

**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting : 24 June 2015)**

**3.
TOURISM SUPPORT AND FUNDING STRATEGY**

**2/R
S Madikane
25 May 2015**

(028) 313 8066

Corporate Head Office

1. Executive Summary

The purpose of this item is for Council to consider a revised local tourism support and funding strategy.

2. Service Delivery and Budget Implementation Plan - IGNITE

Economic Development and Tourism

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

None

6. Background/Discussion/Evaluation/Conclusion

Securing funding is often key to building a destination, ahead of private sector investment. Destinations traditionally rely on local government for funding support including tourism infrastructure development, management and marketing initiatives.

The Overstrand covers a land area of approximately 1708 square kilometres, with a population of 80 432 people (2011 Census) and a coastal line of approximately 230 km. The Overstrand resource base for tourism is phenomenal, its tourism attractiveness lies in its diversity, good and diverse product offering, eco and adventure tourism activities, well developed infrastructure and unlimited opportunities for special interest activities, bird watching, whale watching, shark diving and many more. Therefore making the Overstrand a destination of choice is critical in ensuring that there are facilities to service the needs of visitors throughout.

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Funding of Local Tourism Organisations (LTO's) will benefit the municipality in its mission to achieve set goals identified through the Integrated Development Plan (IDP) create opportunities for small business and entrepreneurs, promotes awareness and understanding among different cultures, breeds a unique informal sector and creates economic linkages.

A proposed Local Tourism Organisation Support Strategy is attached as Annexure A. Said strategy has been workshopped with the approval of the Executive Mayor and the Chairperson of the Portfolio Committee: Finance and Local Economic Development with representatives of the four tourism bureaus.

7. Financial Implications

As per the Municipality's operational budget.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Local Tourism Organisation Support Strategy

RECOMMENDATION TO THE COUNCIL:

that the Local Tourism Support and Funding Strategy, **be approved.**

RESPONSIBLE OFFICIAL :

S MADIKANE

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2015

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**3.
TOURISM SUPPORT AND FUNDING STRATEGY**

**2/R
S Madikane
25 May 2015**

(028) 313 8066

Corporate Head Office

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
17 JUNE 2015, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

that the Local Tourism Support and Funding Strategy, **be approved.**

RESPONSIBLE OFFICIAL :

S MADIKANE

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2015

OVERSTRAND MUNICIPALITY

LOCAL TOURISM ORGANISATION SUPPORT AND FUNDING STRATEGY



Annexure A
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INTRODUCTION

Overstrand Local Municipality is located within the Overberg District in the Western Cape province. The seat of Overstrand is Hermanus. Ultimately, its unique offerings of the ultimate experience in land-based whale watching and shark cage diving, pristine Blue Flag beaches, excellent wine industry, and top-class restaurants and accommodation make it an attractive tourist destination with a variety of activities.

Main Economic Sectors: Finance and business services (30.5%), wholesale (17.1%), manufacturing (16.4%), transport, storage and communication (9.3%), a well-diversified economy and high growth in sectors linked to tourism.

Local tourism plays a major part in the growth strategy of the Overstrand municipality including its development efforts. The area contains many natural, historical and cultural attractions, eco-tourism, walking and hiking trails, abundance of fynbos and many other attractions. Moreover, the Overstrand Municipality is situated along pristine beaches (3 Blue Flag status beaches) and the Kogelberg Mountains.

INTRODUCTION

Despite these advantages the area has not taken full advantage of its tourism potential in order to stimulate the local economy further by attracting more and more local and international visitors.

Reasons for this include:

- ❖ A lack of cooperation between the local government and the private tourism businesses.
- ❖ No consistent vision or marketing strategy for the local tourism sector.

Cooperation and mutual understanding between the public and private sector are a prerequisite if the local economy is to prosper.

As Local government we have always acknowledged that the full potential of the tourism industry can only be unleashed if all stakeholders, including the private sector work in tandem. Through developing this strategy, the municipality seeks to provide an enabling environment or platform for the private sector to achieve success.

There is a dire need for local government to support and assist communities in developing and enhancing Local Tourism Organisations (LTO's) and structuring them so as to derive maximum opportunities from this lucrative industry. Tourism development is therefore one of the economic development strategies available to communities.

Activities at Gansbaai Tourism.....



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STATUS QUO

The Overstrand Municipality has four (4) Local Tourism Offices, situated across the municipality which are owned and managed by local communities. The structures are properly constituted but do not serve the interests of all tourism stakeholders in their localities.

LTO's currently have a formal relationship with the Municipality established through a Memorandum of Understanding and are active in tourism matters within the municipal boundary, as well as on the district, provincial and national stage.

The fact that they do not serve the interests of all tourism stakeholders causes a mushrooming of "illegal" Tourism Information Offices which has a potential for disseminating unreliable information about the area as a whole and outside the ambit of the approved Tourism marketing strategy and initiatives.

MUNICIPAL PRIORITIES REGARDING TOURISM

- ❖ **Promotion of good governance and integration of service delivery through partnerships.**
- ❖ **Increase participation of all citizens in tourism growth and development.**
- ❖ **Increase visitor numbers to boost the local economy.**
- ❖ **Up skilling and educating communities to take advantage of tourism offerings**
- ❖ **Promote and market the area as a destination of choice.**
- ❖ **Develop quality tourism products with excellent service delivery for the benefit of both visitors and locals.**

OBJECTIVES OF THE STRATEGY

- ❖ To ensure coordination of tourism marketing and branding activities within the Overstrand Municipality linking to the District, and aligning to Province and National Departments Tourism.
- ❖ To provide institutional framework for uniform establishment and functioning of the LTO's in the Overstrand Municipality.
- ❖ To facilitate equal access to tourism opportunities by local communities.
- ❖ To establish linkages between communities, private sector and local government.

Visitors at the Hangklip-Kleinmond Tourism Bureau!



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The Overstrand Municipality shall ensure that its programmes promote the following areas of tourism:

- ❖ Cultural and historical tourism
- ❖ Local wine and cuisine tourism
- ❖ Rural and eco-tourism
- ❖ Adventure and tourism attraction
- ❖ Sport tourism etc.

The Overstrand Municipal tourism development priorities are:

- ❖ Earn foreign exchange for the area.
- ❖ Provide increased employment for the Overstrand and improve the talent available.
- ❖ Ensure the broadest distribution of income from tourism.
- ❖ Formalise partnerships between the public and private sector to get mutual agreement on priority issues.
- ❖ Localize the tourism industry.
- ❖ All areas are viewed as having products to be branded individually in order to diversify their products and services.
- ❖ To promote sustainable tourism towards the creation of eco-friendly towns.

LEGAL FRAMEWORK INSTITUTIONAL ARRANGEMENTS

The LTO's are autonomous organisations owned and managed by their membership whose actions are governed by it's constitution, with the assistance of the Overstrand Municipality

❖ **Membership**

The LTO through its constitution shall spell out its purpose of establishment and other related organizational structure requirements, with membership including all the other businesses that support tourism in the area (this includes, restaurants, crafters etc.) The Senior Tourism Officer will act as an ex-officio member including the area Councilor(s).

❖ **LTO Structure**

The members must appoint its executive committee as stipulated In the constitution, such as the Chairperson, Treasurer, and Secretary. The Executive must then elect technical sub-committees to look at specific mandated issues such as Marketing, Branding, Events et al

❖ **The Cape Whale Coast (CWC)**

The Cape Whale Coast which as the municipal arm of tourism shall be mandated to manage and coordinate activities of all the LTO's.

Ensure that LTO's have registered and functional membership to enable the LTO's to conduct its administrative functions.

The municipality shall fund the operational costs of The CWC for it to provide adequate support to the LTO's. The CWC office shall be based in Hermanus with an Overstrand wide footprint.

❖ **Information Office**

The offices will be the focal point of all activities of the LTO and has to be open to tourists on a daily basis, in instances that the office is closed a contact number should be displayed for any inquiries that may arise.

Support expected from the District office will be mainly that of establishing tourism routes, generic destination marketing and attendance on marketing platforms.

❖ **Branding**

The local marketing brand must be determined and owned by the Overstrand Municipality through the CWC. The local brand must align itself with the district's marketing brand through a consultative process.

The local brand must be aligned as a sub-brand, with the Municipal marketing brand owned and managed by the Overstrand municipality. All marketing material and correspondence of the LTOs must bear the local brand (CWC) for alignment.

❖ **Report**

The Chairperson of the LTO must present to the Municipality a quarterly report with financials, attend the quarterly coordinating meetings or as required. The LTO office will submit a monthly activity report, containing monthly statistics and other statistical information as required, this includes the commitment to participate in Wesgro Survey collation initiative.

LTO managers must attend compulsory monthly meetings to give a progress report and plan future marketing activities.



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LOCAL TOURISM ORGANISATION'S ACTIVITIES

- ❖ Encourage tourists to visit the destination and experience what it has to offer.
- ❖ Promote service excellence creatively and through training programs so that the community is aware of value of treating our tourists well.
- ❖ Be current with and provide input into local planning through platforms such as the IDP, LED and Tourism Marketing Strategy,
- ❖ LTO's must be representative of all people in the community, be truly representative of its demographics and not take a role of "for profit". Ensuring that the community at large benefits rather than a select few.

- ❖ Act as an enabler in providing a coordinated point of dialogue promulgating inclusivity, so as to derive the true benefits of tourism.
- ❖ As custodians of local tourism ensure a market-driven and sustainable tourism infrastructure is developed and managed effectively in its locality – this includes accommodation, restaurants, accommodation, shops geared for tourists.
- ❖ In line with implementing the Municipal developmental objectives, the LTO must design and implement projects which can include but are not limited to rejuvenation projects, poverty alleviation and capacity building projects.
- ❖ Champion BBBEE objectives including transformation.

In addition to the above the LTO's play a critical operational role...

- ❖ Develop virtual networks (social media) to disseminate information about the local destination.
- ❖ Facilitate registration and monitoring of all tourism products in the local area.
- ❖ Create and sustain relationships with other LTOs, the District, and official tourism organisations such as Wesgro and SAT
- ❖ In marketing the area and attracting as well as developing events.

ROLE OF THE MUNICIPALITY / CWC

- ❖ Ensure that visitors statistics are provided and current trends are communicated.
- ❖ Provide advice on marketing issues.
- ❖ Ensure brand alignment in all activities.
- ❖ Attend meetings of the LTO's.
- ❖ All marketing activities of the LTO's are aligned to that of the CWC.
- ❖ Provide information on all marketing opportunities and ensure full participation.

To ensure alignment with legislation and policies governing tourism the municipality / CWC shall.....

- ❖ Form part of the local tourism forum and report on its activities.
- ❖ All activities are budgeted for annually.
- ❖ Ensures that viable tourism projects are incorporated into the IDP's and Tourism's plans.
- ❖ Activities are aligned with the provincial and national tourism priorities.
- ❖ Complies with relevant legislation.

FUNDING MODEL

The LTO as a community owned organization, although not for profit, would be able to find ways to generate further income to support initiatives pursued to benefit all.

The recommended ways of sourcing funding to sustain the activities of the LTO will depend on the size and extent of activities conducted by the LTO.

❖ MUNICIPAL GRANT

The Overstrand will fund at least% of the total annual budget as determined by the executive committee of the LTO to ensure the effective continuation of the current structure.

The budget approval for the LTOs should however include a discussion between the LTO and the municipality as to the agreed to allocation of funds - Specifically what services will they provide the Municipality thereby contributing to the Municipality's achievement of it's own developmental goals.

The Municipality will take into consideration that each town and area is different to size (area of operation), character, revenue base and contribution to the rates and service municipal income and, as well, the magnitude of projects to be implemented.

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LTOs must develop a culture of ensuring that they create projects and programs with both an economic and social value. Productivity and creativity should be incentivized to ensure high level productivity.

❖ OTHER RECOMMENDED METHODS

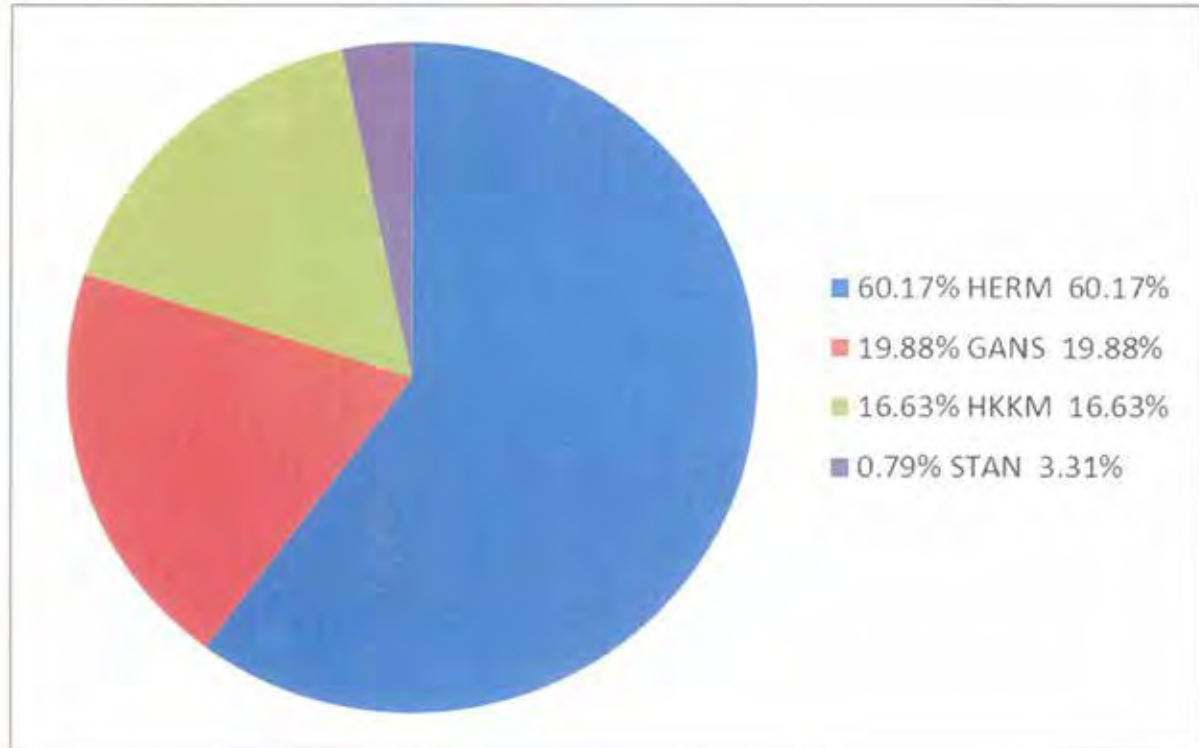
- Mechandising: The LTO may sell souvenirs and other items that promote the destination
- Events: The LTO may organize and host events to generate income;
- Exhibitions: Sell exhibition and advertising space to by organizing exhibitions
- Other activities: The LTO may raise funds from donors and through raffles, competitions partnered with the private sector;

Gansbaai Tourism...



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	OVERSTRAND				
	<u>HERM</u>	<u>GANS</u>	<u>HKKM</u>	<u>STAN</u>	<u>TOTAL / SERVICE</u>
RATES	84,492,246.62	20,037,093.67	27,512,620.08	2,952,043.49	134,994,003.86
REFUS	29,451,945.29	9,717,030.06	12,148,737.31	2,044,275.72	53,361,988.38
SEWER	37,891,748.18	7,652,567.28	11,227,905.59	2,629,189.11	59,401,410.16
WATER	60,605,278.55	22,367,320.08	21,470,353.56	4,661,933.37	109,104,885.56
ELECT	144,096,302.96	58,040,203.52	26,150,831.80	7,352,201.22	235,639,539.50
TOTAL / LA	356,537,521.60	117,814,214.61	98,510,448.34	19,639,642.91	592,501,827.46



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OM financial contribution

- Funding will be considered on scrutiny of submitted budgets;
- Projected income must be off-set to fund operational costs and the municipality will consider percentage funding to augment on sufficient motivation;

Cont...

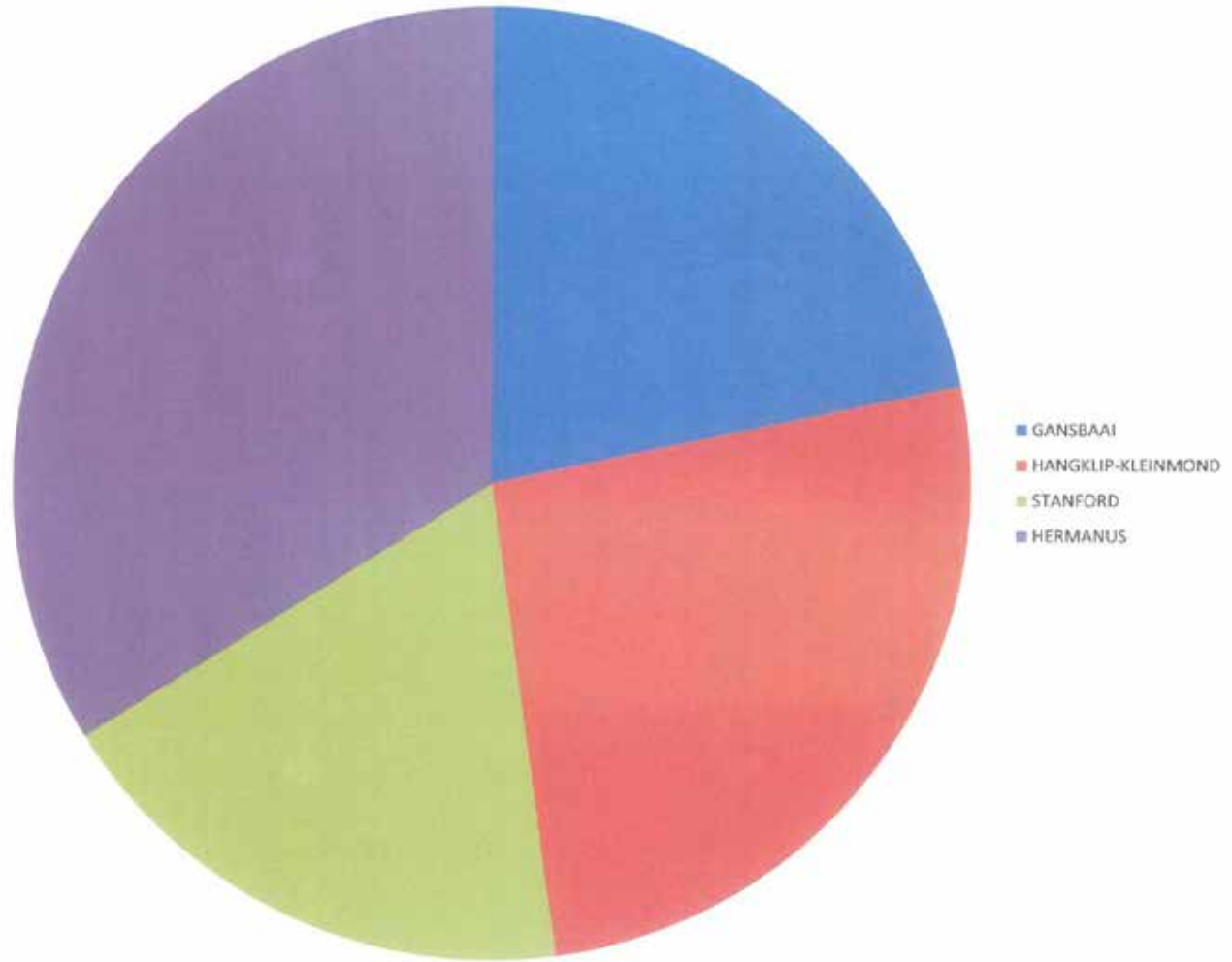
- LTO's to demonstrate private sector involvement and linkage, leveraging on festivals and appetite to sustain organisations.
- To ensure productivity and implementation of impactful projects – LTO's will present projects / programmes to be funded in that current year

CURRENT GRANT FUNDING (6% Annual increase)

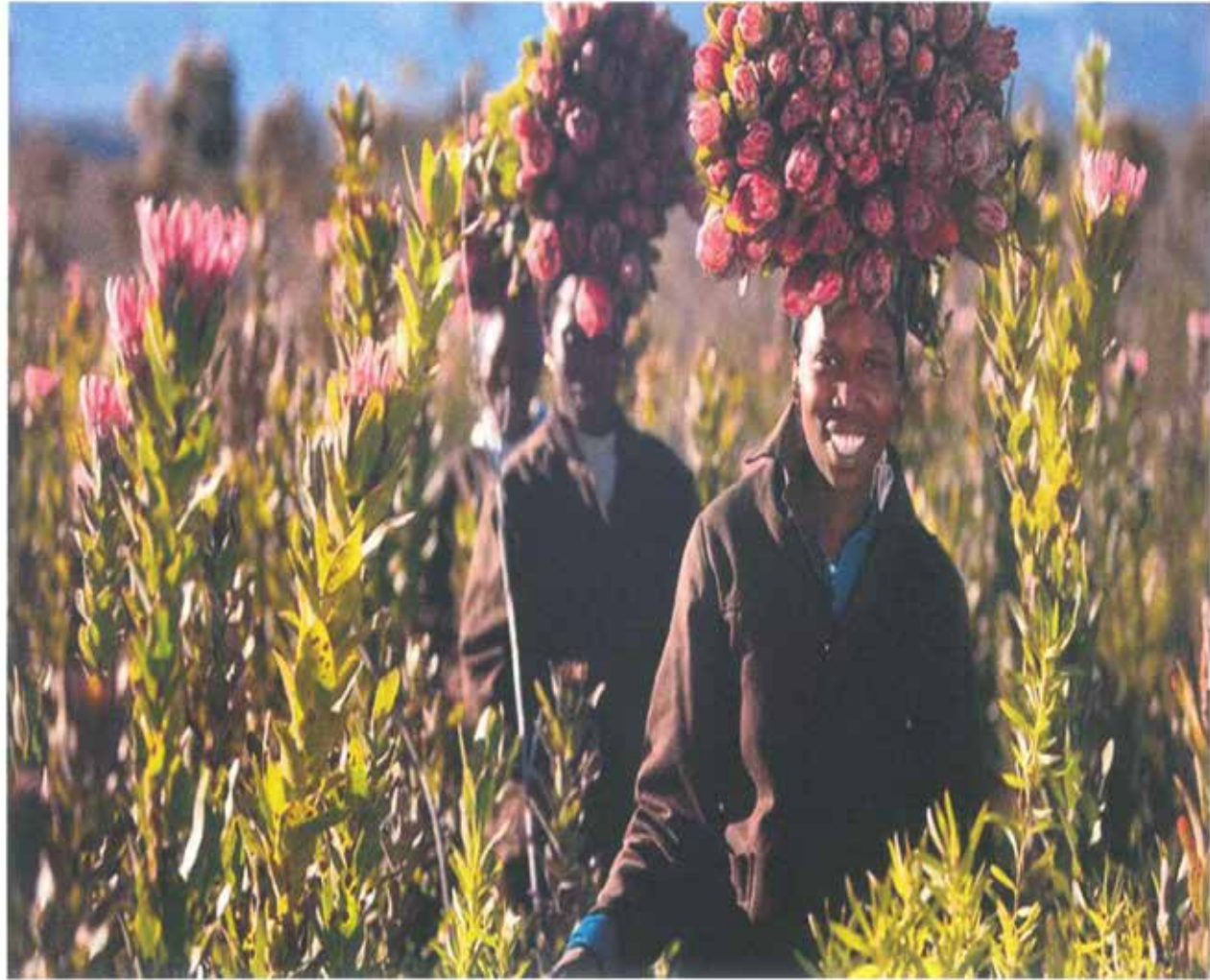
	ANNUAL MUNICIPAL GRANT	PERCENTAGE OF MUNICIPAL GRANT PER AREA.
GANSBAAI	358280.00	21.7
HANGKLIP-KLEINMOND	429956.69	26.1
STANFORD	301650.00	18.3
HERMANUS	557697.00	33.8
Total Municipal Grant	1647583.69	

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ANNUAL MUNICIPAL GRANT



28/09



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