

TOURISM TRANSFORMATION SUMMIT

PUBLIC PRIVATE PARTNERSHIP TOOLKIT FOR TOURISM



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National Treasury
REPUBLIC OF SOUTH AFRICA

1. Background of the Toolkit

2. Clarifying Key Policy issues for tourism PPPs

3. Suggested Business Model

4. Discussion: Questions and Answers

1. BACKGROUND

- **Process that began in 2004** and culminated in 2005 with a series of consultative workshops
- **Stakeholders in the tourism industry were involved** – conservation institutions around the country, private sector, NGO's, DEAT and other government departments
- **The PPP manual and standardized** provisions could not be summarily used to tourism PPP projects
- **Intention is to boost this sector** of the economy and make it easier for institutions and the private sector to enter into tourism – related partnerships on state property managed by National and Provincial government institutions.

2. COMMUNAL AND PRIVATE LAND

The definition of a PPP in Treasury Regulation 16 specifies, inter alia, that a PPP involves the commercial use of **state** property.

where:

- The private/communal land form part of a protected area managed by the institution,
- The institution has statutory rights or obligations to provide tourism amenities and /or to commercially develop the protected area and,
- The institution have a contractual right from the owner to commercially develop the area.

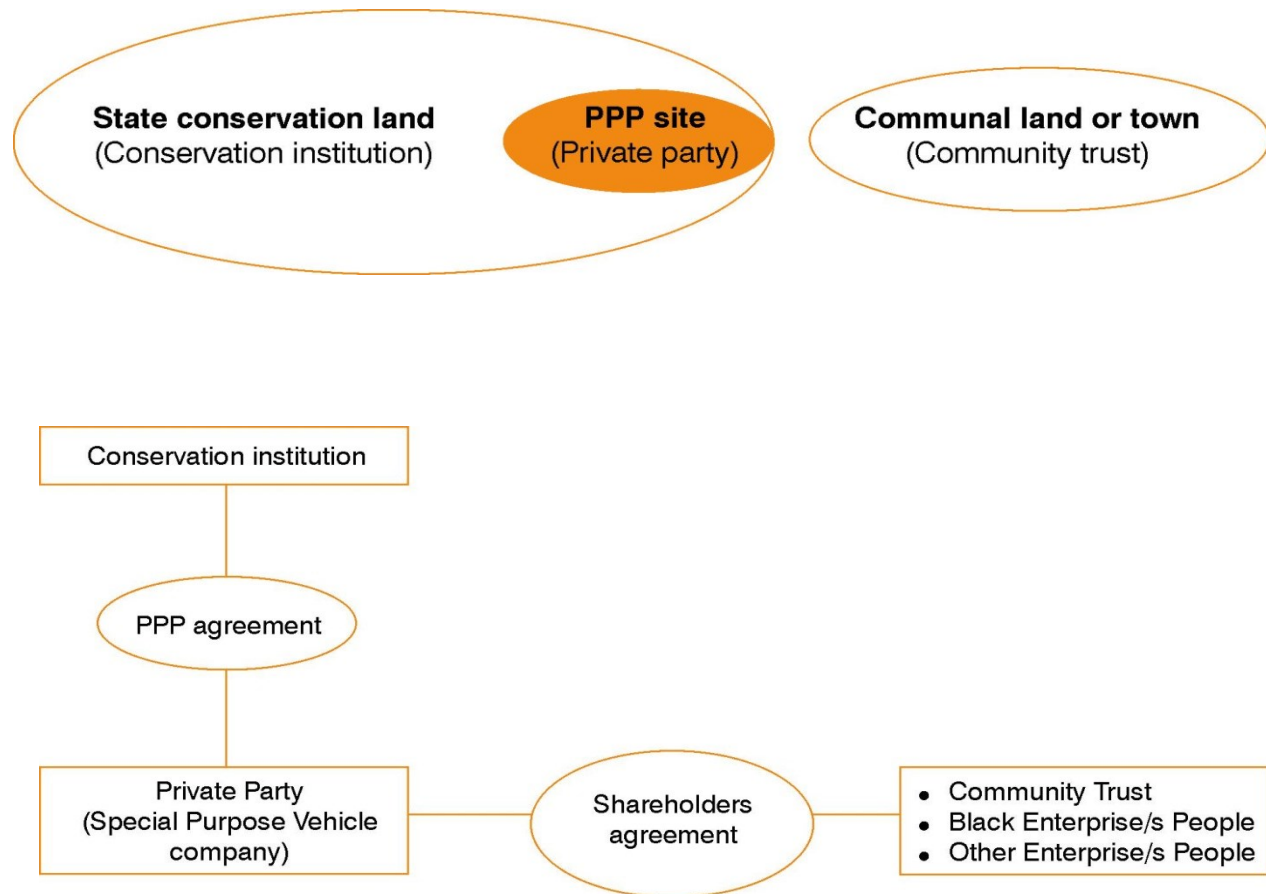
CONTINUE;

- Then it is a PPP by the virtue of the private party performing an institutional function.
- In that scenario it is recommended that an institution apply to the relevant treasury for an exemption from Treasury Regulation 16 and **allow the terms of co-management agreement to take precedence**
- The co-management agreement should, nevertheless attempt to follow best practice set by the Toolkit, as applicable.

CO-MANAGEMENT AGREEMENT?

- No template – left to the institution and the community to decide
- Could be concluded on four critical points
 - The quality and quantum of conservation management to be provided by the conservation manager, the costs involved, and how failure to perform to agreed standards will be handled
 - How the revenues and the costs from tourism or other uses of the land are to be shared between the landowner and the conservation manager
 - How the necessary feasibility studies for, procurement and management of contractual relationships with third party private sector investors and operators will be collaboratively handled in support of both parties' rights and obligations

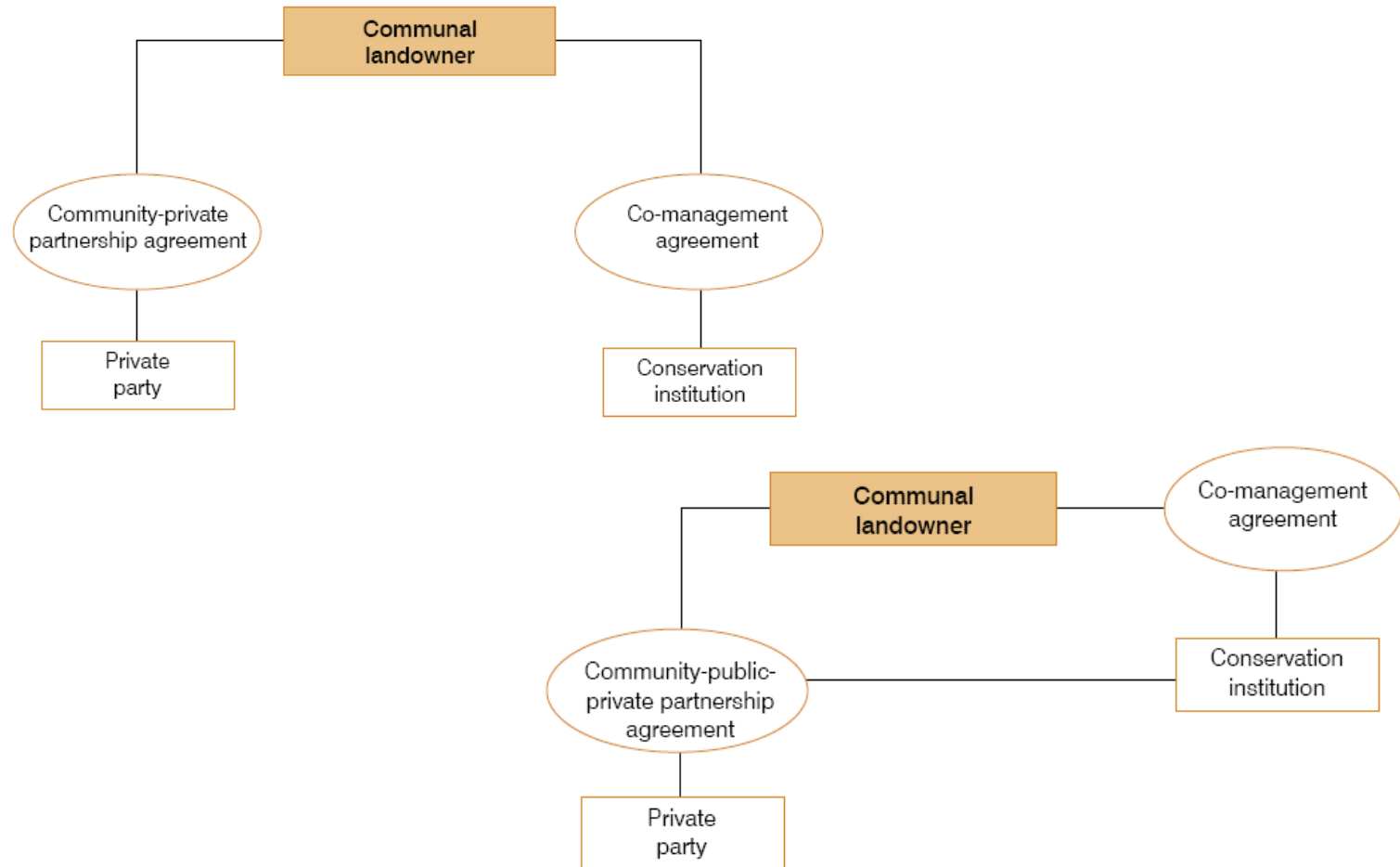
BBBEE AND COMMUNITY IN PPP



COMMUNAL AND PRIVATE LAND

- Treasury Regulation 16: PPP typically involves the commercial use of state property
- But sometimes, institution performs institutional functions through co-management agreements, on communal/private property which is protected.
- In these cases, the Toolkit provides for:
 - Co-management agreement back-to-back with a community–private party agreement
 - Co-management agreement back-to-back with a community–public–private partnership agreement

COMMUNAL AND PRIVATE LAND



3. SUGGESTED BUSINESS MODEL

- Setting up a Community trust;
 - To protect communal asset
 - Nominate Trustee
 - Naming of beneficiaries
 - Tax rate for trust is 40%

- Registering a PTY LTD
 - Trustees to be Directors of the company
 - Trade as a business entity for commercial activities
 - Lease development land from Trust
 - Pay lease fee from
 - Engage on CSI programmes as directed by shareholders.
 - Tax rate is at 28%



4. CONCLUSION

Questions and Discussions



Thank you

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