream economic value chain.

As the one and only longest serving President of the glorious liberation movement, Comrade Oliver Tambo said: 'We have a vision of South Africa in which black and white shall live and work together as equals in conditions of peace and prosperity', we look forward to build a tourism economy for inclusive growth... and a self-reliant and vibrant local economy

The tasks are at hand and even though challenges lie ahead, we are confident we shall overcome. We shall build a self-reliant and vibrant township economy.

I thank you.