REPORT FROM THE MUNICIPAL MANAGER

PURPOSE OF THE REPORT
To obtain the Municipal Councils approval of the Integrity Management Framework.

PREVIOUS RESOLUTIONS

“COUNCIL MEETING MINUTES 11 DECEMBER 2008

8.3 ANTI FRAUD AND CORRUPTION STRATEGY AND FRAUD RESPONSE PLAN AND WHISTLE BLOWING PROCEDURES
Director: Financial Services

RESOLVED

[a] That the Anti-Fraud and Corruption Strategy as amended, incorporating the Fraud Response Plan be adopted;

[b] That the Whistle Blowing Procedures be implemented.

RISK MANAGEMENT COMMITTEE MINUTES 8 APRIL 2008

5.2 Draft Integrity Management Framework (ComAF 11) 16/17

Committee adopted the inputs received from the Audit Committee members and resolved that the Risk Officer to collaborate the inputs, submit the document to Council to be workshopped and approval.”

BACKGROUND

In 2008 the Municipal Council adopted an Anti-Fraud and Corruption Strategy and Fraud Response Plan and Whistle-Blowing Procedures. In 2015 the Department of Co-operative Governance approved and implemented a Local Government Anti-corruption Strategy the Strategy includes the Municipal Integrity Framework for implementation by municipalities. The King IV report released in November 2016 includes a municipal specific sector supplement includes integrity related principles. The Audit and Risk Management Committees have reviewed the draft Integrity Management Framework.
DISCUSSION

PURPOSE

The purpose of the Integrity Management Framework is to set out the responsibility of the Municipality in implementing the Local Government Anti-Corruption Strategy. Also, to strengthen measures and standards for managing integrity and promote ethical conduct in the organisation.

In addition, the King IV report reinforces the need to consider all anti-corruption measures in an effective manner, when, amongst others, it states that the governing body should:

- Lead ethically and effectively (Principle 1);
- Govern the ethics of the organisation in a way that supports the establishment of an ethical culture (Principle 2);
- Ensure that the organisation is, and is seen to be, a responsible citizen (Principle 3);
- Ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility (Principle 10); and
- Govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen (Principle 13).

OBJECTIVES OF THE INTEGRITY MANAGEMENT FRAMEWORK

- To promote integrity and good governance and strive to build more accountable and efficient public service;
- To make sure that appropriate action is taken in the event of non-compliance i.e. disciplinary action, recovery of losses, prosecution etc.
- To strengthen the capacity to prevent corruption
- Monitoring and Evaluation to ensure compliance

The Framework will help to protect the integrity of the municipality and foster public confidence in the organisation

SCOPE

This framework is based on the elements and principles contained in the Public Sector Integrity Management Framework. The Framework includes the instruments, processes, structures and conditions required to promote integrity, which is aligned with the municipality's objectives.

RELEVANT LEGISLATION

- The Protected Disclosures Act 26 of 2000.
- Included in the preamble to the act the following is stated.
- Municipal Finance Management Act 56 of 2003
- Prevention and Combating of Corrupt activities Act 12 of 2004
- Municipal System Amendment Act 1 of 2011
- The Public Administration Management Act 11 of 2014
RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That resolution 8.3, taken on 11 December 2008, be repealed; and

[b] That the Integrity Management Framework, be approved.

APPENDIX / ADDENDUM

Appendix A: Draft Integrity Management Framework.
Appendix B: Local Government Anti-Corruption Strategy, Department of Co-operative Governance, 2015
Appendix C: Municipal Integrity Management Framework, Appendix A, 2015 Local Government Anti-corruption Strategy

File Number: 3/P – Policy
Execution: Municipal Manager
Chief Risk Officer
DEFINITION OF TERMS

Throughout this document, unless otherwise stated, the words in the first column below have the meanings stated opposite them in the second column (and cognate expressions shall bear corresponding meanings):

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Integrity</td>
<td>the faithful and consistent application of generally accepted public values and norms in the daily practice of the institutions; the proper use of powers, authorities, assets, resources and funds according to the official purpose for which they are intended, with the end in view of promoting public welfare.</td>
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<tr>
<td></td>
<td>“In the context of governance and ethics, integrity is possessing the quality of being honest and having strong moral principles. It encompasses consistency between stated moral and ethical standards, and actual conduct.</td>
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<tr>
<td></td>
<td>Integrity, in relation to the annual financial statements and other external reports issued by the organisation, refers to the reliability and usefulness of these reports. (In this context, “reliability” means validity, accuracy and completeness, while “usefulness” means consistency, relevance and measurability.)”</td>
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<tr>
<td>Integrity Management</td>
<td>the continuous process of building, enforcing and fostering a culture of integrity within an organization or institution</td>
</tr>
<tr>
<td>Good Governance</td>
<td>It is participatory, consensus oriented, Accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimised and that the interests of the most vulnerable in society are given attention.</td>
</tr>
<tr>
<td>Compliance</td>
<td>Adhering to the requirements of laws, industry and organisational standards and codes, principles of good governance and accepted community and ethical standards</td>
</tr>
<tr>
<td>Corruption</td>
<td>The Prevention and Combating of Corrupt Activities Act defines corruption as being: “Any person who directly or indirectly, accepts or gives or agrees or offers to accept or give, any form of gratification from or to any other person, whether for the benefit of themselves or for the benefit of another person in order to act personally or by influencing another person to act, in a manner that amounts to the illegal,</td>
</tr>
<tr>
<td></td>
<td>• misuse or selling of information or material acquired in the course of the exercise,</td>
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<td></td>
<td>• carrying out or performance, of any powers duties or functions that amounts to the abuse of a position of authority a breach of trust; or the violation of a legal duty or a set of rules; that is designed to achieve an unjustified result, or any other unauthorized or improper inducement to do or not to do anything.”</td>
</tr>
</tbody>
</table>

### Financial Misconduct

Means any act of financial misconduct referred to in-(a) section 171 of the MFMA committed by an official of a municipality; or (b) section 172 of the MFMA committed by an official of a municipality; (National Treasury, 2014) (Overstrand Municipality, 2016 - 2017)

### Whistleblower

Any staff member who reports a suspicion of alleged misconduct or wrongdoing within an organization to those in authority.
PURPOSE

The purpose of the Integrity Management Framework is to set out the responsibility of the municipality in implementing the Local Government Anti-Corruption Strategy. Also, to strengthen measures and standards for managing integrity and promote ethical conduct in the organisation.

King IV report reinforces the need to consider all anti-corruption measures in an effective manner, when, amongst others, it states that the governing body (Council) should:

- Lead ethically and effectively (Principle 1);
- Govern the ethics of the organisation in a way that supports the establishment of an ethical culture (Principle 2);
- Ensure that the organisation is, and is seen to be, a responsible citizen (Principle 3);
- Ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility (Principle 10); and
- Govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen (Principle 13).

OBJECTIVES OF THE INTEGRITY MANAGEMENT FRAMEWORK

- To promote integrity and good governance and strive to build more accountable and efficient public service;
- To implement consequence management: Ensure that appropriate action is taken in the event of non-compliance i.e. disciplinary action, recovery of losses, prosecution etc
- To strengthen the capacity to prevent corruption
- Monitoring and Evaluation to ensure compliance

The Framework will help to protect the integrity of the municipality and foster public confidence in the organisation.

SCOPE

This framework is based on the elements and principles contained in the Public Sector Integrity Management Framework. The Framework includes the instruments, processes, structures and conditions required to promote integrity, which is aligned with the municipality’s objectives.
REGULATORY LEGISLATION

The Protected Disclosures Act 26 of 2000.

The purpose of the act is to make provision for the procedures in terms of which employees (in both the private and the public sector) may disclose information regarding unlawful or irregular conduct by:

- their employers; or
- other employees in the employ of their employers.
- to provide for the protection of employees who make a disclosure, which is protected in terms of the Act.

It has the following goals:

- to create a culture that facilitates the disclosure of information by employees about criminal or other irregular conduct in the workplace responsibly, and
- to promote the eradication of criminal and other irregular conduct in organs of state and private bodies


Included in the preamble to the act the following is stated:

- “Whereas there is a need to set out the core principles, mechanisms and processes that give meaning to developmental local government and to empower municipalities to move progressively towards the social and economic upliftment of communities and the provision of basic services to all our people, and specifically the poor and the disadvantaged;”
- “Whereas the new system of local government requires an efficient, effective and transparent local public administration that conforms to constitutional principles;”

The act contains the legislated:

- Code of conduct for councillors, as well as the
- Code of conduct for municipal staff members

Municipal Finance Management Act 56 of 2003

Section 112(1) stipulates that the Supply Chain Management Policy of a municipality must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the measures for-

- Combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management, and
Draft: Integrity Management Framework

- Promoting ethics of officials and other role players involved in municipal supply chain management

**Prevention and Combating of Corrupt activities Act 12 of 2004**

Prevention and Combating of Corrupt Activities Act aim to prevent and fight corruption in government and in the private sector. The Act was written to:

- Strengthen measures to prevent and combat corruption and corrupt activities.
- Create the crime of corruption and related crimes.
- Deal with investigations into corruption.
- Create a register to prevent people who use corruption from getting government contracts or tenders.
- Require people in positions of authority to report corruption over R100 000.
- Prevent people in South Africa from using corruption to influence members of the public sector of other countries.

**Municipal Systems Amendment Act 1 of 2011**

The MSA sets out the procedure to be adopted by municipal management with regard to a number of aspects affecting the management of municipality. The Act also stipulates procedures to be adopted with regard to certain aspects related to misconduct and investigation thereof.

**The Public Administration Management Act 11 of 2014**

The Public Administration Management Act establishes the Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit which will, among other things, “provide technical assistance and support to institutions in all spheres of government regarding the management of ethics, integrity and disciplinary matters relating to misconduct in the public administration.”

The Unit may perform its functions in respect of: “a municipality with the concurrence of the Municipal Council or upon the request of the relevant Municipal Council, or upon the request of the relevant Member of the Executive Council in respect of an investigation contemplated in section 106(5) of the Municipal Systems Act.”
INTRODUCTION TO THE INTEGRITY MANAGEMENT FRAMEWORK

Integrity is often defined as adherence to moral and ethical principles; soundness of moral character and honesty. When translated into an organisation it means:

- Upholding the organisation’s values
- Performing duties in accordance with legislation and policy
- Meeting good governance and compliance responsibilities
- Ensuring a corruption-resistant culture that aspires to the highest ethical standards
- Exercising our powers in line with community needs and organisational objectives.

The benefits of a positive ethical culture include:

- Employees feel a sense of responsibility and accountability for their actions and for the actions of others
- Employees freely raise issues and concerns without fear of retaliation
- Managers model the behaviours they demand of others
- Managers communicate the importance of integrity when making difficult decisions
- Leadership understands the pressure points that drive unethical behaviour
- Leadership develops processes to identify and remedy those areas where pressure points occur
- Employees react with strong motivation to deliver high performance of quality
- Managers and employees promote a strong public image

Approach

An integrity management framework is an approach by which the municipality commits to harness a culture of integrity among officials and personnel. It is based on five elements and the majority of these elements are existing legislative and regulatory duties.

The following diagram gives an overview of the Framework.
Draft: Integrity Management Framework

Figure 1: Schematic diagram of the Local Government Integrity Management Framework

Figure 2: Schematic diagram of the integrity management initiatives
LEADERSHIP AND COMMITMENT
Council shall govern the ethics of the municipality in the way that supports the establishment and maintenance of an ethical culture. The municipal council shall set the tone and drive good governance, organisational integrity, and anti-corruption initiatives.

Councillor responsibilities

- Set the direction for ethics in the organisation
- Approve codes of conduct and ethics policies as well as ensure that they include all stakeholders and key ethical risks
- Ensure that there are ways for the community to be made familiar with the codes of conduct and ethics policies by means of:
  i. Publishing the municipality’s codes of conduct and policies on the municipality’s website, or on other platforms or through other media
  ii. The incorporation of the codes of conduct and policies in supplier and employee contract
  iii. Including the codes of conduct and ethics in employee induction and training programmes
- Delegate implementation of codes of conduct and ethics policies to management.
- Provide ongoing oversight of the management of ethics and in particular oversee that it result in the following.
  i. Application of the municipality’s ethical standard to the process for the recruitment, evaluation of performance, employee remuneration, supplier selection, breach management, whistleblowing and independent assessments
  ii. Having sanctions and remedies in place for when the municipality’s ethical standards are breached
  iii. The use of protected disclosure or whistleblowing mechanism to detect breaches of ethical standards and dealing with such disclosure appropriately
- Disclose how ethics are being managed, focus areas, monitoring measures and how ethical outcomes are addressed
- Give an acknowledgement of moral responsibility at each council meeting that states “As a councillor of Knysna Municipality I am the custodian of good governance on behalf of my community.
I am responsible for ensuring the municipality is governed effectively and ethically.
I need to fulfil this responsibility in line with my conscience and in the best interests of my community. This responsibility is mine alone. If I fail at this, I fail my people”

Accounting Officer Responsibilities

- The Accounting Officer shall provide ethical leadership in the administration of the municipality

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The Accounting Officer shall ensure that the municipality has a strong programme to promote integrity and fight corruption. The Accounting Officer shall allocate sufficient resources for the implementation of the integrity management requirements. The successful implementation of the Integrity Management Framework shall form part of the Accounting Officer’s performance contract.

**COMMUNITY OWNERSHIP**

In terms of section 2 of the Municipal Systems Act, a municipality consists of a community, a council and an administration. Section 152 of the Constitution of the Republic of South Africa, 1996, confirms a number of citizen rights and more specifically, the rights of communities to be involved in local governance.

As the Knysna Local Municipality, we are obliged to encourage the involvement of community and community organisations in local government. The municipality is obligated to:

- Take into account the interests and concerns of the residents when it crafts by-laws, policy and implements its programmes.
- Communicate to the community regarding its activities.

The community participation policy adopted in March 2015 by the Knysna Municipality makes provision for mechanisms and processes for community participation.

**Processes of community participation**

In terms of information, communities shall be informed about the intentions of the municipal council. The Municipality shall use this process with the objective of providing balanced and objective information. The promise to the public is to keep community and citizens informed.

With regard to consultation, Knysna Municipality shall use this process with the objective of obtaining community and public views, opinions and feedback from the community. The promise to the public is to act appropriately on their concerns and opinions, including giving prompt and adequate feedback to the community.

In terms of involvement, this process entails working with public verifying facts, ideas gathered and test some of the assumptions, and pre-understanding before any decision is made. The promise to the public is to ensure that the community is involved in the process. Methods and tools shall include facilitation, planning focus meeting, precinct committee and project steering committee.

**Participation** refers to active participation where all stakeholders, citizens and communities are involved. The promise to the public is that the community must be part of the formulating solutions.

In terms of empowerment, Knysna Municipality shall use this process with the objective of the community understands and supports the decisions and plans of the municipality.
Principles for community participation

- The issue at that given time shall determine and influence the decision and procedures specifying who is to participate or to be consulted. Ward Committees shall be the main, but not exclusive, organisational mechanism for participation: the main criteria are effectiveness and practicality in achieving optimum public participation in relation to the issue.

- The Council shall clarify the purpose so that communities are able to understand clearly as to why the engagement is occurring, and its context, in order to plan and resource in an effective manner. This shall include the desired outcome and indicate who should be engaged to achieve the purpose. Clarity about how participants can influence the decisions that may be made and, equally important, what cannot be influenced shall be given.

- The Council shall show commitment by allocating sufficient time and resources to the community engagement processes. Senior-level leadership's visibility shall be ensured. Community engagement is viewed as integral to the municipality’s normal development assessments and plans, projects, practices and operations.

- Knysna Municipality shall communicate openly, honestly, timeously and accountably with those who are seeking to engage or to be engaged. Communication shall not only include information dissemination but also information gathering, information sharing and collaborative discussion and decision-making. Information shall be given in the language (isiXhosa, English and/or Afrikaans) that the audience is familiar with.

- The Municipality is prepared to continually review and revise the way communities are engaged during participation processes. Selection from a range of techniques that enable different communities or sectors to participate effectively shall be applied.

- Knysna Municipality shall as far as possible ensure that participants receive prior information in time to ensure effective and meaningful contributions. Participants shall be informed as to when they can expect feedback on their contributions. Feedback shall be given to the participants within a set timeframe.

- Knysna Municipality shall strive to be as inclusive as possible. Particular attention shall be paid to the needs of groups that tend to be underrepresented (women, youth, the elderly and disabled persons) in an engagement associated with development assessment and plan making. The Municipality shall, by all practical means, simplify terminology and technical language so that it can be well understood.

- The municipality shall aim for a participatory approach to development issues and plans, particularly in larger, more complex processes. This shall be done by involving communities as early as possible in the process. Further, it shall be done by working closely with other agencies operating in the area to avoid repetitive consultations with a community on the same or similar subject matter.

- Public participation shall be structured in a way that provides sufficient room for diversity i.e. for different participation styles, cultures and location-specific adjustments.
Knysna Municipality shall, among others, make use of the following tools and techniques for public participation: (Ward Committees play a key role in the public participation process and in providing a key communication link between communities and their Ward Councillor)

- The Executive Mayor's message on the budget. Materials prepared to facilitate discussions on the budget, and inputs from the public, before the council adopts it. These must explain the municipality’s service delivery and developmental priorities and the financial constraints of the budget.
- Utilizing media through press conferences, press releases, interactive municipal website, inviting the public to important events.
- Feedback channels such as letters and phone calls from citizens (e.g. toll-free phone lines); complaint/comments boxes in public places; establishing and responding to a special e-mail address for comments. The most important issue here is to manage properly the comments received from citizens: a return message or a card should acknowledge those who sent the comment. The Municipality may report in the media or other public sources on the type of comments received and actions undertaken to address the comments.
- Informational brochures, such as general brochure that contains general information on city authorities, telephone numbers, working hours, organizational chart, council, committees, advisory groups, etc. Such a brochure can be distributed among citizens along with local newsletter or placed in public buildings.
- Talk shows and/or interviews on TV and radio (local, regional or national) on the most important topics.
- General public surveys, which can identify priorities of the public or gather more precise information on a particular subject. The most important part of surveying is analysis, which should not only count answers but also analyse the relationships between different types of answers. Only such an analysis provides real knowledge on the situation.
- Council newsletter: Council news, issued on a regular basis, which contains most important information on activities within the municipality.

Community reporting avenue

The community and the employees shall have the facility to report anonymously any incidents of misconduct by making use of any of the following methods:

- Telephone: 0800 701 701 toll-free number
- Fax: 0800 204 965 toll-free number
- Municipal App (In development)

The Municipal App will be the main interface between the public and the risk management unit. Through this App, people can share their stories about all manner of corruption and

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3 Local Government, Anti-Corruption Strategy 2016, 3.4 “b) As far as practical and effective municipalities should utilise the National Anti-corruption Hotline which is managed by the Public Service Commission.”
improper conduct, including, but not exclusive to: bribery, kickbacks and graft; influence peddling and patronage; corruption in the workplace such as favouritism, nepotism, ghost workers and illegitimate absenteeism. People must be able to report instances of bid-rigging, price-fixing, arbitrage and profiteering, collusion and tender and procurement irregularities.

The personal details of anyone reporting an incident must be kept confidential, but the information collected will be aggregated, allowing the risk management unit to analyse the data, spot patterns and draw a ‘heat map’ of when and where corruption is occurring.

GOVERNANCE STRUCTURES

Governance structures are in place to ensure effective good governance and the implementation of integrity and anti-corruption programmes.

Oversight committees

An audit committee has been established in line with section 166 of the Municipal Finance Management Act. In line with section 79 of the Municipal Structures Act, a Municipal Public Accounts Committee (MPAC) has also been established.

Audit committee’s oversight responsibilities towards fraud:

The audit committee shall encourage management to provide a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violations of the municipality's code of conduct or ethics policy.

The committee shall receive quarterly reports describing the nature, status and eventual disposition of any fraud or unethical conduct.

The Audit Committee Charter shall empower the committee to investigate allegations of fraud or corruption and any other matters within the scope of its responsibilities, and to retain legal, accounting and other professional advisers as needed to advise the committee and assist in its investigation.

Except where inappropriate, the audit committee shall establish an open line of communication with management at all levels to assist them in identifying fraud at the highest levels of the organisation or investigating any fraudulent activity that might occur.
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MPAC’s oversight responsibilities towards fraud/corruption

MPAC’s role is to:

- Monitor the organisation's conflict of interest policy, which questions an employee's possible relationship with suppliers, contractors and customers, including family alliances and outside business dealings.
- Probe and clarify any deviations within the Supply Chain Management processes and procedures, where such a deviation may amount to a potential for risk to the municipality.4
- Ensure that reports properly and accurately identify and quantify any instances of unauthorised, irregular, wasteful and fruitless expenditure, as well as maintaining a register with actions and timelines.4
- Probe and clarify all instances of unauthorised, irregular, wasteful and fruitless expenditure.4
- Identify responsible parties in the case of deviations from any process or policy and ensure consequence management is followed.4
- Make appropriate and timely recommendations to Council to address shortcomings in Oversight Reports, and matters relating to unauthorised, irregular, wasteful and fruitless expenditure, in particular action which should be taken against responsible persons and who those persons are.4

Integrity Officer/ Champion

The risk management unit shall be delegated the responsibility for coordinating and implementing the municipality's integrity management initiatives and a member of senior management team shall be delegated the responsibility to champion the integrity management initiatives of the municipality.

The Integrity Officer/Champion shall be expected to play a crucial role in preventing corruption and malpractices in the municipality. He/she shall also foster the following ethical values/principles among municipal employees:

<table>
<thead>
<tr>
<th>Ethical values/principles</th>
<th>Municipal Employees are called upon to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability5</td>
<td>To adhere to the principles of accountability to the public for each and every decision and action taken. Employees are required to submit themselves to whatever scrutiny is appropriate to their office.</td>
</tr>
<tr>
<td>Competence5</td>
<td>To generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and powers assigned to them.</td>
</tr>
<tr>
<td>Fairness5</td>
<td>To act with impartiality, without favouritism or discrimination.</td>
</tr>
<tr>
<td>Conflict</td>
<td>Declare any private interests relating to their public duties and take relevant steps towards conflict resolution to protect the public interest.</td>
</tr>
</tbody>
</table>


5 As included in ethical leadership definition “Definition of Corporate Governance”. Institute of Directors Southern Africa, King IV, Report on Corporate Governance for South Africa 2016.
Ethical values/principles | Municipal Employees are called upon to:
--- | ---
**Integrity**<sup>5</sup> | Demonstrate a strong character instilled with ethical principles and conviction even in difficult circumstances in line with municipal values. (Honesty)
**Leadership** | Provide and direct a vision for the municipality, inspire and deploy others to deliver on the strategic objectives contained in the IDP.
**Objectivity** | Act and take decisions impartially, fairly and on merit, using the best evidence and without any type of discrimination.
**Responsibility**<sup>5</sup> | To fulfil all duties and obligations as assigned. Failure to act responsibly could lead to negative consequences for the individual/s involved.
**Transparency**<sup>5</sup> | Act in an open and transparent manner when dealing with everyone, without favouritism or discrimination.

**Role and Responsibilities of Integrity Officer/Champion**

The Integrity Officer/Champion shall be empowered to drive anti-corruption initiatives and to enhance the effectiveness and sustainability of the anti-corruption strategy in the municipality.

<table>
<thead>
<tr>
<th>Responsibilities</th>
<th>How</th>
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</table>
| Secure and sustain public trust and confidence in the management of the municipality | The council has to direct the change process. Their tasks would consist of:  
- translating the strategic lines defined by top management into an integrated Integrity Management Plan;  
- approve the plan  
- engaging staff in the implementation of the plan  
- expediting implementation of the Anti-Corruption strategy in a sustained manner;  
- Monitoring progress and reporting to the Accounting Officer and Council. |
| Assess the implementation deficit of integrity measures | Minimise the risks of malpractices and corruption by:  
- promptly identifying, assessing and mitigating integrity risks;  
- sharing experience with other Integrity Officers/Champions |
| Reinforce both system’s and people’s integrity in the municipality | develop and implement measures for the promotion of transparency, accountability and integrity in the organisations;  
- ensure compliance with the code of ethics/conduct and enhance ethical standards;  
- provide opinions and guidance on integrity risks and issues that may arise |
PREVENTION

The municipality shall:

- Promote a professional ethical culture
- Promote sound governance and risk management
- Ensure competent employees of integrity are appointed; and
- Manage conflicts of interest pro-actively

Promote a professional ethical culture

“Ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency. It involves the anticipation and prevention, or otherwise amelioration, of the negative consequences of the organisation’s activities and outputs on the economy, society and the environment and the capitals that it uses and affects.”

The spirit and letter of the Code of Conduct for Councillors and the Code of Conduct for Municipal Staff Members (Schedules 1 and 2 of the Municipal Systems Act) and the Code of conduct for Ward Committees shall be promoted and upheld in the municipality

a) Councillors, officials and Ward Committee members shall receive a copy of the code applicable to them
b) Councillors, officials and Ward Committee members shall receive induction training on the codes applicable to them
c) Councillors, officials and Ward Committee members shall sign annual commitments to the principles and provisions of the codes
d) Councillors, officials and Ward Committee members shall participate in interactive ethics workshops at least once every two years and a report on each such workshop should be timeously presented to Council. Such workshops shall include discussions on:

1. Professional and organisational values
2. Relevant workplace ethical dilemmas/challenges
3. The relevant code of conduct
4. Organisational policies and procedures related to:
   - Conflicts of interest (e.g. disclosure of interests, and external remunerative work)
   - Whistle-blowing
   - Fraud and corruption prevention
   - Supply chain management

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e) The Codes of Conduct for Councillors, officials and Ward Committee members shall be published on the municipal’s website, notice boards and libraries. The public shall also be notified in the local newspaper of the place, including website address, where detailed particulars concerning the codes of conduct can be obtained.

f) Suppliers shall sign an Ethics commitment before entering into contracts with the municipality. The Ethics commitment form shall form part of all bid and RFQ documentation.

**Manage corruption risk**

Effective management of fraud and corruption risks shall focus on the effective detection, response and prevention of incidents. The municipality shall have the following measures in place in order to manage corruption risks.

(a) An effective fraud prevention strategy

Ensure that there is an approved Fraud Prevention Strategy, Whistleblowing Policy, Conflict of Interest Policy, Anti-Bribery and Corruption Policy and Fraud Response Plan, which are consistent with this Framework, clearly articulated, implemented and communicated throughout the organisation. These, together with the Framework, shall be reviewed annually.

(b) A tiered approach

Implement a three-tier approach to reducing fraud and corruption, which shall include essential elements of prevention, response and detection. Each of these three-tiers has numerous elements which comprise their core function.

(c) Initiate on-going Fraud Risk Assessments, which are a non-negotiable element of mitigating the risks of fraud.

(d) Eliminating conflicts of interests

Manage the risk of Conflicts of Interest through the implementation of an auditable declaration process where all declarations are assessed and verified. Employees’ business interests shall be verified and exceptions shall be investigated in a consistent manner.

(e) Managing relationships with external stakeholders

Discourage/prohibit the receipt of gifts from suppliers as this alleviates the risk of potential irregularities and furthermore reduces the administration of any gift register. Suppliers shall also be required to declare all gifts offered/provided to employees.

(f) KNOW your business partners

Supplier vetting shall entail stringent verification and approval measures, including a Conflict of Interest Declaration. Suppliers shall be required to accept and adhere to the organisation’s
Code of Conduct, Conflict of Interest Policy, Gift Policy and anti-bribery and corruption requirements.

\( (g) \) Creating awareness

Fraud Awareness and Anti-Fraud Education shall be consistently applied throughout the organisation and a continuous basis.

\( (h) \) Optimise the use of a whistleblowing hotline

Implement an independent Whistleblowing hotline enabling anonymous tip-offs regarding irregularities to be reported on a 24/7 basis in all official languages.

Employee exit procedures shall be in place to ensure that:

- An employee is removed from any lists of signatories for departmental accounts and/or purchasing provisions.
- All municipal assets and equipment are returned
- Any access to IT systems and accounts is cancelled

Pre-employment screening

The Human Resource section shall ensure that competent employees with high standards of personal integrity are appointed and promoted.

Senior manager appointments shall comply with the minimum competency requirements as set out in the Regulations on appointment and conditions of employment of senior managers.

Pre-employment screening shall be conducted for all new appointments to verify:

- Qualifications
- Previous employment
- Disciplinary record
- Criminal record
- Credit record
- Any outstanding investigations or disciplinary matters at previous employers

Employees shall be re-screened when they are promoted, especially if different levels of qualifications are required by the new position.

Management of Conflict of Interest

In order to ensure that, in a situation of real, apparent or potential conflict of interest and situations where there is a conflict of duties, decisions are made in a manner, which upholds the interest of the public a conflict of interest policy shall be developed.

The conflict of interest policy shall deal with:
• An employee’s general responsibilities and duties
• Responsibilities of managers
• Responsibilities of the municipality
• Responsible officer. The policy shall identify an individual as the responsible officer for conflicts of interest oversight and explain the functions they will perform. The individual nominated shall be senior enough to make decisions needed to maintain the policy and give effect to decisions made
• Explanation. Explanation of the type of interest that could give rise to conflicts such as private, family, business and any other key terms used in the policy or applicable legislation
• Advice and guideline. The policy shall acknowledge that conflicts of interest are not always clear to those who have them and that if individuals are unsure about a possible conflict of interest they should seek advice
• Requirements for preventing post-employment conflict of interest situations before and after leaving office
• Requirements for preventing and dealing with situations of conflict of interest during employment
• Procedures for Declaration of interest. The policy shall specify how and when municipal employees are obliged to complete a statement of interests. Position descriptions shall identify whether a statement of interest is applicable to the position to ensure that new appointees complete a statement of interests on commencement
• Procedure for disclosure of conflict of interest. The policy shall provide procedures for conflicts of interest to be disclosed as they arise. If there are no legislative requirements for disclosure of interests in meetings and the organisation routinely makes decisions in meetings (such as board, committee or council meetings) the policy shall include a meeting procedure for disclosing interests that relate to matters to be discussed or decided in the meeting. Meeting procedures shall incorporate any relevant statutory provisions and address the need to minute interests that are declared, the nature of the conflict of interest and how it was handled.
• Procedures for managing conflict of interest. The policy shall set out the precise steps to follow to manage conflicts of interest once they have been disclosed
• Procedures for record keeping. The policy shall also describe the type of record keeping that the municipality requires for each type of conflict of interest
• Breaches of the policy. The policy shall explain the consequences for breaches of it. Any sanctions shall act as a deterrent and are proportionate to the seriousness of the breach
• Privacy. The policy should note that reporting potential or actual conflicts may involve disclosing personal information. This information will be handled according to POPI Act. If disclosing a conflict of interest to a supervisor or manager raises privacy concerns for staff members, consider providing an alternative disclosure mechanism such as the person responsible for maintaining or advising on the policy.
• Review

The management of conflict of interest shall be divided into three stages namely, identify, manage and monitor.
Stage 1: Identifying and reporting conflicts of interest

Identifying conflicts of interest is an important first step in managing them appropriately. When faced with a situation in which you suspect you may have a conflict of interest, as a municipal official you shall be required to:

- Assess the situation and the surrounding circumstances that could affect any decisions or actions in the matter
- Identify whether or not any conflicts of interest exist.
- Determine what type of conflict of interest you might be dealing with (i.e. if the conflict is an actual, perceived or potential conflict of interest, or whether it is a pecuniary or non-pecuniary conflict).

<table>
<thead>
<tr>
<th>An actual conflict of interest</th>
<th>Perceived conflict of interest</th>
<th>Potential conflict of interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>A municipal official is in a position to be influenced by their private interests when doing their job</td>
<td>A municipal official is in a position to appear to be influenced by their private interests when doing their job</td>
<td>A municipal official is in a position where they may be influenced in the future by their private interests when doing their job</td>
</tr>
</tbody>
</table>

Stage 2: Managing conflicts of interest

The conflict of interest shall be resolved or managed in a variety of ways and the choice of strategy will depend on an assessment of the

- nature of the conflict
- the complexity of the situation
- the severity of the incident

Each case will require detailed examination and careful application of various conflict resolution strategies. Often a combination of measure may be adopted. The six major options for managing conflict of interest are:

- **Register**: Employees shall be required to register their pecuniary and non-pecuniary interests that may in the future conflict with some aspect of their work. The access to the register of interest for municipal employees shall be strictly confidential. The register shall be held securely with access restricted to the Accounting Officer and an ethics officer to ensure accountability and transparency of operations and management.
- **Restrict**: A disinterested third party shall be used to oversee part or all of the process that deals with the matter
- **Recruit**: Where it is not appropriate or desirable for you, as the individual with the conflict of interest, to remove yourself from the decision-making process a disinterested third party shall be used to oversee part or all of the process that deals with the matter
- **Remove**: Removal strategies shall be most appropriate for ongoing serious conflicts of interest where ad hoc restriction or recruitment of others are not feasible or appropriate.
Such strategies aim to remove an individual from the conflict of interest from all duties related to the conflict of interest for as long as the conflict of interest exists.

- **Relinquish**: In occasions when an employee’s commitment to public duty outweighs his/her attachment to his/her private interest. Alternatively, an employee may prefer to relinquish the relevant private interest rather than radically change his/her work responsibilities or environment.
- **Resign**: Resignation is the most extreme solution to a serious conflict of interest. Although extreme, a resignation shall be a strategy available for consideration if the conflict of interest cannot be resolved in any other workable way.

<table>
<thead>
<tr>
<th>Management Strategy</th>
<th>When most suitable</th>
<th>When least suitable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Register</strong></td>
<td>• for very low-risk conflicts of interest and potential conflicts of interest.</td>
<td>• the conflict of interest is more significant or of higher risk.</td>
</tr>
<tr>
<td></td>
<td>• where the act of transparency through recording the conflict of interest is sufficient</td>
<td>• the potential or perceived effects of a conflict of interest on the proper performance of the public employee’s duties require more proactive management.</td>
</tr>
<tr>
<td><strong>Restrict</strong></td>
<td>• the public employee can be effectively separated from parts of the activity or process</td>
<td>• the conflict is likely to arise more frequently.</td>
</tr>
<tr>
<td></td>
<td>• the conflict of interest is not likely to arise frequently.</td>
<td>• the public employee is constantly unable to perform a number of their regular duties because of conflict of interest issues.</td>
</tr>
<tr>
<td><strong>Recruit</strong></td>
<td>• it is not feasible or desirable for the public employee to remove themselves from the decision-making process.</td>
<td>• the conflict is serious and ongoing rendering ad hoc recruitment of others unworkable.</td>
</tr>
<tr>
<td></td>
<td>• in small or isolated communities where the particular expertise of the public employee is necessary and genuinely not easily replaced.</td>
<td>• recruitment of a third party is not appropriate for the proper handling of the matter.</td>
</tr>
<tr>
<td></td>
<td>• a suitable third party is</td>
<td></td>
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<tr>
<td>Management Strategy</td>
<td>When most suitable</td>
<td>When least suitable</td>
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</tr>
<tr>
<td><strong>Remove</strong>&lt;br&gt;Where a public employee chooses to be removed from the matter.</td>
<td>• for ongoing serious conflicts of interest where ad hoc restriction or recruitment of others is not appropriate</td>
<td>• the conflict of interest and its perceived or potential effects are of low risk or low significance&lt;br&gt;• the public employee is prepared to relinquish the relevant private interest rather than radically change their work responsibilities or environment</td>
</tr>
<tr>
<td><strong>Relinquish</strong>&lt;br&gt;Where the public employee relinquishes the private interest that is creating the conflict.</td>
<td>• the public employee’s commitment to public duty outweighs their attachment to their private interest</td>
<td>• the public employee is unable or unwilling, for various reasons, to relinquish the relevant private interest</td>
</tr>
<tr>
<td><strong>Resign</strong>&lt;br&gt;Where the employee resigns.</td>
<td>• no other options are workable&lt;br&gt;• the public employee cannot or will not relinquish their conflicting private interest and changes to their work responsibilities or environment are not feasible&lt;br&gt;• the public employee prefers this course as a matter of personal principle.</td>
<td>• the conflict of interest and its potential or perceived effects are of low risk or low significance&lt;br&gt;• other options exist that are workable for the public employee and the agency.</td>
</tr>
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</table>

Stage 3: Monitoring the management of conflicts of interest

Monitoring is an essential component of any strategy adopted to manage conflicts of interest. Ongoing monitoring and regular reviews allow changes to be made to the management strategy and the way in which it is implemented before problems have an opportunity to arise.

To ensure the chosen management strategy remains relevant until conflicts of interest are resolved, the following shall be regularly reviewed and assessed:

- the original situation that had given rise to declaring the conflict of interest
- initial determinations and management decisions
- the strategy put in place to manage the conflict of interest
- actions were taken in implementing the management strategy
- changes in the situation that may have an impact on the management strategy
- perceptions held by others that the conflict of interest is having an improper influence on the matter
reassessments and management decisions made about the continued management of the conflict of interest
Changes made to the management strategy and its implementation.

The flow chart below depicts the three stages

**Decision-Making Flowchart**

*Figure 3: Decision Making Flowchart*
DETECTION

The municipality shall put in place systems and processes to ensure that they detect instances of corruption that may occur.

Internal auditor’s responsibility towards fraud detection:

Internal auditors shall evaluate the effectiveness of the following features of an enhanced, highly effective ethical culture:

- Formal code of conduct, which is clear and understandable, and related statements, policies (including procedures covering fraud and corruption) and other expressions of aspiration
- Frequent communications and demonstrations of expected ethical attitudes and behaviour by the management of the municipality
- Explicit strategies to support and enhance the ethical culture with regular programmes to update and renew the organisation's commitment to an ethical culture
- Several easily accessible ways for people to report alleged violations of the code and policies, and other acts of misconduct confidentially
- Regular declarations by employees, suppliers and customers that they are aware of the requirements for ethical behaviour in transacting the municipality's affairs
- Clear delegation of responsibilities to ensure that ethical consequences are evaluated, confidential counselling is provided, allegations of misconduct are investigated and case findings are properly reported
- Easy access to learning opportunities to allow all employees to be ethics advocates
- Positive personnel practices that encourage every employee to contribute to the ethical climate of the organisation
- Regular surveys of employees, suppliers and customers to determine the state of the ethical climate in the organisation
- Regular reviews of the formal and informal processes within the organisation that could potentially create pressures and biases that would undermine the ethical culture
- Regular reference and background checks as part of hiring procedures, including integrity tests, drug screening and similar measures
Whistleblowing and reporting mechanism

The municipality shall have a whistleblowing policy as a mechanism to allow for the anonymous reporting of fraud and corruption that explains, formalises and gives effect to the following commitments:

The Municipality will:

(a) Have a whistleblowing policy in place
(b) Ensure the whistleblowing policy is easily accessible to all employees and the public
(c) Raise awareness of the policy or procedures through all available means such as staff engagement, intranet sites, and other marketing communications
(d) Provide training to all employees on how disclosures should be raised and how they will be acted upon
(e) Protect staff and public who blow the whistle and maintain confidentiality – so those reporting wrongdoing can do so without fear of retaliation or detriment to themselves
(f) Treat all reports of wrongdoing fairly and with care – and take each one seriously
(g) Promptly review and where appropriate thoroughly investigate reports of wrongdoing – taking action and seeking to put things right
(h) Undertake to protect the identity of the worker raising a disclosure, unless required by law to reveal it and to offer support throughout with access to mentoring, advice and counselling
(i) Provide feedback to the employee or member of the public who raised the disclosure where possible and appropriate subject to other legal requirements. Feedback should include an indication of timings for any actions or next steps
(j) Keep the Whistleblowing Policy and associated arrangements under review and update them periodically

The Whistleblowing Policy must deal with:

- An explanation of what whistleblowing is, particularly in relation to the organisation
- A clear explanation of the municipality’s procedures for handling whistleblowing, which can be communicated through training
- A commitment to training employees at all levels of the municipality in relation to whistleblowing law and the municipality’s policy
- A commitment to treat all disclosures consistently and fairly
- A commitment to take all reasonable steps to maintain the confidentiality of the whistle-blower where it is requested (unless required by law to break that confidentiality)
- An idea about what feedback a whistle-blower might receive
- An explanation that anonymous whistle-blowers will not ordinarily be able to receive feedback and that any action taken to look into a disclosure could be limited – anonymous whistle-blowers may seek feedback through a telephone appointment or by using an anonymised email address
A commitment to emphasise in a whistleblowing policy that victimisation of a whistleblower is not acceptable. Any instances of victimisation will be taken seriously and managed appropriately.

An idea of the time frame for handling any disclosures raised.

The municipality should encourage communities and stakeholders or service providers who suspect fraud and corruption to contact the National Anti-Fraud Hotline that is administered by the Public Service Commission on 0800 701 701. The National Anti-Corruption Hotline is available 24 hours in all official language, you have an option to remain anonymous or identify yourself when reporting.

Data Management

The municipality shall establish a case management system that:

- Keep records of all reported cases and cases under investigation.
- Tracks progress
- Allows for trend analysis
- Aligns with the reporting requirements of national and provincial government

In terms of section 14 of the Municipal regulations on financial misconduct procedures and criminal proceedings, the municipality shall prepare an information document on any alleged financial misconduct or offence stating:

- Name and position of the person alleged to be involved;
- Summary of facts
- Monetary amount involved
- Disciplinary steps implemented or to be taken
- If no disciplinary steps are taken, the reason for this decision.
- Case number issued by SAPS if it is a financial offence
- Steps were taken to recover unauthorized, irregular or fruitless and wasteful expenditure

In terms of section 34 of the Prevention and Combatting of Corrupt Activities Act, the Accounting Officer shall report acts of corruption or acts of fraud involving more than R100 000 to the SAPS.

The information management system shall keep a record of all of the reports on financial misconduct or corruption.

Reports on financial misconduct or corruption shall be quarterly submitted to Municipal Manager and the Audit Committee.
INVESTIGATIONS

The municipality shall ensure that all apparently legitimate corruption allegations are investigated. The municipality shall develop internal capacity and make use of external expertise, or draw on provincial or national expertise.

Investigation policy/response plan

The responsibility for investigating all alleged legitimate corruption rests with the Risk Management Division. Deciding whether to undertake an internal investigation is a key part of an organisation’s response to detected or suspected corruption.

Possible allegations of wrongdoing which fall under their investigative mandate shall include, but are not limited to:

- Misuse of municipal funds, including for personal gain or gain by another.
- Abuse of position, including for personal gain or gain by another.
- Solicitation or receipt of kickbacks or bribes.
- Wilful misrepresentation (fraud).
- Corruption.
- Coercion.
- Collusion.
- Embezzlement.
- Work harassment.
- Discriminatory practices. Retaliation, including retaliation against alleged whistleblowers.
- Abuse of authority.
- Conflicts of interest.
- Abuse or misuse of municipal property or funds, including those related to travel, benefits, allowances, or petty cash.

Appropriate procedures shall be put in place to investigate allegations of misconduct. The municipality shall develop an investigation policy setting out how detected matters will be dealt with, including:

- Investigative Process
- Investigative Activities
- Reporting results of an investigation
- Investigative Principles & Standards
- Rights & Obligations of Staff Members
- Rights of Members of the Public
- Communication of the outcome of the investigation
- Processes for ensuring independence when senior managers, municipal managers, or councillors are implicated
Draft: Integrity Management Framework

The investigative office shall take reasonable measures to protect as confidential, any non-public information associated with an investigation, including the identity of parties that are the subject of the investigation and of parties providing evidence. The manner in which all information is held and made available to parties within the municipality or parties outside of the municipality, including National Treasury, is subject to the municipality’s policies and procedures.

The municipality shall publish the mandate and/or terms of reference of the investigating officer as well as an annual report highlighting the integrity and anti-fraud and corruption activities in accordance with the policy on the disclosure of information

Disciplinary Board and Its Functioning

Council must establish a disciplinary board to investigate allegations of financial misconduct in the municipality, the Disciplinary Board was established by Council Resolution G14/08/14. The following is important:

Investigation Purpose and Process (Financial Misconduct)

Preliminary Investigation

If there is a reasonable indication of financial misconduct Council must refer the matter within seven days to a disciplinary board to conduct a preliminary investigation.

The disciplinary board must determine whether the allegation is founded and make a recommendation whether grounds exist to warrant a full investigation.

The preliminary investigation terminates if the disciplinary board determines the allegation is frivolous, vexations, speculative or unfounded.

If the allegation is founded a full investigation must be conducted.

If Council does not act on recommendations by the disciplinary board, the disciplinary board may request the Western Cape Provincial Treasury or the National Treasury for assistance and a possible intervention.

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7 In terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (GN R430 / GG 37699 30 May 2014.)
Full Investigation

This must be undertaken by the disciplinary board, or could be undertaken by Western Cape Provincial Treasury or the National Treasury, but only if a municipality or the designated official fails to investigate an allegation of financial misconduct or financial offence.

If the cost, seniority of the alleged transgressor and the seriousness or sensitivity of investigating the alleged financial misconduct, warrants such a step the investigation can be undertaken by:

- an individual with appropriate specialist expertise and who is not an official of the municipality; or
- an independent team of investigators appointed by Council in accordance with the applicable supply chain management prescripts.

An independent team of investigators appointed may include:

- a person, other than an official of the municipality with the appropriate specialist expertise designated by Council; or
- an official of the department responsible for local government in the relevant province, designated by the department; or
- an official of the Western Cape Provincial or National Treasury, designated by the relevant treasury.

Investigation of an allegation of financial misconduct and submission of reports

Terms of reference for the investigation must be developed and submit to Council within seven days.

After completing a full investigation, the investigator must –

- Compile a report on the investigation;
- Submit the report within 30 days
- Submit its report to the Executive Mayor and the Municipal Manager together with its findings and recommendations, if applicable, regarding disciplinary steps that should be taken against the alleged transgressor; and
- Immediately inform the Speaker of the submission of the report
- Submit a copy of the report to the Western Cape Provincial and the National Treasury.

The report of the investigator must be submitted (tabled) to Council at the first sitting after the report is completed.

If the report is amended and/or if the finding or recommendations are rejected reasons must be provided to the investigator within five days.
The investigator must inform Western Cape Provincial and National Treasury if the recommended disciplinary against the transgressor is not implemented. Western Cape Provincial and National Treasury may possibly intervene.

If disciplinary proceedings are recommended, Council must by resolution institute disciplinary proceedings:

- in the case of a Municipal Manager or senior manager, in accordance with the Disciplinary Codes and Procedures for Senior Managers Regulations made in terms of the Municipal Systems Act; or
- in the case of an official who is not a Municipal Manager or senior manager, in accordance with the applicable collective bargaining agreement concluded in the bargaining council established for municipalities.

If found guilty the transgressor may not be re-employed for ten years in any municipality.

RESOLUTION

The municipality shall ensure timely, fair and complete resolution of corruption matters, perpetrators shall be held accountable, and losses recovered.

Disciplinary action

The municipality conforms to the guidelines set in the Collective Agreement on Disciplinary measures. This disciplinary procedure sets out the procedure to be followed should there be a transgression of:

- policies,
- standard of conduct
- rules
- procedures
- established practices,
- any law
- regulations,
- any condition of employment.

This disciplinary procedure is applicable to all employees excluding section 54A (Municipal Manager) and 56 (Directors) of the Municipal Systems Act appointees, employees are expected to:

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8 The MM and directors disciplinary actions must be done in terms of the Local Government: Disciplinary Regulations for Senior Managers, 2010. As published in GN 344 in GG 34213 dated 21 April 2011.
Draft: Integrity Management Framework

- Execute duties and assignments conscientiously, diligently, with dedication and to behave in a proper manner towards the municipality, fellow employees and the public;
- Comply with the municipality’s policies, rules, procedures, any law, regulations or any conditions of employment;
- Perform work in accordance with reasonable and acceptable standards;

The maintenance of discipline is the responsibility and prerogative of management and the following shall be borne in mind when conducting a disciplinary inquiry:

(a) Corrective action

In the enforcement of discipline, the emphasis shall be placed on guidance and correcting behaviour than on the imposition of punishment, but where necessary, punishment may also be used as a legitimate deterrent tool in the maintenance of discipline.

(b) Uniformity/Consistency

Discipline shall be enforced uniformly and consistently throughout the organisation.

(c) Fairness

Disciplinary action shall always be both procedurally and substantively fair.

With regard to procedural fairness, the disciplinary procedure shall be followed as far as is reasonably possible and practicable.

With regard to substantive fairness, a fair and valid reason for disciplinary action shall always exist and shall be just and equitable, taking into consideration inter alia the circumstances of the specific offence, as well as the circumstances of the employee concerned.

(d) The time lapse between the committing of an offence and the holding of a disciplinary inquiry

The disciplinary inquiry shall be held as soon as possible after an offence has been committed and the employee shall be allowed a reasonable period of time to prepare a case and, should the employee so choose, to arrange to be assisted by a representative of the employee’s choice.

(e) Inquiry before dismissal

No employee shall, irrespective of the seriousness of his/her offence, be dismissed before a disciplinary inquiry has been held in terms of the disciplinary procedure unless the employee clearly waives his/her rights to a disciplinary inquiry.

(f) Notification of a disciplinary inquiry

The employee shall be notified in writing of a disciplinary inquiry. The notice of disciplinary hearing shall indicate the alleged transgression, the date and time of the inquiry as well as the place where it will be held.

(g) Progressive application of the disciplinary sanction

Disciplinary sanctions shall be applied progressively, but, depending on the circumstances of the employee, the nature of the job, the seriousness, nature and circumstances of a specific offence, even a first offence may result in dismissal.
Draft: Integrity Management Framework

(h) Reprimands

Reprimands shall be given for minor offences and issued on the spot. A record of reprimands shall be kept in a register. A reprimand shall remain valid for a period of 3 (three) months, where after it shall be removed from the register.

Where a pattern of minor offences is established, disciplinary action shall be instituted.

In the event of an employee refusing to accept a reprimand, a disciplinary inquiry shall be held. Any disciplinary action resulting from the disciplinary inquiry shall be recorded in the offender’s personnel file

(i) Written warning

A written warning informs an employee that his or her conduct is unacceptable to management and that a further similar offence may result in more stringent disciplinary action, including dismissal

(j) Final written warning

A final written warning informs an employee that a further similar offence will, in all probability, result in the employee’s dismissal

(k) Demotion

All cases of demotion or suspension without pay shall be authorised by the Human Resources Manager. Demotion is a disciplinary step by means of which an employee is removed from the present post and assigned to an available post with a lower grading, reduced responsibility as well as an accompanying decreased salary or wage.

(l) Suspension without pay

Any case of suspension shall be authorised by the Human Resources Manager. Suspension without pay shall only be imposed if a serious offence warrants dismissal but management wishes to lessen the punishment. The following principles shall be applicable:

- The employee shall accept the suspension in writing as a reduced punishment instead of dismissal.
- If the employee refuses to accept the suspension, the employee shall be dismissed.
- A suspension shall be carried into effect as soon as possible after an offence has been committed.
- Employees shall not be suspended on off days, paid holidays or any other non-working days.

An employee shall not, except in exceptional cases, be suspended for more than ten (10) days.

(m) Dismissal

Depending on the circumstances of the employee, the nature of the job, the seriousness, nature and circumstances of a particular offence, a first offence can result in a dismissal.
Draft: Integrity Management Framework

(n) Previous Offences

Only relevant disciplinary records in the employee's personnel file shall be taken into account when disciplinary sanction determined.

A record of any disciplinary action taken against an employee shall remain valid for a period of twelve (12) months. Only offences committed within the previous twelve (12) months may be taken into consideration when disciplinary sanction for a further similar offence is determined.

(o) Completing a disciplinary report form

The Labour Relations Officer shall be responsible for the proper completion of the disciplinary report, including the summary, in which the following information is to be furnished:

- The names of the persons present at the inquiry.
- The approximate date on and time at which the transgression(s) was/were committed.
- The employee’s rights that were explained to the employee.
- The exact chain of events.
- The employee's defence.
- The evidence given by witnesses, if applicable.
- The representations by the employee and/or the employee’s representative.
- The disciplinary steps implemented or recommended.
- The comment of the employee thereon, if any

In terms of section, 57A of the Municipal Systems Act this report shall be submitted to the MEC for local government on a quarterly basis.

Recovery of losses

The municipality shall recover all unauthorised, irregular or fruitless and wasteful expenditure from the responsible individuals in line with section 32 of the MFMA.

Council will not write off losses without valid reasons.

All losses and consequent steps shall promptly be reported to the Auditor General and MEC in line with section 32(4) of the MFMA.

Criminal Procedures Act

Where criminal matters go to court the municipality may request prosecutors to ask for restitution in terms of section 306 of the Criminal Procedures Act (51 of 1977).

The municipality will also recover terms of section 37D (b)(ii) of the Pension Funds Act (24 of 1956).
Civil recovery

The municipality shall institute civil recovery proceedings to recover losses due to unlawful acts.

Individual accountability

In terms of section 173 of the Municipal Finance Management Act, the following individuals shall be held criminally liable in their individual capacity for among other things:

- Accounting officer – for deliberately or due to gross negligence not implementing certain provisions of the MFMA;
- Finance managers with delegated responsibilities – for deliberately or due to gross negligence not implementing requirements of their delegations;
- Councillors – for interfering with the implementation of the MFMA.

The municipality shall bring criminal charges against individuals who willfully corrupt the municipality.

Contract termination

The municipality shall cancel a contract awarded to a supplier of goods or services:

- If the supplier committed any proven corrupt or fraudulent activity during the bidding process or the execution of that contract.
- If any official or other role player committed any proven corrupt or fraudulent activity during the bidding process or the execution of that contract that benefited the supplier.

Communication of successes

In order to deter perpetrators and build confidence in the governance of the municipality, details of all successful cases of misconduct shall be publicized. Care shall be exercised, however, not to name an alleged offender, until such time that the entire disciplinary process has been finalised, up to and including final appeal.
THE GOVERNANCE AND ECONOMIC DEVELOPMENT COMMITTEE MEETING

AGENDA

1 AUGUST 2019

REPORTING

The integrity management officer/champion shall report quarterly to the Audit Committee, Municipal Public Accounts Committee (MPAC) and Council.

A report on integrity management and corruption response shall also be made public on an annual basis.

In terms of the Municipal regulations on financial misconduct procedures and criminal proceedings, the Mayor or accounting officer shall table an allegation of financial misconduct before the council no later than 7 days after receipt thereof or at the next sitting of the council.

Speaker shall report on a quarterly basis to Council on:

- How many misconduct issues were brought to the attention of Councillors and how these are being addressed.
- All actions being taken to address fraud and corruption

Municipal Manager shall report on a quarterly basis to Council on the overall operations of financial management and all reported instances of fraud and corruption, including actions that have been taken.

The Municipal Manager (or the council if the accounting officer is involved) shall report alleged financial offences to the South African Police Service.

When investigating a Councillor, the Speaker shall submit completed investigative reports to council and make it available to the public. In five days from submitting it to the council, the report shall also be submitted to the:

- MEC for finance in the province;
- MEC for local government in the province;
- Minister of Finance; and
- Minister responsible for local government

The information document on any alleged financial misconduct or offence shall within 5 days of finalizing investigation documents be reported to:

- The Executive Mayor
- The MEC for local government in the province
- The national department responsible for local government
- The Western Cape Provincial Treasury, National Treasury and the Auditor General.

All suspensions, disciplinary and criminal proceedings for financial misconduct shall be reported in the municipality’s annual report.
Municipal Integrity Management Framework

Appendix A

2015 Local Government Anti-corruption Strategy

10/1/2015
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Overview

This Local Government Integrity Management Framework sets out the responsibility of municipalities in implementing the 2015 Local Government Anti-corruption Strategy.

The following diagram gives an overview of the Framework.

Figure 1 - Schematic diagram of the Local Government Integrity Management Framework

1. Municipal **leadership** should set the tone and drive good governance, organisational integrity and anti-corruption initiatives.
2. **Communities** must be acknowledged as the ‘owners’ of municipalities and initiatives must be put in place to ensure transparent and accountable governance, and community oversight.
3. Appropriate **governance structures** should be in place and should ensure effective governance, oversight and the implementation of the integrity management framework. There should be sufficient capacity to implement the integrity management framework.
4. Municipalities should institutionalize **integrity management initiatives** based on the four pillars of:
   - Prevention
   - Detection
   - Investigation; and
   - Resolution.
5. Effective information management systems should be implemented and municipalities must submit reports to appropriate entities to ensure transparency through monitoring, oversight and accountability.
The following diagram gives an overview of the four pillar approach to integrity management.

![Diagram of the four pillar approach to integrity management]

**Figure 2 - Schematic diagram of the integrity management initiatives**

The majority of the elements of the Integrity Management Framework are existing legislative and regulatory duties which have been packaged into a coherent framework.

Each element of the framework will now be explained in more detail.
1. LEADERSHIP COMMITMENT

Principle:
- Municipal leadership should set the tone and drive good governance, organisational integrity, and anti-corruption initiatives.

Implementation:

1.1. Councillor responsibilities

a) Councillors should set an ethical tone the municipality, ensuring sound governance and strong oversight in the interest of the community.
b) Councillors should at each council meeting give an ‘acknowledgement of moral responsibility’.

Example:
As councillor of this municipality I am the custodian of good governance on behalf of my community. I am responsible for ensuring the municipality is governed effectively and ethically. I need to fulfill this responsibility in line with my conscience and in the best interests of my community. This responsibility is mine alone. If I fail at this, I fail my people.

Role of other parties:
The Minister for Co-operative Governance and Traditional Affairs should promote a structured national dialogue to determine ‘Values and principles for ethical governance in municipalities’.

1.2. Accounting Officer responsibilities

a) The Accounting Officer should provide ethical leadership in the administration of the municipality.

Role of other parties:
The Competence Framework for Senior Managers (Municipal Systems Act) should be amended to add ethical leadership competencies.

b) The Accounting Officer should ensure that the municipality has a strong programme to promote integrity and fight corruption.
   o This responsibility should be incorporated in the Accounting Officer’s performance agreement.

c) The Accounting Officer should allocate sufficient resources for the implementation of the integrity management requirements

d) The successful implementation of the Integrity Management Framework should form part of the Accounting Officers’ performance contract.
2. COMMUNITY OWNERSHIP

Principle:
- Communities must be acknowledged as the ‘owners’ of municipalities and are therefore entitled to transparent and accountable governance.

Implementation:

2.1. Increased transparency
   a) Municipalities should as a minimum comply with legislative and regulatory requirements for promoting community participation.
   b) Municipalities should implement programmes to increase transparency of municipal processes.
   c) Information on budget planning and performance should be made easily accessible to the public in a clear and understandable format.
   d) Municipalities should comply with the letter and spirit of the Promotion of Access to Information Act and the Promotion of Administrative Justice Act.

2.2. Awareness raising
   a) Municipalities should raise awareness among communities of (among others):
      o Their rights to transparent and accessible information when engaging with the municipality
      o Their right to just administrative action
      o Recourse if they do not believe these rights have been fulfilled
      o Avenues to raise concerns or report corruption
      o Service standards
        - Including clarity on procedures and costs for transactions.
   b) Ward councillors and community development workers should play a key part in awareness raising.

2.3. Community reporting avenues
   a) The municipality should create avenues where the community can raise concerns over and above through their ward councillors or community development workers.
      o Municipalities can consider the use of hotlines, Ombudsmen or other independent recourse.

Municipalities are encouraged to explore innovative solutions to promote community ownership and to share these emerging best practices in provincial and national forums.
3. GOVERNANCE STRUCTURES

Principles:
- Appropriate governance structures should be in place and should effectively ensure good governance and the implementation of integrity and anti-corruption programmes.
- There should be sufficient capacity to implement the integrity management requirements

Implementation:

3.1. Oversight committees
   a) Each municipality must establish an Audit Committee (in line with the MFMA s.166), which must be effective in fulfilling its mandate.
   b) Municipalities should also consider establishing the following committees (in line with section 79 of the Municipal Structures Act):
      - Municipal Public Accounts Committee
      - Council Disciplinary Committee
         - This is sometimes referred to as an Ethics Committee. The purpose of the committee is however generally to ensure discipline where councillors transgress ethics requirements. The term Council Disciplinary Committee is therefore deemed more appropriate.

Guidance document:
- The Municipal Public Accounts Committee Guide (SALGA)

3.2. Oversight of allegations and outcomes
   a) The municipal council must provide oversight of allegations and outcomes as set out in the MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (2014)

3.3. Oversight of the anti-corruption / integrity management programme
   a) A relevant committee (such as the Municipal Public Accounts Committee) should provide strategic guidance and oversee implementation of the municipality’s integrity promotion and anti-corruption strategy.
   b) The relevant committee should continuously monitor progress with the implementation of the strategy. Where there is lack of implementation there should be a response. This could include improved support and resources, or holding non-performing officials accountable.

3.4. Integrity champion
   a) A member of the senior management team should be assigned the responsibility to champion the integrity management initiatives of the municipality.
3.5. Integrity management capacity
   a) An official or a unit should be delegated the responsibility for co-ordinating or implementing the municipality’s integrity management initiatives. Components of the strategy can be implemented by different officials or units, dependent on the current arrangements and capacity of the municipality.
   b) Where municipalities do not have the capacity internally they should look to shared service arrangements, for example with district municipalities.

4. PREVENTION

Principles:
Municipalities should:
- Promote a professional ethical culture
- Promote sound governance and risk management
- Ensure competent employees of integrity are appointed; and
- Manage conflicts of interests pro-actively.

Implementation:

4.1. Promote a professional ethical culture
The spirit and letter of the Code of Conduct for Councillors, and the Code of Conduct for Municipal Staff Members (Schedules 1 and 2 of the Municipal Systems Act) should be promoted and upheld in the municipality.
   a) Councillors and officials should receive a copy of the code applicable to them;
   b) Councillors and officials should receive induction training on the codes applicable to them;

**Guidance:**
Senior managers and councillors (e.g. the Speaker and chairpersons of council committees) could contribute to induction training and ongoing training sessions by clarifying:
- Councillors’ and managers’ responsibilities in building an ethical organisation;
- How employees should react when pressurised by unethical councillors or managers; and
- How to raise concerns and what to expect if they do.

   c) Councillors and officials should be required to sign annual commitments to the principles and provisions of the codes.
   d) Councillors and officials should participate in interactive ethics workshops at least once every two years. Such workshops should include discussions on:
      - Professional and organisational values
      - Relevant workplace ethical dilemmas / challenges
      - The relevant code of conduct
o Organisational policies and procedures related to:
  - Conflicts of interest (e.g. disclosure of interests, and external remunerative work)
  - Whistle-blowing

e) Councillors and senior managers are not exempt from ethics sessions.

f) Officials should be clear on the limits of councillors’ involvement in administration. A trusted avenue must be created for officials to escalate matters if they feel that this line is being crossed.

g) The Code of Conduct for Councillors, and the Code of Conduct for Municipal Staff Members must be made available to the public (e.g. on the website, noticeboards, etc.)

h) Continuous awareness campaigns should be run which could focus on the following:
  o Required ethical standards
  o Batho Pele Principles
  o Boundaries, rights and responsibilities when engaging with councillors
  o Relevant policies and procedures: e.g. whistle-blowing, conflicts of interest, disciplinary code, etc.

i) Municipalities should require their suppliers to sign an ‘Ethics commitment for suppliers’ prior to contracting with them.
  o This should form part of all bid documents

Role of other parties:
National Treasury to give guidance on the content of the ‘Ethics commitment for Suppliers.’

4.2. Develop relevant policies to promote integrity in the organisation

a) Municipalities should develop policies to promote ethics and integrity in the organisation. These may include a values statement and policies that deal with:
  o Integrity management
  o Fraud and corruption prevention
  o Supply chain management
  o Conflicts of interest
  o Recruitment, selection and appointment:
    - Including vetting and pre-employment screening
  o Whistle-blowing
    - Including non-retaliation
  o Electronic communications and telephone use
    - There must be stipulated that the municipality may monitor communications.
  o Investigations
  o Disciplinary matters

Care should be taken not to duplicate policies and some policies may therefore cover more than one aspect mentioned above.
b) Processes / resources must be put in place to ensure that it is easy for employees to adhere to the policies.

For example – where employees need to get permission for external remunerative work there should be:
- A standard form to be completed
- A resource person to contact for assistance
- Examples of how the form needs to be completed
- Trained staff to ensure that the forms are assessed and that appropriate recommendations are made.

c) Policies must be easily accessible by employees and the public.

d) Policies must be communicated to employees and they must be trained on their implementation.

4.3. Manage corruption risks

a) Corruption impacts on service delivery. Municipalities must identify areas of their core business that are specifically prone to corruption. Managing these risks must form a key part of the municipality’s pro-active anti-corruption initiatives.

The following areas must be included in considerations:
- Supply chain management / procurement
- Financial management
- HR (e.g. appointments, promotions and creation of positions)
- Land matters (e.g. assignment of land rights, disposals etc.)
- Housing allocation (if relevant)
- Infrastructure projects (e.g. contracting; implementation etc)
- Permits and licenses (approval and inspecting)

b) Appropriate controls and risk mitigation measures must be implemented.

c) Municipalities should explore the use of information and communications technology (ICT) systems in the above areas to improve efficiency, transparency and risk mitigation.

Municipalities are encouraged to consult with other municipalities, or relevant provincial and national departments on possible mitigation measures.

Role of other parties:
- Relevant national and provincial departments (e.g. National Treasury / DCoG) should develop guidelines / case studies on practical mitigation measures.
- Relevant national and provincial departments (e.g. National Treasury / DCoG) should organise ‘communities of practitioners’ to develop and share best practice.

d) Municipalities must audit the implementation of controls and mitigation measures to ensure consistent implementation.

e) Employee exit procedures should be in place to ensure that:
- Municipal assets and access cards are handed back
- Access to municipal systems (such as IT systems) is blocked.
4.4. Drive compliance

Consistent compliance is one of the building blocks of a professional work environment.

a) Municipalities must ensure that employees are familiar with the legislative, regulatory, policy and control requirements that apply to them and must ensure consistent compliance to these requirements.

4.5. Pre-employment screening

a) Municipalities must ensure that competent employees with high standards of personal integrity are appointed and promoted.

b) Senior manager appointments must comply with the minimum competency requirements as set out in the Regulations on appointment and conditions of employment of senior managers’ (Municipal System Act: Regulations on appointment and conditions of employment of senior managers – Annexure B)

<table>
<thead>
<tr>
<th>Role of other parties:</th>
</tr>
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<tbody>
<tr>
<td>- DCoG should verify compliance with competency requirements.</td>
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<tr>
<td>- DCoG should develop a national competency testing centre for senior managers.</td>
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</table>

c) Pre-employment screening should be conducted for all new appointments to verify:
   - Qualifications
   - Previous employment
   - Disciplinary record
   - Criminal record
   - Credit record
   - Any outstanding investigations or disciplinary matters at previous employers.

d) Municipalities must consult the record on dismissed employees kept by the Minister and must abide by the prescribed periods.

<table>
<thead>
<tr>
<th>Relevant legislation:</th>
</tr>
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<tbody>
<tr>
<td>Municipal Systems Act – s.57A</td>
</tr>
<tr>
<td>(1) Any staff member dismissed for misconduct may only be re-employed in any municipality after the expiry of a prescribed period</td>
</tr>
</tbody>
</table>

Relevant periods are set out in the ‘Regulations on appointment and conditions of employment of senior managers - schedule 2’

(9) The Minister must maintain a record of all staff members that have:
   - Been dismissed for misconduct; or
   - Resigned prior to the finalisation of the disciplinary proceedings which record must be made available to municipalities as prescribed.

e) Employees should be re-screened when they are promoted, especially if different levels of qualifications are required by the new position.

f) Municipalities should conduct a once off qualifications audit on senior managers and other officials key positions.
4.6. Conflict of interest management

Municipalities should ensure that conflicts of interest are pro-actively managed.

a) A conflict of interest policy needs to be developed that deals with:
   - Declaration of interests
   - Disclosure of interests
   - Gifts
   - External remunerative work

Role of other parties:
- For declarations of interests the Minister should give clarity on what information should be made public and what should remain confidential.
- DCoG should consider moving municipalities to a single e-disclosure platform which gives municipalities access to their own information and allows national oversight. The DPSA has developed such an e-disclosure platform and should be consulted to explore synergies or the sharing of technology.
- DCoG to consider making disclosure compulsory for all municipal officials (not just senior managers).

b) Supporting systems and processes should be developed for:
   - Declaration of interest (in line with the Code of Conduct for Municipal Councillors s.7, and the Code of Conduct for Municipal Staff Members, s.5a.)
   - Checking the declarations for potential conflicts of interest during procurement processes.
     - Declarations should ideally be in electronic format to allow for accessibility of information.
   - External remunerative work
   - Gift registers

c) All suppliers must be screened against the municipality's financial declaration database, GIPC database, National Treasury's register for tender defaulters and the List of Restricted Suppliers, and with the South African Revenue Service to ensure that their tax matters are in order.

Relevant regulation:
Accounting Officers are required to email the details of the recommended bidder to the National Treasury prior to awarding a contract. A response will generally be provided within one (1) working day confirming whether the name provided has been listed as a person or company prohibited from doing business with the public sector. This is not a public service so the request must be emailed from a person authorised by the Accounting Officer. These enquiries should be forwarded by e-mail to restrictions@treasury.gov.za.

- National Treasury MFMA circular no. 46
Role of other parties:
DCoG, National Treasury and the Department of Trade and Industry should ensure that municipalities have access to the Companies and Intellectual Property Commission (CIPC) database for conflict of interest risk management purposes.

5. DETECTION

Principles:
Municipalities should:
- Put in place systems and processes to ensure that they detect instances of corruption that may occur.
- Manage information on cases reported or under investigation and report such information to the MEC and the Minister.

Implementation:

5.1. Management monitoring
   a) Managers in high risk areas should monitor (e.g. perform spot checks on) transactions and processes under their control to ensure non-procedural / corrupt activities are detected.

5.2. Internal audit
   a) Section 165 of the MFMA requires all municipalities to have an internal audit unit, or to outsource this function.
   b) The internal audit unit must be given the mandate to perform ongoing assessments to ensure non-procedural / corrupt activities are detected. This may be done through:
      o Scheduled audits
      o Unscheduled / random audit checks
   c) The senior management team should consider Internal Audit reports and monitor implementation of recommendations.

5.3. Analysis of information / Data analytics
   a) Information should be analysed to detect possible conflicts of interest or other fraud or corruption red flags. This includes information obtained from:
      o Disclosures of interests;
      o External remunerative work applications;
      o Gift registers;
      o The municipal vendor database;
      o Financial management system; and
      o The Companies and Intellectual Property Commission (CIPC) database.
   b) Transactional information should also be analysed by using information technology to highlight red flags.
5.4. Whistle-blowing and reporting mechanisms

a) The municipality should have a mechanism to allow for the anonymous reporting of fraud and corruption.

b) As far as practical and effective municipalities should utilise the National Anti-corruption Hotline which is managed by the Public Service Commission.

Role of other parties:
DCoG will, together with the Public Service Commission and other role-players, review the efficacy of the National Anti-corruption Hotline to ensure it provides timely and trusted reports to municipalities.

The possibility should be explored for municipalities to receive reports directly from the Public Service Commission to avoid long communication channels.

c) The municipality must have a whistle-blowing policy in place which at a minimum specifies:

- Avenues for reporting misconduct;
- What will happen when reports are received;
- Commitment to not retaliating against those who report; and
- Disciplinary consequences for those who do retaliate.

Relevant legislation:
- Protected Disclosures Act (26 of 2000)
- MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014.
  - These regulations (s.17) require the establishment of confidential reporting procedures and specify to whom allegations of financial misconduct may be reported (s. 9).

The whistle-blowing policy should align with the Protected Disclosures Act and these regulations.

5.5. Community reporting avenues

a) The municipality must create trusted avenues for residents / community members to report corruption or suspicions of corruption.

- Such avenues may include the use of ombudsmen / integrity commissioners.
- The MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014 (s17) specifies that the community must be made aware of confidential reporting procedures in relevant media.

5.6. Data management
a) Municipalities must establish a case management system that:
   - Keep records of all reported cases and cases under investigation.
   - Tracks progress
   - Allows for trend analysis
   - Aligns with the reporting requirements of national and provincial government.

**Relevant regulation:**

MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014.

- Section 14 of the regulations require municipalities to prepare an information document on any alleged financial misconduct or offence stating:
  - Name and position of person alleged to be involved;
  - Summary of facts
  - Monetary amount involved
  - Disciplinary steps taken or to be taken
  - If no disciplinary steps are taken, the reason for this decision.
  - Case number issued by SAPS if it is a financial offence
  - Steps taken to recover unauthorized, irregular or fruitless and wasteful expenditure.

This information must be submitted to a number of entities. The information management system must therefore keep data at least on these aspects.

Section 34 of the Prevention and Combatting of Corrupt Activities Act requires persons in positions of authority to report acts of corruption, or acts of fraud involving more than R100 000 to the SAPS. The information management system should keep proof of these reports.

b) The information should be kept in electronic format.

c) Steps should be taken to ensure that the information is secure and remains confidential in line with the Minimum Information Security Standards (MISS).

d) Regular reports must be submitted to the Municipal Manager and the Audit Committee.

e) Reports must also be submitted to external entities as set out in section 8 of this document.

6. **INVESTIGATIONS**

**Principles:**

- Municipalities must ensure that all legitimate corruption allegations are investigated. They may develop internal capacity, make use of external expertise, or draw on provincial or national expertise.
- There must be transparency about how investigations are dealt with.
- All matters must receive the appropriate level of independent investigation. A multi-agency approach should be promoted.

Implementation:

6.1. Investigations policy / response plan
   a) Municipalities must develop an investigations policy setting out how detected matters will be dealt with, including:
      o Procedures for investigations
      o Processes for ensuring independence when senior managers, municipal managers, or councillors are implicated.
        - For example, it is not possible for an internal municipal forensic investigator to conduct an independent investigation into allegations against senior politicians, senior managers in their municipality. Independent external investigation is required and a multi-agency approach should be followed.
      o Roles and responsibilities including oversight by council committees.
   b) The investigations policy should align with the MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (2014)

      Role of other parties:
      The Anti-corruption Task Team must develop guidelines and sample policies for municipalities to ensure that investigations are fair, independent and procedurally correct.

6.2. Internal or external investigations capacity
   a) Municipalities should ensure that allegations are investigated appropriately by competent, and sufficiently independent, investigators.
   b) Internal capacity may be developed if it is cost effective and the required skills can be sourced.
   c) The municipality may also make use of external forensic consultants, shared service arrangements, provincial or national investigators, or the Special Investigations Unit.

6.3. Co-operating with law enforcement agencies
   a) In line with section 32(6) and (7) the Accounting Officer (or Council if the Accounting Officer is implicated) must report to SAPS all cases of alleged irregular expenditure that constitute a criminal offence, theft and fraud that occurred in the municipality.

      Relevant legislation:
      Prevention and Combating of Corrupt Activities Act – s.34, which stipulates that a failure by persons in position of authority to report acts of corruption, or acts of fraud involving more than R100 000, is a criminal offence.
6.4. Multi-agency approach
   a) A multi-agency should be promoted whenever there are potentially sensitive matters
      which may be open to interference.

7. RESOLUTION

Principles:
- Municipalities should ensure the timely, fair and complete resolution of corruption matters.
  Perpetrators must be held accountable, losses must be recovered and recurrences prevented.

Implementation:

7.1. Disciplinary action
   a) The municipality must have competent labour relations capacity to ensure swift, fair
      and procedural disciplinary action.

   Role of other parties:
   The South African Local Government Bargaining Council should review the Disciplinary
   Procedure and Code to ensure it support anti-corruption efforts.

   b) The municipality should make use of trained and experienced presiding and prosecuting
      officers for corruption cases.

   c) The municipality may make use of external capacity where they don’t have the internal
      capability or in sensitive or high profile cases.

   Relevant legislation:
   The Public Administration Management Act establishes the Public Administration
   Ethics, Integrity and Disciplinary Technical Assistance Unit which will, among other
   things, “provide technical assistance and support to institutions in all spheres of
   government regarding the management of ethics, integrity and disciplinary matters
   relating to misconduct in the public administration.”

   The Unit may perform its functions in respect of: “a municipality with the concurrence
   of the Municipal Council or upon the request of the relevant Municipal Council, or upon
   the request of the relevant Member of the Executive Council in respect of an
   investigation contemplated in section 106(5) of the Municipal Systems Act.”

   Role of other parties:
   DCoG (in collaboration with the Public Administration Ethics, Integrity and Disciplinary
   Technical Assistance Unit) should ensure the availability of a pool of experienced
   presiding and prosecuting officers that can be seconded to municipalities.

7.2. Recovery of losses
Municipalities must recover all unauthorised, irregular or fruitless and wasteful expenditure.

a) The municipality must recover losses from the responsible individuals in line with section 32 of the MFMA.
   o Council may not write off losses without valid reasons.

Role of other parties:
The Auditor General should review all losses written off.

b) All losses and consequent steps must promptly be reported to the Auditor General and MEC in line with section 32(4) of the MFMA.

c) Criminal Procedures Act
   o Where criminal matters go to court the municipality should request prosecutors to ask for restitution in terms of section 300 of the Criminal Procedures Act (51 of 1977). The municipality may in this way recover losses without legal fees.
   o The municipality should also explore recovery from the employee’s pension fund in terms of section 370(b)(ii) of the Pension Funds Act (24 of 1956). This can form part of the restitution order described above.

d) Civil recovery
   o The municipality should institute civil recovery proceedings to recover losses due to unlawful acts.

e) Asset forfeiture
   o Where the Asset Forfeiture Unit is involved the municipality must request them to pay recovered proceeds back to the municipality. (This can be done at the discretion of the Asset Forfeiture Unit – alternatively it will be paid into the Criminal Assets Recovery Account.)

7.3. Individual accountability

a) Section 173 of the Municipal Finance Management Act provides for the following people to be held criminally liable in their individual capacity for among other things:
   o Accounting officer – for deliberately or due to gross negligence not implementing certain provisions of the MFMA;
   o Finance managers with delegated responsibilities – for deliberately or due to gross negligence not implementing requirements of their delegations;
   o Councillors – for interfering with the implementation of the MFMA.

b) The municipality should bring criminal charges against individuals who wilfully corrupt the municipality.

7.4. Criminal prosecutions

a) Cases that have been reported to the SAPS must be followed up to track the outcome of criminal prosecutions.

b) The municipality should collaborate with law enforcement agencies to bring about successful prosecutions.
7.5. Cancellation of contracts
   a) The municipality should consider cancelling contracts that were fraudulently or corruptly obtained where it is in the municipality’s interest. (In line with s.38 of the Municipal Supply Chain Management Regulations.)

7.6. Prevention of recurrence
   a) The municipality should take appropriate steps to prevent recurrences of specific types of corruption. The implementation of these steps must be monitored by the Internal Audit Unit.
   b) The municipality should report blacklisted suppliers to National Treasury for inclusion in the List of Restricted Suppliers.
   c) The municipality should report dismissed employees to the Minister for inclusion in a national database.

7.7. Communication of successes
   a) Municipalities should communicate its successes in combatting corruption. This should deter perpetrators and build confidence in the governance of the municipality.

8. REPORTING

Principle:
- Municipalities must submit reports to appropriate entities to ensure implementation and transparency.
- Effective information management systems should be implemented to ensure the appropriate information is kept and reported.

Implementation:

8.1. Reporting on implementation of the Framework
   a) Those responsible for implementing the Framework (i.e. integrity management practitioners) should report quarterly to the Municipal Public Accounts Committee (MPAC).
   b) A report must also be submitted to council.
   c) A report on integrity management and corruption response must also be made public on an annual basis.

8.2. Reporting of allegations and outcomes (internal reporting)
Municipal regulations on financial misconduct procedures and criminal proceedings, 2014.
These regulations require:
   a) The mayor or accounting officer to table an allegation of financial misconduct before the council not later than 7 days after receipt thereof or at the next sitting of the council.

Back to Basics Approach requires the following reporting:
b) Speaker to report on a monthly basis to Council on:
   - How many misconduct issues were brought to the attention of councillors and how these are being addressed.
   - All actions being taken to address fraud and corruption.

c) Municipal manager to report on a monthly basis to Council on:
   - The overall operations of financial management and all reported instances of fraud and corruption, including actions being taken.

8.3. Reporting of allegations and outcomes (External reporting)

MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014.

These regulations stipulate:

a) The responsibility of the accounting officer (or the council if the accounting officer is involved) to report alleged financial offences to the South African Police Service.
   - This is also required by the MFMA s.32(6) and (7);

b) That, when investigating a councillor, ‘the designated official’ must submit completed investigative reports to council and make it available to the public. In five days from submitting it to council the report must also be submitted to the:
   - MEC for finance in the province;
   - MEC for local government in the province;
   - Minister of Finance; and
   - Minister responsible for local government.

c) Municipalities must prepare an information document on any alleged financial misconduct or offence stating:
   - Name and position of person alleged to be involved;
   - Summary of facts
   - Monetary amount involved
   - Disciplinary steps taken or to be taken
   - If no disciplinary steps are taken, the reason for this decision.
   - Case number issued by SAPS if it is a financial offence
   - Steps taken to recover unauthorized, irregular or fruitless and wasteful expenditure.

d) This information should within 5 days of finalizing investigation documents be reported to:
   - The mayor
   - The MEC for local government in the province
   - The national department responsible for local government
   - The provincial treasury
   - National Treasury; and
   - Auditor General.
   - This aligns with the s.32(4) of the MFMA which requires all losses and consequent steps to be promptly reported to the Auditor General and MEC for local government in the province.

e) All suspensions, disciplinary and criminal proceedings for financial misconduct must be reported in municipalities’ annual reports.
Municipal Systems Act

f) Section 57A of the act requires municipalities to report certain information on disciplinary proceedings to the MEC for local government, as set out below.

Relevant legislation:

Municipal Systems Act – s.57A

(6) A municipality must maintain a record that contains the prescribed information regarding the disciplinary proceedings of staff members dismissed for misconduct.

(7) A copy of the record referred to in subsection (6) must be submitted to the MEC for local government on a quarterly basis.

(8) The MEC for local government must, within 14 days of receipt of the record referred to in subsection (6), submit a copy thereof to the Minister.

(9) The Minister must maintain a record of all staff members that have-

(a) been dismissed for misconduct; or

(b) resigned prior to the finalisation of the disciplinary proceedings,

which record must be made available to municipalities as prescribed.

8.4. Information management

A database of relevant information should be kept in an electronic format to allow for the reporting as set out above.
Implementation of the Framework
- A differentiated approach

Municipalities have differing levels of capacity, and a differentiated approach will be promoted in the roll-out of the Integrity Management Framework. Implementing aspects which are too complex or arduous can be counterproductive. Municipalities should therefore implement the requirements to the extent that it has an overall net positive effect.
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A. Foreword

Minister of Co-operative Governance and Traditional Affairs (CoGTA)

Fraud and Corruption has become one of the main issues occupying the public discourse. Government has prioritized the fight against corruption in the public and the private sector. The fight against corruption is one of the key pillars and a priority area of our Back to Basics strategy.

Municipalities are perceived to be the hub of corruption. In almost all areas where there is protest over service delivery; corruption features as one of the main contributory elements. Communities take to the streets over looting of public resources meant to uplift them.

The jostling for positions of senior managers, factionalism, nepotism, political interference in municipalities are some of the elements of the governance system which are driven by a quest for access to resources and control of the levers of power for self-serving ends.

Deviations from set standards and norms enshrined in various legislative enactments and policies, is a daily occurrence in the governance of most municipalities as evident from the Auditor General’s reports. There is no consequence management and action is taken against those found to have broken the rules, this cultivate a culture of non-compliance with prescripts.

The country has some of the best legislative regimes and has established proper structures to address corruption. Laws serve the purpose for which they were enacted only if implemented and enforced. There is no will or commitment within municipalities or provinces to enforce the laws and eradicate corruption. Laws that are unenforced are like non-existent.

The revised Local Government Anti-Corruption Strategy (LGACS) and the Municipal Integrity Management Framework provide a high level road map for the three spheres
of Government (national, provincial and local) on how to deal with fraud, maladministration and corruption. The National Development plan put Combating fraud and corruption as one of the key priorities of Government.

The aim of this Strategy, therefore, is to address the above as well as ensuring that there are serious consequences for corruption, fraud and maladministration, and that action will be taken against perpetrators, including forfeiture of assets and instituting of civil claims in line with the Back to Basics campaign.

This Strategy is a product of collaborative efforts with the South African Local Government Association (SALGA), relevant national and provincial departments, municipalities, law enforcement agencies, other partners including labour, business and civil society. It is premised on the following broad strategic objectives:

- Promoting community ownership;
- Strengthening municipalities' resilience against corruption;
- Building trust and accountability through effective investigation and resolution.

The success of its implementation lies in ensuring that there is adequate capacity. In this regard, Anti-Corruption Technical Working Groups have been established in all provinces to play an oversight role amongst other things.

I therefore would like to acknowledge and thank the contribution, dedication, commitment and hard work of all role-players and partners who participated in the engagements and development of this Strategy, but most importantly we must all seek to implement this strategy with vigour.

DES VAN ROOYEN, MP
MINISTER
B. Purpose

To set out the strategic objectives to be pursued by the local government sector in combating corruption in South African municipalities.

C. Context

The Diagnostic Report of the National Planning Commission identified high corruption levels as one of the 9 primary challenges facing South Africa. It is a challenge in all spheres of society, and it is imperative that every sector combats corruption, individually and collectively, if we are to succeed.

Corruption breaks down societal norms, erodes good governance and obstructs service delivery. Municipalities must combat corruption not as a side project, but as part of the consistent drive to deliver services to communities, and to achieve the other ‘Objects of local government’ as set out in section 152 of the Constitution.

Municipalities must also promote the ‘Basic values and principles governing public administration’. These are set out in section 195 of the Constitution and include the following principles which are particularly important in the promotion of good governance and combatting of corruption:

(a) A high standard of professional ethics must be promoted and maintained.
(b) Efficient, economic and effective use of resources must be promoted.
(f) Public administration must be accountable.
(g) Transparency must be fostered by providing the public with timely, accessible and accurate information.

The 2006 Local Government Anti-corruption Strategy was a key initiative in promoting anti-corruption efforts in the local government sphere. The strategy formed part of a comprehensive legislative and regulatory environment aimed at combatting corruption. Today this regulatory environment remains in place, but there are still significant challenges regarding implementation.

At the 2013 South African Local Government Association (SALGA) Anti-corruption Summit, there was a collective resolution to: “Intensify the fight to collectively combat all forms of fraud, corruption and maladministration, including through a revised Anti-Corruption Strategy for Local Government”

In line with this resolution, and to support the Back to Basics Approach, the Department of Co-operative Governance (DCoG) has reviewed the Local Government Anti-corruption strategy.
The review has been undertaken in collaboration with SALGA and the Department of Public Service and Administration (DPSA) and in consultation with various other key role-players, including law enforcement agencies.

The review also forms part of a broader campaign to strengthen anti-corruption initiatives in South Africa.

- The National Development Plan (chapter 14) and the Medium Term Strategic framework (Outcomes 3, 9 and 12) both deal extensively with anti-corruption and good governance initiatives;
- The recently signed Public Administration Management Act legislates a number of interventions intended to combat public sector corruption;
- Cabinet has approved the Public Service Integrity Management Framework;
- The Anti-corruption Task Team (ACTT) is reviewing the National Anti-corruption Strategy, which also looks at local government matters; and
- National Treasury is reviewing government's procurement processes.

This revised Local Government Anti-corruption Strategy aims to consolidate initiatives aimed at combatting corruption in the local government sphere and to align with existing and emerging initiatives.

D. Vision

A local government sector where:

- Leadership is unquestionably committed to high ethical standards, service delivery and good governance;
- A sense of openness and accountability defines the relationship with the citizens;
- Robust governance and oversight processes are institutionalised and resourced;
- A professional ethical culture is embedded; and
- Corruption incidents are dealt with justly and decisively.

E. Principles of the Local Government Anti-corruption Strategy

The revised strategy seeks to:

a) Provide a holistic and integrated approach to fighting corruption at the local government level;

b) Promote prevention, detection, investigation, resolution and public participation as the platform for the strategy;
c) Support comprehensive public awareness and civil education; including strengthening community participation in the fight against corruption in municipalities;

d) Professionalise the local government sector and to promote ethical conduct;

e) Promote the integrity of municipal business processes, including comprehensive risk management.

Within this context, this Strategy affirms the commitment of local government to work collaboratively with all relevant agencies and chapter 9 institutions to report fraud and corruption and effectively implement measures against those found in contravention of applicable policies, systems and legislation.

F. Strategic objectives - overview

The local government anti-corruption strategy is built around the following three strategic objectives and the supporting focus areas:

1. Promoting community ownership
   a) Facilitating a national dialogue on governance and ethical leadership in municipalities
   b) Implementing basic public participation responsibilities
   c) Developing and promoting good practice in community oversight
   d) Driving an anti-corruption awareness campaign

2. Strengthening municipalities' resilience against corruption
   a) Implementing the Integrity Management Framework in municipalities
   b) Developing a community of Integrity Management Practitioners

3. Building trust and accountability through effective investigation and resolution
   a) Developing municipal capability to manage investigations and consequences
   b) Providing capacity support to municipalities for investigations and disciplinary procedures
   c) Improving oversight of investigations and consequences
G. Strategic objectives

This section clarifies why these objectives are important and gives more detail on what programmes will entail.

1. Promoting community ownership

1.1. Context

The White Paper on Local Government (1998) provides that developmental local government needs to be accountable and transparent, defining accountability as the willingness to account for decisions and actions. Developmental local government requires a political leadership which creates opportunities to account to the community over and above regular elections. A political ‘culture of participatory governance’ is vital if the vision of development local government is to be realised.

Section 152 of the Constitution stipulates the objects of local government, which include:

- To provide democratic and accountable government for local communities; and
- To encourage the involvement of communities and community organisations in the matters of local government.

Municipalities’ responsibilities in this regard are elaborated in Chapter 4 of the Municipal Systems Act, which deals with Community Participation, and specifically highlights the “Development of culture of community participation” (s. 16). ‘Putting people first’ is also one of the 5 pillars of the Back to Basics Approach. It highlights the need for improved compliance with the letter and spirit of the laws regarding public participation.

As the ‘owners’ of municipalities communities are entitled to transparent and accountable governance. The municipal administration is accountable to the municipal council, which is in turn accountable to local communities. The interface between communities and municipalities, however, remains a challenge - especially as it relates to transparency of processes and accountability mechanisms. Besides traditional public participation methods there is also a need to develop innovative platforms for engagement, transparency and oversight. A number of South African and International good practice examples exist in this regard.

Communities also engage with municipalities through their elected representatives. This requires leaders to lead in the interest of communities.

The National Development Plan states that “South Africa needs a national conversation about the qualities of leadership that are required in all areas of public life. The first national plan
provides an excellent opportunity to provide that conversation and to identify the leadership attributes that are essential to build a just and equal nation”.\textsuperscript{1}

Such a conversation is critical at local government level. Beyond merely specifying leadership qualities there is a need for a discussion that gives practical guidance on the values, responsibilities and arrangements required for good governance.

The King Report on Corporate Governance sets principles for ethical leadership and good governance in South Africa. Its principles are supported by government, but it does not address challenges specific to local government. There is a need for a widely consulted, local government owned document that sets out governance and ethical leadership principles for local government.

Citizens themselves however also have a role to play. There is broad media coverage of corruption matters, yet there is very limited communication on the role of citizens in combatting corruption. The people of South Africa should understand that they have the power to be part of the solution. The National Development Plan sets out the vision of “a South Africa which has a zero tolerance for corruption, in which an empowered citizenry have the confidence and knowledge to hold public and private officials to account and in which leaders hold themselves to high ethical standards and act with integrity.”\textsuperscript{2}

Municipalities are also dependent on citizens to identify and report cases of corruption. People will however only report if they trust that their reports will be of consequence. Successes need to be communicated in a way that shows commitment and impact.

The Anti-corruption Task Team will be initiating a coordinated national anti-corruption awareness campaign. There is an opportunity to align with this campaign for maximum impact.

\textbf{1.2. Focus areas}

The issues identified above will be addressed through the following initiatives:

a) Facilitating a national dialogue on governance and ethical leadership in municipalities

A structured national dialogue should be facilitated to determine ‘Values and principles for ethical governance in municipalities’. The process should culminate in a widely consulted document that specifies not only abstract values, but specifically how to operationalise good governance and ethical leadership in practice.

\textsuperscript{1} National Development Plan, p.410
\textsuperscript{2} National Development Plan - p.402
Roles and responsibilities:

The Minister of Co-operative Governance and Traditional Affairs should initiate a national dialogue and establish a multi-sectoral body to drive the initiative.

A broad spectrum of knowledgeable or interested parties should contribute to the discussion. (E.g. municipalities, provinces, SALGA, community bodies, political parties, professional associations, labour, and business.)

b) Implementing basic public participation responsibilities

There should be minimum compliance with legislative and regulatory requirements aimed at promoting community participation. Plans should align with and support the ‘Putting people first’ pillar of the Back to Basics Approach.

Roles and responsibilities:

The implementation responsibility lies with municipalities.

National and provincial departments for local government will monitor and support implementation in line with the Back to Basics Approach.

c) Developing and promoting good practice in community oversight

Innovative solutions and good practice need to be developed in the following areas:

- Encouraging participation
- Improving transparency in municipal processes;
- Promoting participative community oversight; and
- Ensuring municipalities are responsive to community reports of corruption.

Roles and responsibilities:

SALGA will co-ordinate the research and development of good practice by engaging with DCoG, provinces, municipalities and organisations from other sectors (e.g. research institutions, civil society, and professional bodies). They will facilitate the establishment of communities of practitioners dealing with community participation and oversight.

Provinces should co-ordinate provincial knowledge sharing initiatives and support municipalities with the implementation of emerging good practice.

Innovative municipalities should share their experiences and participate in forums. Municipalities that have the capacity should implement emerging good practice.

d) Driving an anti-corruption awareness campaign

An awareness campaign should be launched to:

- Promote an understanding of corruption;
- Drive a social aversion to corruption;
- Motivate the reporting of corruption;
- Make citizens aware of their rights (e.g. for accountable governance); and
- Promote citizen involvement in municipal governance.
The campaign should have a strong national identity and should align with the Anti-corruption Task Team’s national campaign. Efforts should be made to collaborate with all sectors to strengthen the impact.

Roles and responsibilities:

DCoG will collaborate with relevant departments and role-players (e.g. the Department of Communications, the Anti-corruption Task Team, civil society, the media and business) to develop a communication master plan for local government that aligns with the national anti-corruption campaign. Resource material and guidance on local campaigns will be developed.

National, provincial and local government will drive the roll-out of the co-ordinated campaign in their sphere of influence.

Communities (e.g. religious organisations, community organisations, schools, and business bodies) should be encouraged to participate in campaigns.

2. Strengthen municipalities' resilience against corruption

2.1. Context

An organisation’s resilience against corruption is often understood to be a reflection of its anti-corruption capacity. It should however be acknowledged that resilience against corruption is perhaps even more dependent on an organisation being well governed, having competent administrative capacity, and being focussed on delivering on its mandate.

Developing such organisations is the focus of the Back to Basics Approach as can be seen from its 5 pillars:
- Putting people first;
- Basic Services;
- Good Governance;
- Sound Financial Management; and
- Building institutional Capability.

To avoid duplication of the Back to Basics Approach this strategy will remain focussed on municipalities' anti-corruption initiatives, but also ensuring that such initiatives contribute to improved governance, competence and professionalism.

In the Public Service (i.e. national and provincial government) there is a requirement for all departments to develop specified levels of Minimum Anti-corruption Capacity (MACC). It has become the standard ‘checklist’ for assessing departments’ progress in this regard. There has however been an acknowledgement in the Public Service that the focus should shift to a more pro-active approach that focuses on promoting ethics and organisational integrity. The Public Service Integrity Management Framework (approved by Cabinet in 2013) was developed to fill this gap.

The 2006 Local Government Anti-corruption Strategy contains elements of a measurable standard for municipalities, but there are also a number of existing legislative and regulatory requirements that should be implemented as part of anti-corruption initiatives. There is
however no single coherent specification of exact requirements, which contributes to weak implementation.

There is therefore a need for a framework that consolidates initiatives and requirements to promote integrity and combat corruption. It should be specific to local government while aligning to national initiatives. It should also be measurable to ensure implementation can be monitored. The “existence and efficiency of anti-corruption measures” will be monitored as part of the Back to Basics Approach.

Mayors and municipal managers should drive and support the implementation of integrity initiatives. At the same time there is a need for a cadre of professionals to implement these initiatives.

### 2.2. Focus areas

a) Implementing the Integrity Management Framework in municipalities

To drive the constitutional imperative of promoting the basic values of public administration and to take measures to prevent corruption as is required by the Municipal Systems Act s.6(2) this strategy sets out an Integrity Management Framework that will serve as a guideline for municipalities in implementing their initiatives to promote integrity and combat corruption.

The Framework aligns with current public sector initiatives, but is modified to be specifically applicable to municipalities. It is intended to set out municipalities’ complete responsibility in implementing the Local Government Anti-corruption Strategy.

The following diagram gives a schematic overview of the Framework.
1. Municipal leadership should set the tone and drive good governance, organisational integrity and anti-corruption initiatives.
2. Communities must be acknowledged as the 'owners' of municipalities and are therefore entitled to transparent and accountable governance.
3. Appropriate governance structures should be in place and should ensure effective governance, oversight and the implementation of the integrity management framework. There should be sufficient capacity to implement the integrity management framework.
4. Municipalities should institutionalize integrity management initiatives based on the four pillars of:
   - Prevention
   - Detection
   - Investigation; and
   - Resolution.
5. Effective information management systems should be implemented and reports must be submitted to appropriate bodies to ensure transparency in terms through monitoring, oversight and accountability.

The entire Integrity Management Framework is set out in Appendix A.

Roles and responsibilities:

The main implementation responsibility lies with local government.

DCoG will, in conjunction with SALGA and other relevant role-players:
   - Develop guidelines and resources to support implementation;
   - Facilitate skills development in provinces to capacitate them to support municipalities;
   - Develop a model information technology system to enhance good governance within the sector;
   - Review the efficacy of the National Anti-corruption Hotline to ensure it provides timely and trusted reports to municipalities.
   - Develop a clean administration maturity assessment tool (i.e. monitoring indicators)
   - Monitor implementation across municipalities at regular intervals using the instrument; This will be done with differentiation and the context of municipalities in mind.
   - Establish a national peer review mechanism and provide administrative and technical support thereto;
   - Report on the state of implementation and the impact to parliament and provincial legislatures.

Provinces will support municipalities in the implementation of the framework and will support DCoG in monitoring and oversight.

A number of other departments will be responsible for driving programmes which align with their mandate. For example national and provincial treasuries will keep promoting sound financial management and supply chain practices.
b) Developing a community of Integrity Management Practitioners

A skilled and committed cadre of integrity practitioners should be developed. They will develop and exchange good practice and provide collegial support. Learning networks should be developed nationally and provincially.

Mayors and municipal managers should attend dedicated learning events to enable them to drive programmes.

Roles and responsibilities:

DCoG and SALGA to collaborate with other role-players (e.g. the School of Government and professional bodies) to develop programmes to capacitate integrity professionals.

DCoG and SALGA to initiate provincial and national networks and learning forums, including forums for mayors and municipal managers.

Municipalities should identify appropriate integrity practitioners and support their development.

3. Building trust and accountability through effective investigation and resolution

3.1. Context

The National Development Plan points out that accountability is essential to deter people from involvement in corruption\(^3\). The National Planning Commission’s Diagnostic Report however found that "Weak accountability and damaged societal ethics make corruption at lower levels in government almost pervasive"\(^4\).

There are a number of provisions in legislation for ensuring accountability related to misconduct in municipalities. Among these are:

- The Code of Conduct for Councillors which also deals with breaches of the Code by councillors;
- The Code of Conduct for Municipal Staff Members, and Section 67(1)(h) of the Municipal Systems Act which require disciplinary procedures to be in place.
- Section 57A of the Municipal Systems Act which restricts the appointment of municipal staff members dismissed for misconduct;
- Section 32 of the MFMA which deals with unauthorised, irregular, or fruitless and wasteful expenditure;
- Chapter 15 of the MFMA which deals with financial misconduct;

\(^3\) National Development Plan - Executive summary, p.46

\(^4\) National Planning Commission Diagnostic Report, p.37
The recent ‘MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014’ which specifies investigative and disciplinary procedures, as well as reporting responsibilities relating to financial misconduct; and

The implementation should be monitored by the municipal oversight structures which include Audit Committees, Municipal Public Accounts Committees, and the Councils themselves.

In addition to this section 105 of the Municipal Systems Act provides for MECs responsible for local government to monitor municipal matters. Section 106 of the Municipal Systems Act also allows MECs to engage with municipalities where “maladministration, fraud, corruption or any other serious malpractice” has occurred and to investigate if necessary. It also provides for the Minister responsible for local government to request investigations or to investigate the matter if no investigation has been conducted within 90 days of such a request.

Despite all of these initiatives the Auditor-General’s ‘Consolidated general report on the audit outcomes of local government – 2012-13’ found that lack of consequences for irregular expenditure are a serious concern. The initiatives are not being applied consistently and oversight legislation is seldom invoked.

DCoG’s assessment of investigations that have been conducted in municipalities, as well as law enforcement agencies’ experience in municipal investigations highlight a number of factors that impede accountability:

- Lack of knowledge or experience in dealing with corruption allegations in a procedurally correct manner;
- Lack of expertise in municipalities (e.g. investigators, labour relations and presiding officers);
- Use of incompetent or unscrupulous external forensic investigators;
- Interference with investigations / Intimidation of Investigators (also applicable to municipal investigations conducted by provinces);
- Recommendations from investigations are not implemented; and
- Losses are not recovered.

The complex regulatory environment, including fragmented and cross-regulation contribute to the problem. Investigations are also impeded by a lack of integration between municipal HR systems which keep information such as ID numbers and banking details.

A number of reporting requirements exist that would further improve transparency and ensure accountability. This includes information on:

- Allegations, investigations and outcomes;
- Dismissals;
- Blacklisting of suppliers; and
- Declarations of interest.

To enable the sensible use of such information there should be structured information management systems and processes, both at municipalities and at departments and agencies that receive the reports.

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1 Auditor General’s ‘Consolidated general report on the audit outcomes of local government – 2012-13’, p51
3.2. Focus areas

a) Developing municipal capability to manage investigations and consequences

All municipalities should have the capability to navigate the pitfalls and technicalities to ensure that investigations and disciplinary procedures are conducted procedurally correct. Not all municipalities will have internal investigative capacity, but they should have standard procedures for ensuring sound resolution which may include working with external agencies.

Roles and responsibilities:

DCoG and the Anti-corruption Task Team will develop a capacity building programme and support which may include:

- A plain language guide on applicable regulations and procedures to follow for ensuring accountability;
- Training for relevant officials at municipalities and provinces; and
- Helplines.

b) Providing capacity support to municipalities for investigations and disciplinary procedures

Where municipalities do not have the capacity to investigate or drive successful disciplinary procedures they should have access to competent people to assist them.

A national database of accredited professionals should be developed to ensure high standards in investigations and disciplinary proceedings where external professionals are contracted.

Roles and responsibilities:

DCoG will, working with the DPSA and the Anti-corruption Task Team ensure that capacity and processes exist to provide such support. This may, for example, take the form of a pool of experts, utilising resources in the Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit established by the Public Administration Management Act (s. 15), or in the form of a Special Tribunal as allowed under the Special Investigating Units and Special Tribunal Act.

The same role-players should consider the establishment of the database of accredited professionals.

c) Improving oversight of investigations and consequences

Mechanisms should be institutionalised to:

- Ensure transparency and oversight of investigations;
- Provide quality control on investigations;
- Promote individual accountability and responsibility of officials and councillors

- Ensure the recovery of losses
- Monitor the implementation of the recommendations flowing from investigations; and
- Ensure enforcement of just recommendations.

A **multi-agency approach** should be promoted for high value or high profile investigations as this promotes peer oversight.

**Roles and responsibilities:**

DCoG will work with the Anti-corruption Task Team to develop a robust oversight model that will ensure accountability. Provinces should be consulted and form part of the oversight solution.

Municipalities should develop and institutionalise procedures to ensure investigations are dealt with professionally and consistently and that there are just consequences for perpetrators. Oversight responsibilities should be assigned to relevant governance structures.

d) **Improving information management**

Accurate, complete and timely information should be available to improve oversight, accountability and risk management.

**Roles and responsibilities:**

DCoG will, in consultation with relevant role players (e.g. the Anti-corruption Task Team, National and Provincial Treasuries, provincial departments responsible for local government, the Auditor-General, and organised local government) ensure clear co-ordination and improved alignment of information management, monitoring and reporting standards and processes across all spheres of government. There should be an efficient and coherent reporting framework that clearly stipulates all reporting and oversight obligations.

DCoG will, working with the Anti-corruption Task Team and other relevant role-players, explore the integration of municipalities HR databases.

DCoG and relevant role players (e.g. National Treasury) will explore making information technology available to municipalities to improve financial management and pro-active detection of red flags.

DCoG should consider moving municipalities to a single e-disclosure platform which gives municipalities access to their own information and allows national oversight. The DPSA has developed such an e-disclosure platform and should be consulted to explore synergies or the sharing of technology.

DCoG to consider the desirability of making disclosure compulsory for all municipal officials (not just senior managers).

Municipalities and provinces should align their information management, monitoring and reporting to the information requirements of relevant entities.
Departments and agencies that receive reports should ensure that they have capacity to analyse reported information and take action if necessary. There should also be consequences for non-reporting.

H. Roles and responsibilities

In general DCoG will be responsible for driving the strategic objectives set out in this document. They will however need the support and collaboration of many other organisations such as National and Provincial Treasuries, premiers’ offices and provincial departments responsible for local government, the Anti-corruption Task Team, and the Department for Public Service and Administration.

As organised local government the South African Local Government Association (SALGA) has contributed to the development of the strategy. It is a general implementation partner to DCoG, but will more specifically assist in developing resources and supporting municipalities to implement the strategy. Provinces will also be a key partner in support, monitoring and oversight of municipal implementation.

It is acknowledged that some of the initiatives outlined are already underway as part of the Back to Basics Approach or are being led by other departments or entities. DCoG will align with and support these initiatives and avoid duplication.

The most important role-players are municipalities themselves. Municipalities’ responsibilities are consolidated in the Integrity Management Framework.

Specific responsibilities are set out under each focus area.

I. Implementation monitoring and co-ordination

DCoG will form a national implementation steering committee with other role-players. The steering committee will be required to meet quarterly to monitor implementation of the strategy and co-ordinate activities.

All provinces should establish some form of anti-corruption technical working group which will, besides other functions, also monitor implementation in provincial municipalities.

DCoG should report to provincial legislatures and Parliament on implementation and impact. These legislatures will fulfil an oversight function to ensure implementation.

Within municipalities an appropriate committee should be tasked with implementation oversight.
Appendix A: Municipal Integrity Management Framework
6.12

**G12/08/19 GREATER KNYSNA TOURISM DESTINATION PLAN**

**REPORT FROM THE DIRECTOR: PLANNING AND DEVELOPMENT**

**PURPOSE OF THE REPORT**

To submit the comprehensive tourism destination plan titled “Destination Knysna. Towards a sustainable tourism economy in Knysna”.

**BACKGROUND**

The tourism industry is of great strategic importance to Knysna Municipality as an enabler of economic development and an area in which Knysna benefits from a clear and compelling competitive advantage due to the abundance, diversity and accessibility of its natural assets, namely, sea, mountains, forests, rivers, lakes, nature reserves and wildlife. To ensure that Knysna is well positioned and adequately prepared to extract maximum economic benefit from the shifts taking place in the global market, however, a strategically astute tourism destination plan is essential.

The Knysna Municipality Tourism Destination Plan has been compiled to enable a coordinated, focused approach to the development of Greater Knysna into a destination brand that can actively compete on the global stage. The plan titled “Destination Knysna. Towards a sustainable tourism economy in Knysna” is the outcome of a comprehensive tourism strategy development process undertaken by the economic development department over the past two financial years.

**DISCUSSION**

The objective is provide a destination strategy for Knysna that defines a collective vision for the development of tourism. Through a thorough review and analysis of Knysna’s natural assets, tourism activities and current processes for connecting buyers (tourists) and sellers (local tourism businesses), the Knysna Municipality Tourism Destination Plan seeks to:

- Improve the attractiveness of the Greater Knysna as a destination.
- Define and establish Knysna’s position as a desirable destination by improving the quality and increasing the number of tourism products on offer.
- Increase the number of domestic and international, leisure and business travellers that choose Knysna as their preferred destination.

Implementation of the tourism destination plan will be initiated through a tourism development programme that will be coordinated by the economic development department in the 2019/2019 financial year and operational budget has been secured for this programme. The programme will consist of tourism infrastructure, product and skills development projects in the first phase implementation and will be review
FINANCIAL IMPLICATIONS

An amount of R 600 000 has been budgeted for the first phase implementation of the tourism development programme in 2019/2020.

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That the draft Tourism Destination Plan, be noted; and

[b] That the draft Tourism Destination Plan be advertised for public comment for a period of 21 days prior to the submission of the final Plan.

APPENDIX / ADDENDUM


File Number : 9/1/2/13
Execution : Director : Planning and Development;
Manager : Economic Development
DESTINATION KNYSNA
Towards a sustainable tourism economy in Knysna
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   6.3.1. IDP integration and stakeholder planning process
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   6.3.3. Feasibility
   6.3.4. Partnerships and project matchmaking
   6.3.5. Development of a business plan
   6.3.6. Municipal budgeting and financing
   6.3.7. SMMEs and PPPs
   6.3.8. Investment readiness
   6.3.9. Project handover and mentoring
   6.3.10. Institutional arrangements

7. CONCLUSION
## 1. EXECUTIVE SUMMARY

### 1.1. INTRODUCTION

The tourism industry continues to be one of the fastest growing sectors in the world, a trend that has had an extremely positive socio-economic impact on many developing countries. Indeed, for those countries with a quality tourism offering, the sector has come to represent one of the main sources of income, with economic and employment benefits reaching across a matrix of related industries.

Covering the tip of the African continent, South Africa's diverse landscape, spectacular scenery, temperate climate, cultural diversity, welcoming people, world-class infrastructure, excellent standards of service, and weakened currency have, in the 20 years since the fall of apartheid and sanctions, contributed to establishing the country as a highly desirable tourist destination that offers great value for money for business, leisure, sport, eco, paleo and cultural travellers alike.

At the centre of the world-famous Garden Route, Knysna was a key beneficiary of the tourism sector’s growth locally and the industry is now the lifeblood of Greater Knysna’s economy. The town is an aspirational, enticing and popular holiday destination in the minds of local and international leisure travellers. Due to the seasonal nature of leisure tourism, however, the business cycle of Greater Knysna currently amounts to only 4 months of intense activity and trading each year.

The tourism industry is of great strategic importance to Knysna Municipality as an enabler of economic development and transformation across its wards. In fact it is one of the few sectors in which Knysna benefits from a clear and compelling competitive advantage due to the abundance, diversity and accessibility of its natural assets - sea, mountains, forests, rivers, lakes, nature reserves and wildlife. To ensure that Knysna is well positioned and sufficiently prepared to extract maximum economic benefit from the shifts taking place in the global market, however, a strategically astute tourism destination plan is essential.

### 1.2. GOALS AND OBJECTIVES

The Knysna Municipality Tourism Destination Plan has been compiled to enable a coordinated, focused approach to the development of Greater Knysna into a destination brand that can actively compete on the global stage. Success will depend on knowledge, insight and an in-depth understanding of the market drivers and demands. This can only be achieved through
comprehensive research and the close collaboration of Knysna Municipality with national and international industry stakeholders to ensure market penetration.

THE GOALS OF ECONOMIC DEVELOPMENT IN TOURISM

- To deliver more customers (leisure and commercial) to local businesses on a consistent and sustained basis (i.e. 12 months/year);
- To strengthen and manage the volume of visitor activity in Knysna by attracting local and international tourists to the Garden Route outside of peak season, and by providing unique, quality experiences that encourage repeat visits and word-of-mouth promotion;
- Thereby, to increase the number of bed nights sold in Greater Knysna;
- To fuel the local economy by increasing the number of development opportunities, particularly in the informal, more remote communities.

THE OBJECTIVES OF THIS PLANNING DOCUMENT

- To provide a destination strategy for Knysna that defines a collective vision for the development of tourism in the town to ensure that every visitor’s every experience of Knysna aligns with the town’s ambitions;
- Through a thorough review and analysis of Knysna’s assets as a destination, tourism activities and current processes for connecting buyers (tourists) and sellers (local tourism businesses), the Knysna Municipality Tourism Destination Plan lays the path to achieving 3 key goals:
  1. To improve the attractiveness of Greater Knysna as a destination;
  2. To define and establish Knysna’s position as a desirable destination by improving the quality and increasing the number of tourism products on offer;
  3. To increase the number of domestic and international, leisure and business travellers that choose Knysna as their preferred destination.
1.3. METHODOLOGY

The proposed methodology is outlined in Figure 1. Specific emphasis is placed on the liaison, engagement and coordination of key stakeholders throughout the process.

![Project methodology](image)

*Figure 1: Project methodology*

1.4. STATUS QUO

The South African Standard Industry Classification System (SIC) does not classify the tourism industry as a separate economic sector but rather as a cross-over industry with economic linkages to a number of separate but related sectors. Based on this definition, the tourism industry is considered to have the following components:

- travel and transport;
- accommodation and catering;
- entertainment;
- retail activities;
- tour operator services

The roles and responsibilities of national, provincial and local government are outlined in the Constitution of the Republic of South Africa (1996), providing the basis for regulation of all spheres of activity, including tourism. According to Schedule 4B of the Constitution, local tourism is identified as a local municipal competency.

For the last 8 years, Knysna Municipality has, in the main, relied on Knysna & Partners (K&P) to fulfill the destination marketing function for Knysna. The basis of this has been an annual service level agreement and grant-in-aid by the municipality to K&P. In reevaluating the local tourism mandate it has, however, become evident that this partnership is no longer effective and that an appropriate alternative model is required if Knysna Municipality is to perform its legal mandate. Before this strategic shift can be initiated, a clear understanding of what the function entails is critical.
THE COMPONENTS OF DESTINATION MARKETING

1. Product development, marketing, sales and representation:
   Selling the destination at tradeshows, to tour operators, media and other tourism organisations, and providing a local liaison function for these industry stakeholders on their visits to Knysna.

2. Public relations:
   Managing and developing the brand of Knysna through campaign development and implementation.

3. Visitor information centres:
   Managing physical information centres that address the basic traveller information and destination support requirements.

4. Events and festivals:
   Promoting Knysna as an event destination and providing a liaison and support function to festival and event owners and coordinators.

Due to the lack of information available on tourism in Knysna, in April 2017 the Local Economic Development Department undertook foundational consumer (buyer) research in the form of visitor questionnaires, the results of which are consolidated in Figures 2 and 3 below. The aim was to develop a clearer understanding of how visitors perceive Greater Knysna as a holiday (leisure) destination.
Figure 2: International visitor profile (2017)
Figure 3. Domestic visitor profile (2017)
In summary, the research confirmed that Knysna still holds much attraction for both domestic and international visitors, and that this was influenced by the following factors: Knysna is a beautiful town (25%) and that the town has a lot to offer (14%). Other reasons to visit include to see family/friends (16%) and to conduct business (7%). The average length of stay is between 2 and 6 days during which visitors participate in a host of activities across the Garden Route. Feedback overall was positive with 85.7% of respondents indicating that their impression of Knysna was positive. Almost 72% of respondents indicated that they plan to return to Knysna within the next 2 years.

Visitor perceptions were also assessed insofar as they relate to the quality of tourism services provided by the Knysna Municipality and other industry stakeholders: 90.2% of respondents were satisfied/very satisfied with the quality, range and value for money of accommodation in Greater Knysna; less than 2% of respondents claimed to be dissatisfied/very dissatisfied. Overall, feedback regarding the variety and quality of visitor activities and shops available in Knysna was positive however 36% of visitors felt that the area lacks evening entertainment and that the range and quality of evening entertainment should be improved.

The majority of respondents (73.5%) indicated that although traffic was fairly congested they did not experience any difficulty finding parking in the area and felt safe; 7% of respondents indicated that finding parking was problematic over the December period. Road signs and information boards are considered informative and assist with the regulation of traffic during peak times. 34.5% were concerned about the quality, maintenance and appearance of roads.

Most visitors were satisfied with the cleanliness of the streets and public spaces with 27% feeling that these services can be improved. Less than 8% of visitors were unhappy about the availability and hygiene of public toilets in Greater Knysna although 22% indicated a need for more public toilets during high season. Less than 30% of respondents were concerned by the quality of drinking water in the area.

1.5. **MARKET DEMAND ANALYSIS**

In recent years tourism, like many other industries, has suffered in the face of the global economic crisis. The industry continues to face high levels of uncertainty due to ongoing economic instability. Climate change policies and the new realities of key international source markets placing a premium price on carbon also have significant implications for long-haul destinations like South Africa.
The latest release of Stats SA’s Annual Tourism Satellite Account for South Africa report confirms that the tourism sector directly contributed 2.9% to South Africa’s gross domestic product (GDP) in 2016, making tourism a larger contributor than agriculture, although still smaller than industries like construction and mining. Understanding what is driving demand for tourism in the Garden Route and Greater Knysna, what the area’s current markets are, how these markets are performing, and how they presently perceive Knysna was needed for any market demand analysis. Industry questionnaires were therefore compiled and distributed to local stakeholders to audit and gain insight into Knysna’s product and asset profile. A scorecard was then developed to enable rating of these products in terms of:

a. facilities;
b. location;
c. marketing;
d. affordability;
e. capacity/popularity.

An overview of the results is captured in Table 1 below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td># short-stay establishments (excl. Air BnB/private homes): 250</td>
</tr>
<tr>
<td></td>
<td>Average length of stay: 3 nights</td>
</tr>
<tr>
<td></td>
<td>Average rates per night: R1066 (2017)</td>
</tr>
<tr>
<td></td>
<td>Most effective bookings platform: bookings.com</td>
</tr>
<tr>
<td></td>
<td>Most effective marketing platform: online</td>
</tr>
<tr>
<td>Events</td>
<td># of events annually in Greater Knysna: ±70</td>
</tr>
<tr>
<td></td>
<td>Biggest competitive advantage for events: natural environment</td>
</tr>
<tr>
<td></td>
<td>Major events: PnP Knysna Oyster Festival; Laguna Simola Hillclimb</td>
</tr>
<tr>
<td></td>
<td>Most effective marketing platform: social media</td>
</tr>
<tr>
<td></td>
<td>Risks: limited, costly venues and weather conditions (most outdoor events).</td>
</tr>
<tr>
<td>Activities &amp; Attractions</td>
<td># of tourist attractions: 54</td>
</tr>
<tr>
<td></td>
<td># of activities: 48</td>
</tr>
<tr>
<td></td>
<td>Most activities are undertaken by international visitors</td>
</tr>
<tr>
<td></td>
<td>Price points vary depending on activity type</td>
</tr>
<tr>
<td></td>
<td>Most make use of peak season rates</td>
</tr>
<tr>
<td></td>
<td>Most effective marketing platforms: online; word of mouth</td>
</tr>
<tr>
<td></td>
<td>Majority of sales are individual sales or through tour operators</td>
</tr>
</tbody>
</table>
Any destination needs a solid product evaluation strategy in order to develop the tourism offering and specialise the existing supply of the destination. This evaluation needs to be based on existing activities, attractions and resources as well as the essential infrastructure, facilities and services needed to enhance the destination’s product offerings. A separate scorecard based on specific criteria was therefore compiled to evaluate the true success potential of Greater Knysna’s current activities and attractions (Table 2).

<table>
<thead>
<tr>
<th>SUMMARY OF FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities</td>
</tr>
<tr>
<td>Attractions</td>
</tr>
<tr>
<td>Activities</td>
</tr>
</tbody>
</table>

*Table 2. Activities and attractions scorecard*

The overall performance of the Greater Knysna attraction profile is 31% for attractions and 49% for activities. An analysis of the findings is summarised in Table 3 below.

<table>
<thead>
<tr>
<th>SCORECARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTIVITIES</td>
</tr>
<tr>
<td>FACILITIES</td>
</tr>
<tr>
<td>62% of activities have toilet facilities available on site.</td>
</tr>
<tr>
<td>Only 6% of attractions received an excellent rating with respect to the</td>
</tr>
</tbody>
</table>
## Scorecard

<table>
<thead>
<tr>
<th>Activities</th>
<th>Attractions</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 35% received an excellent rating with respect to the cleanliness of amenities; 9% received a moderate score.</td>
<td>cleanliness of amenities; 19% received a moderate score.</td>
</tr>
<tr>
<td>&gt; Only 20 activities use a reception area to welcome visitors.</td>
<td>Only 5 attractions have a reception area to welcome visitors.</td>
</tr>
<tr>
<td>&gt; 9% of establishments received a Trip Advisor ranking of 4; 58% received a 5. The rest were not evaluated on Trip Advisor.</td>
<td>52% of attractions received a Trip Advisor ranking of 4; 12% received a 5. The rest were not evaluated on Trip Advisor.</td>
</tr>
<tr>
<td>&gt; Most establishments speak more than 2 languages.</td>
<td>10 attractions received an excellent rating for quality of cellphone reception; 11 received a moderate rating.</td>
</tr>
<tr>
<td>&gt; Wi-fi is easily accessible for visitors at more than 50% of activities.</td>
<td></td>
</tr>
<tr>
<td>&gt; 31 of the activities have card facilities readily available for visitors.</td>
<td></td>
</tr>
<tr>
<td>&gt; 22 establishments received an excellent rating for quality of cellphone reception; 4 received a moderate rating.</td>
<td></td>
</tr>
<tr>
<td>&gt; 60% have food and beverages readily available for visitors to purchase.</td>
<td></td>
</tr>
</tbody>
</table>

## Locations

<table>
<thead>
<tr>
<th>Activities</th>
<th>Attractions</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 84% of activities are accessible by motor vehicle.</td>
<td>59% of attractions are accessible by motor vehicle.</td>
</tr>
<tr>
<td>&gt; 46% of activities use signage that is visible from the main road to promote their business.</td>
<td>33% of attractions use signage that is visible from the main road; 31% do not.</td>
</tr>
<tr>
<td>&gt; 12 activities prefer to use the service of car guards; only 20 sites have adequate lighting in the parking area.</td>
<td>40% of businesses have signage visible on site.</td>
</tr>
<tr>
<td>&gt; 24 activities use CCTV cameras as a safety measure.</td>
<td>7 sites make use of car guards; 4 sites have adequate lighting in the parking area. 13 attractions have no lighting in the parking area; 5 attractions provided for lighting in</td>
</tr>
</tbody>
</table>
### Scorecard

<table>
<thead>
<tr>
<th>Activities</th>
<th>Attractions</th>
</tr>
</thead>
<tbody>
<tr>
<td>walkways. 15 sites are still in need of walkway lighting.</td>
<td>&gt; CCTV cameras were only used at 7 attraction sites.</td>
</tr>
</tbody>
</table>

### Marketing

- 87% of activities have their own website to promote their business.
- The majority of activities are marketed via social platforms such as Facebook, Twitter and Instagram.
- 95% of business owners use local campaigns to promote activities.
- Only 33% of business owners use international campaigns to promote their activities.
- 31 activities are listed on visitknysna.co.za compared to 21 activities on the KAA’s explorenysna.co.za.

- Only 18 attractions are listed on visitknysna.co.za

### Affordability

- 30 activities charge an entry fee
- 3 of them have a loyalty program offering discounted rates to locals.

- 30 attractions charge an entry fee
- Only 2 attractions have a loyalty program offering discounted rates to locals.

*Table 3. Activities and attractions evaluation*

### Action Plan Outcomes

<table>
<thead>
<tr>
<th>Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number and level of cleanliness of public restrooms available needs to be improved at all major attractions. All activity operators need to provide public amenities and this should be</td>
</tr>
</tbody>
</table>
included in assessments relating to minimum requirements in terms of their business license and health certificates.

- The overall level of cleanliness of activities and attractions must be improved and checks must be put in place to ensure public and private owners are held accountable.
- Activities in particular need reception areas, even if these are just meeting places. Individual operators must be encouraged to improve their total visitor experience.
- Free wi-fi needs to be made available at all major attractions and activities and clearly marketed.

**LOCATIONS**

- All activities and attractions require additional signage and an audit needs to be conducted to inform a detail signage master plan that requires owners to erect signs according to design and implementation time criteria in Knysna Municipality’s signage bylaws.
- Public safety at attractions in particular needs to be improved using CCTV, additional lighting etc. to ensure that visitors feel and are safe at all times.

**MARKETING**

- All activities and attractions without websites need to be assisted to have at least a basic presence on social media. This can be achieved with SEDA’s assistance.
- All activities and attractions must appear on all tourist maps, destination websites and online listings.
- Annual social media training interventions need to be offered for business development.
- www.visitknysna.co.za needs to include listings, details and photos of all attractions and activities.

**AFFORDABILITY**

- Local support needs to be increased using vehicles such as loyalty programmes, low season pricing promotions, family specials and cross-activity/attraction packages.
- Youth, student and pensioner discounts should be considered.

*Table 4. Summary of actions*

### 1.6. DESTINATION OPPORTUNITY ANALYSIS

In order to identify the projects that should be prioritised it is necessary to evaluate the current and future economic development opportunities that exist within the Greater Knysna area and to determine which of these are likely to have the greatest impact. The outcomes of the following two
chapters combined with a specific set of criteria will facilitate this identification and prioritisation according to sustainability and potential for economic upliftment and growth.

A SWOT analysis as well as a sectoral potential analysis will be undertaken to gain insight into the competitive advantage/s of each economic sector and how the development potential that exists within each of these sectors could be best exploited. These two analyses seek to identify supply and demand factors and assess market opportunities based on the gap/s between existing and potential levels of development. This is complemented by a review of the potential resource base exploitation or beneficiation.

In addition, constraints to development such as international market fluctuations, environmental degradation, lack of entrepreneurial skills and poverty are identified.

1.7. IMPLEMENTATION PLAN

Local government plays various roles in relation to tourism including the following:

- Local government has a significant impact on natural and cultural resources in and around tourism destinations;

- Local government impacts on tourism products in how they manage their environment and provide services to their communities. Local government has a mandate to plan for, impact upon, improve and monitor tourism development (NEMA, 1999). Tourism, among other industries, relies on having these resources in a healthy state.

- Local government provides the core utilities and infrastructure on which the tourism industry is based. This includes district and municipal roads, lighting, water and sewerage, public transport systems, signs and, at times, airports and ports. Local government has a role to play in the operation of attractions such as museums, art galleries, sports stadia, convention centres, parks, gardens, events, and other amenities.

- Local government alongside other governmental actors enable regional marketing and provides visitor information by cooperating with Provincial Tourism Authorities (PTA) and providing visitor information desks.

Tourism development is a joint responsibility of local government and the private sector. The role of a District Municipality as well as Provincial Government is just as important as they are key in marketing the Province and Garden Route. Minister Winde hosted a workshop with local tourism stakeholders on the 21 November 2016 to start the discussion relating to role and function in this space. It is predominantly a private sector business whilst public sector facilities, services and amenities are complementary to a thriving tourism industry.
The research process has not been concluded but what is very evident from the various sector engagements is the need for a clearer focus on how resources are spent in fulfilling the local government mandate. The implementation plan for a tourism destination plan will provide insight in terms of what interventions and planning is required to fulfill the local government mandate. This includes the following:

1. Tourism infrastructure
2. Basic services & infrastructure
3. Destination marketing

Currently the “tourism infrastructure” and the “basic services infrastructure” components of the local tourism function form part of the existing programmes of various municipal departments, including some departments in the Technical Services and Community Services Directorates, as well as the Environmental Management Department.
2. DESTINATION MARKETING

2.1. INTRODUCTION

A destination is an area of visitor appeal which includes attractions, accommodation and support services. It may be defined by physical, thematic or administrative boundaries and it embraces a set of distinctive images and qualities that give it a brand identity recognisable by potential visitors. Destinations should be places with which tourism stakeholders have a natural affinity and within which it is practicable for them to work together.

A key consideration of whether an area can and should be managed as a destination in its own right is whether it has a clear and distinctive identity by which it can be promoted and described to visitors and recognised by them.

However, this should not be the only consideration. As implied by the above definition, destinations can only work effectively if they are meaningful to the tourism businesses, visitors and other players, including the local authorities and communities, who need to work together to manage them.

Destinations can vary considerably in size. South Africa is a destination, so too is a village visited by people from outside. A large destination, such as a province with its own brand image, can contain many separate destinations within it, such as resorts, market towns or defined rural areas.

2.2. WHAT IS A DESTINATION MANAGEMENT PLAN?

Destination management is a process of leading, influencing and coordinating the management of all the aspects of a destination that contribute to a visitor’s experience, taking account of the needs of visitors, local residents, businesses and the environment.

Destination management organisations vary in form, function, governance and size but essentially take a lead role in the management and development of tourism in a destination. These may be a single organisation, such as a local authority; an informal partnership or a legal entity, such as a community interest company, that includes representation from both the private and public sectors.

A Destination Management Plan (DMP) is a shared statement of intent to manage a destination over a stated period of time, articulating the roles of the different stakeholders and identifying clear
actions that they will take and the apportionment of resources. In these definitions, 'manage' and 'management' are taken in their widest sense.

Crucially, destination management includes the planning, development and marketing of a destination as well as how it is managed physically, financially, operationally and in other ways. A Destination Management Plan is equivalent to a strategy and action plan for sustainable tourism in a destination and should therefore involve:

- Private sector – representative bodies and/or key tourism enterprises.
- Local authority – key departments/functions: economic development; tourism/recreation; arts/culture/heritage; planning; transport; environment/countryside. Some destinations will involve more than one authority and all should be engaged.
- Civil society/ voluntary interests – community, civic, environmental.
- Wider economic partners that are influenced by or have influence on tourism.
- Cultural and heritage partners

A Destination Management Plan should cover all the fundamental aspects of destination management, including:

- Tourism performance and impacts;
- Working structures and communication;
- Overall appeal and appearance, access, infrastructure and visitor services;
- Destination image, branding and promotion (marketing);
- Product mix – development needs and opportunities;

Typically, a Destination Management Plan:

- Provides a strategic direction for the destination over period of up to 5 years.
- Contains prioritised actions within an annual rolling programme, identifying stakeholders responsible for their delivery.

A key principle is that the level of the plan does not need to dictate the level of the action. While the questions asked should be the same at each level, concerning visitor needs, product quality, information, amenities, awareness etc., the DMP may point to actions being undertaken at different levels. For example, work on local amenities, events, community engagement (place making) may often be best carried out at a local level while some aspects of brand awareness and marketing may be best undertaken at a higher level, while reflecting local strengths and needs.
2.3. THE IMPORTANCE OF HAVING A PLAN

Local and National Government policy encourages destination organisations to become focused and efficient bodies that are increasingly led by the private sector. The development of Destination Management Plan for Knysna is an essential tool in the delivery of a successful visitor economy for the following reasons:

- Addressing fragmentation: The visitor economy involves a whole set of experiences delivered by many organisations in the public, private and voluntary sectors. It is essential that they work together and in doing so achieve a better use and management of resources.
- Recognising, strengthening and coordinating different functions: Supporting the visitor economy is not just about promotion but must cover a whole range of activities aimed at strengthening the quality of the visitor experience and the performance of businesses.
- Managing and monitoring impacts: Tourism has a range of impacts on society and the environment and is inherently an activity that benefits from management.
- Prioritising and allocating resources: A key benefit of having a plan is to identify what the real needs and priorities are so that financial and human resources can be used most effectively.
- Winning more support and resources: Well researched, argued and presented action plans can strengthen the case for funding and help to identify projects for support. The importance of the visitor economy and its wider linkages: A second set of reasons concerns the overall importance of the visitor economy to most destinations and its implications for the quality of life of residents and for the wider local economy.
- By strengthening the visitor economy, services enjoyed by local people, such as restaurants, attractions, arts and entertainment will benefit.
- Looked at the other way, actions directly aimed at making somewhere a better place to live and work will also make it a more appealing place to visit.
- Strengthening and promoting the image and awareness of a destination and the services available can be highly important in attracting new business and investment across all sectors.
- Tourism has demonstrated its ability to stimulate growth in jobs and is a relatively accessible sector in which to start a new business.
- The health of tourism-related businesses can be very important to other parts of the local economy who supply them, such as food producers, maintenance services etc.

2.4. THE IMPORTANCE OF THE VISITOR ECONOMY

A second set of reasons for developing a DMP concerns the overall importance of the visitor economy to Greater Knysna and its implications for the quality of life of residents and for the wider local economy:
By strengthening the visitor economy, services enjoyed by local people, such as restaurants, attractions, arts and entertainment will benefit.

Looked at the other way, actions directly aimed at making Knysna a better place to live and work will also make it a more appealing place to visit.

Strengthening and promoting the image and awareness of Knysna and the services available can be highly important in attracting new business and investment across all sectors.

Tourism has demonstrated its ability to stimulate growth in jobs and is a relatively accessible sector in which to start a new business.

The health of tourism-related businesses can be very important to other parts of the local economy who supply them, such as food producers, maintenance services etc.

### 2.5. STEPS TO SUCCESSFUL DESTINATION MARKETING

- **Identify markets and target:**
  - For example: domestic vs. international;
  - For example: Family, DINKs, teen agers, honeymooners, adventurers, active holidaymakers, etc.

- **Identify customer needs and wants:**
  - What do people with that holiday motivation have their holiday?

- **Match tourism resources and products with the selected targets and markets:**
  - The products chosen are coherent with the target we want to attract?

- **Study the competitors:**
  - What are others destinations doing on the same products/targets?
  - What are my direct competitors doing? Which products are they developing?

- **Develop tourism products coherent with the selected targets of demand:**
  - How can I make my products more appealing for my targeted customers? What can be innovated in order to beat my competitors?

- **Develop and implement a marketing strategy:**
  - Develop a marketing plan identifying goals, timing and budget

- **Monitor results:**
  - Am I reaching the goals I established in the marketing plan? If not, how can I modify my strategy?
3. STATUS QUO

Tourism has experienced continued growth and deepening diversification to become one of the largest industries globally and one of the fastest growing economic sectors in the world.

A labour-intensive industry, with a supply chain with links across a broad spectrum of industries, tourism has, for developing countries in particular, come to be a key source of income for their citizens and a powerful catalyst for socio-economic growth. South Africa is no different and tourism’s economic importance to the country has increased exponentially over the last 10 years.

In South Africa today, tourism supports 1 in every 12 jobs and has been earmarked as a priority sector in the government’s planning and policy frameworks to ensure that the sector realises its full potential in terms of job creation, social inclusion, services exports and foreign exchange earnings. Tourism is one of the 6 job drivers of the new growth path framework and government aims to increase tourism’s contribution, both directly and indirectly, to the economy from the 2009 baseline of R189,4 billion (7.9% of GDP) to R499 billion by 2020.

3.1. THE TOURISM INDUSTRY DEFINED ........................................................................

Tourism comprises all of the activities undertaken by an individual that travels to and stays in a particular location outside of their usual environment for leisure, business and/or other purposes. This “usual environment” is defined as the area around an individual’s residence, workplace and other places that they frequently visit.

The South African Standard Industry Classification System (SIC) does not classify the tourism industry as a separate economic sector but rather as one that forms part of other sectors such as retail trade, accommodation and catering. Based on this definition the tourism industry is considered to have the following components:

- travel and transport;
- accommodation and catering;
- entertainment;
- retail activities;
- tour operator services
3.2. LEGISLATIVE FRAMEWORK FOR TOURISM ........................................

In the process of developing the Destination Management Plan for Knysna Municipality, a number of key legislative and policy documents need to be considered. This assessment of the legislative environment ensures alignment with national, provincial and district policies, and that the future implications of these strategic documents are considered when planning the implementation framework and prioritising interventions.

Numerous national, provincial and local policies and strategies have a direct or indirect implication for tourism development (Figure 4). These policies and strategies are all embedded within one another.

**DISTRICT & LOCAL FRAMEWORKS**
(i.e. IDPs, SDFs, GDSs, LEDs, sector-specific strategies, etc.)

**PROVINCIAL FRAMEWORKS**
(i.e. WC SDF, WC MEDS, WC GDS, etc.)

**NATIONAL FRAMEWORKS**
(i.e. The Constitution, NSDP, New Economic Growth Path 2010, IPAP etc.)

*Figure 4: The inter-relationship between Government policies and strategies*

The following provides a synopsis of the primary tourism-specific legislation that needs to be considered. For a full list of policies relevant to tourism see Appendix 1.

3.2.1. CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA

The Constitution of the Republic of South Africa (1996) is the over-arching law of South Africa setting out for structures of government, fundamental rights of citizens and principles of developmental governance. The Constitution outlines the roles and responsibilities of national, provincial and local government, and provides the basis for regulation in all spheres of activity, including tourism. According to Schedule 4B of the Constitution of South Africa, local tourism is identified as a local municipal competency.

**IMPLICATION**

Tourism development is a mandate for Knysna Municipality and must be part of the service delivery outputs in the IDP, budget and SDBIP.
3.2.2. TOURISM ACT

The Tourism Act ensures that the National Tourism Sector is viewed as a law for the development and management of tourism in South Africa, the objectives being to:

1. improve the quality of tourism activities and attractions while promoting responsible tourism;
2. establish a national database of tourism businesses;
3. publish the norms and standards together with a code of conduct that will affect the operation of tourism businesses;
4. ensure the establishment of a SA Tourism Board, Tourism Grading Council and the formalisation of a Tourism Grading System; and
5. develop a system that allows for the registration of Tourist Guides with national and provincial registrars.

IMPLICATIONS

It is critical to understand the mandate of South African Tourism as well as the linkages required with national tourism stakeholders in order to improve cooperation, avoid duplication of efforts and maximise market reach and penetration. The Tourism Grading Council has relevance for local accommodation establishments and tour guides have the opportunity to further advance their business’ growth through relevant channels.

3.2.3. WESTERN CAPE TOURISM ACT

This Act ensures the accreditation of local tourism organisations and for the formation of a visitor information network.

IMPLICATIONS

It is essential to collaborate with all tourism organisations and departments at every level in the Western Cape to ensure compliance with regional mandates and standards. It is further important to take advantage of the additional destination marketing opportunities that close working partnerships with these entities enable, including but not restricted to their information networks.

3.2.4. OTHER RELATED ACTS

The following legislation also impacts the tourism industry:

- Immigration Act (2002)
- Immigration Regulations (2014)
- National Environment Management Act (Act 107 of 1998)
- Marine Living Resources Act (Act 18 of 1998)
- Basic Conditions of Employment Act (Act 11 of 2002)
**Employment Equity Act**

**Occupational Health and Safety Act**

**Skills Development Act**

**IMPLICATIONS**

In South Africa there is strong policy support on a national, provincial and local level for the development of the tourism sector. It is critical that there is alignment between the key economic, social and environmental policy mandates on core strategic objectives and directives and that Knysna’s Destination Development Plan reflects this. The following shared principles apply:

- To promote broad-based economic development the sharing of economic benefits via direct job creation and equitable access to economic opportunity;
- To enhance economic growth via value added products and value chain expansion;
- To provide an enabling environment for economic development via infrastructure investment (energy, water, transport, communication, housing & property development) and skills development;
- To protect environmental assets and promote ecologically sustainable development;
- To create opportunities for enterprise development, and support SMMEs;
- To enhance effective, cooperative governance via institutional strengthening;
- To promote human development and social development, with a special focus on historically disadvantaged people and the youth, and on community partnerships; and
- To foster spatial integration and address spatial injustices

### 3.3. STRATEGIC PLANNING FRAMEWORK FOR TOURISM

The following section considers a range of core strategies from all spheres of government applicable to the promotion and development of the South African tourism industry and, by implication, to that of Greater Knysna’s.

#### 3.3.1. NATIONAL TOURISM SECTOR STRATEGY

The strategic objectives of the National Tourism Sector Strategy are outlined in Table 5 below:

<table>
<thead>
<tr>
<th>THEME 1: Tourism growth and the economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To grow the tourism sector’s absolute contribution to the economy</td>
</tr>
<tr>
<td>2. To provide excellent people development and decent work within the tourism sector</td>
</tr>
<tr>
<td>3. To increase domestic tourism’s contribution to the tourism economy</td>
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<tr>
<td>4. To contribute to the regional tourism economy</td>
</tr>
</tbody>
</table>
THEME 2: Visitor experience and the brand

5. To deliver a world-class visitor experience
6. To entrench a tourism culture among South Africans
7. To position South Africa as a globally recognised tourism destination brand

THEME 3: Sustainability and good governance

8. To achieve transformation within the tourism sector
9. To address the issue of geographic, seasonal and rural spread
10. To promote ‘responsible tourism’ practices within the sector
11. To unlock tourism economic development at a provincial and local government level

Table 5. National Tourism Sector Strategy objectives

IMPLICATIONS

Knysna Municipality must contribute to the overall growth of the country’s tourism economy. The National Tourism Sector Strategy details the importance of the success of the industry in the context of the success of South Africa as a country. It further emphasises the importance of delivering a unique world-class experience to tourists, local and international, wherever they may choose to travel within our borders. Knysna must rise to the challenge and meet this mandate by ensuring that tourism products, visitor services and local experiences are world-class and representative of the traditions, values and ambitions of all cultures and communities in Greater Knysna. Additionally, they must be marketed as such. Thereby to ensure that tourism makes a vital and active contribution to addressing the town’s own issues of socio-economic and geographic segregation.

In addition, the National Tourism Sector Strategy identifies the following strategic clusters and thrusts:

CLUSTER 1: Policy, strategy, regulations, governance, and monitoring and evaluation

1. Research, information and knowledge management
2. Policy and legislative framework
3. Collaborative partnerships
4. Prioritising tourism at national, provincial and local government level

CLUSTER 2.1: Tourism growth and development – demand
<table>
<thead>
<tr>
<th>Clusters</th>
<th>Table 6. National Tourism Sector strategic thrusts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Marketing and brand management</td>
<td></td>
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<tr>
<td>2. Domestic tourism</td>
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<tr>
<td>3. Regional tourism</td>
<td></td>
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<tr>
<td>4. Business and events tourism</td>
<td></td>
</tr>
<tr>
<td>CLUSTER 2.2: Tourism growth and development</td>
<td></td>
</tr>
<tr>
<td>1. Relevant capacity building</td>
<td></td>
</tr>
<tr>
<td>2. Niche-product development and rural tourism</td>
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<tr>
<td>3. Product information</td>
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<tr>
<td>4. Responsible tourism</td>
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<tr>
<td>5. Investment promotion</td>
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<td>6. Quality assurance</td>
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<tr>
<td>CLUSTER 3: People development</td>
<td></td>
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<tr>
<td>1. Transformation</td>
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<tr>
<td>2. Decent work</td>
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<tr>
<td>3. Service excellence</td>
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<tr>
<td>4. Community beneficiation</td>
<td></td>
</tr>
<tr>
<td>CLUSTER 4: Enablers of growth</td>
<td></td>
</tr>
<tr>
<td>1. General tourism awareness among South Africans</td>
<td></td>
</tr>
<tr>
<td>2. Safety and security</td>
<td></td>
</tr>
<tr>
<td>3. International and regional airlift</td>
<td></td>
</tr>
<tr>
<td>4. Ground transportation</td>
<td></td>
</tr>
<tr>
<td>5. Domestic airlift</td>
<td></td>
</tr>
</tbody>
</table>
IMPLICATIONS

The growth of the tourism sector is critical to the socio-economic development of our people. The sector provides unmatched opportunities for skills development and employment amongst every tier of the population and the potential to be a cornerstone of true economic transformation.

All components of any local destination strategy and/or plan must support the strategic clusters of the National Tourism Sector Strategy. Knysna Municipality’s Tourism Destination Plan cannot exist in isolation – activities must be assessed and evaluated according to compliance with, and their potential positive contribution to, the national umbrella strategy for transformation and sustainable growth of the sector. The Knysna Municipal tourism strategy must identify and prioritise the specific interventions and initiatives that are required to ensure governance and assure quality in the industry at a local level, develop and grow both demand and supply for local tourism products, and drive skills and people development within the local population.

3.3.2. WESTERN CAPE PROVINCIAL STRATEGY

The following section provides an overview of the Western Cape Department of Economic Development and Tourism’s provincial objectives.

OBJECTIVE 1: To implement a 5-year demand-led tourism strategy

- Facilitate partnerships in the tourism industry that impact favourably on the tourism sector
- Address bottlenecks in the industry through the implementation of red tape reduction strategies
- Conduct the necessary research to promote the area with knowledge and valuable insights
- Ensure for proper planning by keeping the relevant provincial strategy policy and legislation in mind

OBJECTIVE 2: To develop and manage the Western Cape as a tourism destination for improved global competitiveness

- Promote responsible tourism
- Promote access by land and air to and within the destination
- Ensure for the development of tourism sites, attractions, facilities, routes, niche markets and infrastructure, with a greater emphasis on rural development in order to spread the benefits of tourism throughout the region
- Ensure that proper signage is in place to enhance the visitor’s experience
GOVERNANCE AND ECONOMIC DEVELOPMENT COMMITTEE MEETING

AGENDA

1 AUGUST 2019

OBJECTIVE 3: To increase visitor numbers, spend and length of stay by promoting the Western Cape as a key holiday destination
- Implement a proper branding strategy
- Promote the lifestyle and experiences to both domestic and international markets
- Promote business tourism to domestic and international markets
- Promote key events that will increase visitor numbers to the area
- Promote the area during low season

OBJECTIVE 4: To create an enabling environment for business to succeed in the tourism industry
- Facilitate demand-led training programmes
- Ensure compliance with the National Tourism Sector Charter
- Facilitate market access opportunities for tourism businesses
- Develop a sustainable tourist-guiding subsector

OBJECTIVE 5: To bridge the gap between supply and demand (skills) in the tourism industry
- Training programmes to be aligned to ensure for employability;
- Promote a culture of service excellence in the workplace
- Finalise a Western Cape Sector Skills Plan

Table 6. Summary of Western Cape Tourism objectives

IMPLICATIONS

The Western Cape’s Department of Economic Development tourism strategy translates the strategic themes and thrusts of the National Tourism Sector Strategy into specific prescribed and prioritised actions that have relevance and are implementable at a provincial level. Similarly, municipal destination plans must be guided by the broader tourism development agendas, and link in to the wider promotional and marketing activities being implemented on a provincial, national and international scale.

3.3.3. GARDEN ROUTE AND KLEIN KAROO REGIONAL TOURISM STRATEGY

The following provides an overview of the Garden Route & Klein Karoo Tourism Strategy (2016-2021).

OBJECTIVE 1: To apply the vision of inspiring places to develop regional marketing collateral
- Promote the lifestyle and experiences to both the domestic and international markets
- Conduct research to identify and map the unique selling points for inspiring places in the Garden Route and Klein Karoo Area
GOVERNANCE AND ECONOMIC DEVELOPMENT

COMMITTEE MEETING

AGENDA

1 AUGUST 2019

- Develop exhibition material for travel trade shows
- Initiate a storytellers campaign to identify and record stories about inspirational people and historic events
- Use social media platforms to promote inspirational places
- Design and maintain a regional tourist app
- Ensure for proper public communication
- Investigate the feasibility of a regional booking system
- Host national media personalities that includes for bloggers
- Coordinate low-season promotions for tourism in the region with newspapers

OBJECTIVE 2: To implement regional destination management campaigns for priority themes

- Develop a long distance off-road cycling route as a catalytic project to get a share of the growing leisure and sport cycling market:
  - ensure for proper route establishment and trail building;
  - ensure for a proper ticketing system;
  - initiate a partnership with Squirt Lube to piggyback on marketing at international trade shows and through their distribution channels;
  - establish a route emblem and brand collateral
- Promote and encourage food festival and event organisers to increase their support for local products
- Promote township tours
- Map heritage resources

OBJECTIVE 3: To coordinate tourism sector development activities

- An annual calendar of key events should be developed and published annually
- Garden Route District Municipality to review and give advice to local municipalities on the best institutional model for promoting tourism
- Implement a tourism safety and support Initiative

OBJECTIVE 4: To promote regional tourism as community-based and community-driven

- Continue with the Cater Care and Tourism Buddies programmes
- Consider promoting exhibitions that highlight local products, and local content requirements for all events.

Table 6. Summary of GR&KH Tourism objectives
IMPLICATIONS

The GR&KK tourism strategy presents a number of linkage opportunities for Knysna Municipality. The Tourism Destination Plan must ensure that, wherever possible, Knysna is an active participant in all district tourism growth and development initiatives and makes an equitable but differentiated contribution. Through close collaboration Knysna can benefit exponentially by linking in to the GR&KK’s PR, social media and exhibition campaigning. The development of relevant, stand out content and collateral that positions Knysna as the most inspiring place on the Garden Route is key. The town has specific roles to play in district plans aimed at improving the region’s event, heritage and community-based tourism offerings.

3.3.4. KNYSNA MUNICIPALITY ECONOMIC DEVELOPMENT STRATEGY

Knysna’s Economic Development department is focused on promoting economic growth, creating jobs, reducing poverty and monitoring inequalities in the area through six strategic pillars. The Knysna Local Economic Strategy is currently being revised in coordination with the development of a new Spatial Development Framework (SDF) and is expected to be finalised and adopted by the end of 2019. The Economic Development Strategy aims to provide an evidence-based framework to enable economic development in the Greater Knysna municipal area, taking into consideration the local natural environment, resources and assets. The focus will be on ensuring that Knysna has an economic future characterised by inclusive economic growth and development, and that investments are made in human capital, physical infrastructure and leading and emerging enterprises.

The specific objectives of the Knysna Local Economic Development Department are to facilitate the following:

1. An improved business investment climate
2. Investment in hard strategic infrastructure
3. Investment in sites and premises for business
4. Investment in soft infrastructure
5. Encouraging local business growth
6. Encouraging new enterprises
7. Promoting inward investment
8. Sector and business cluster development
9. Area targeting and regeneration
10. Informal economy sector development
The Economic Development Strategy will also make reference to the importance of this tourism destination plan as a more detailed sector development plan for local tourism. Implementation of high-priority projects identified in this document is thus part of local economic development as identified in the draft Economic Development Strategy.

3.3.5. RELATED ECONOMIC DEVELOPMENT STRATEGIES

The destination plan for Knysna takes into consideration a number of additional regional and district government development strategies and frameworks:
- Western Cape Spatial Development Framework (2014);
- Western Cape Integrated Tourism Development Framework;
- Guidelines for Resort Developments in the Western Cape (Dec 2005);
- Integrated Development Plan, Eden District Municipality

3.4. INSTITUTIONAL INFLUENCERS

A number of tourism organisations, each with a slightly different mandate, contribute to the promotion and development of the tourism sector of South Africa’s economy.

3.4.1. SATOUR

<table>
<thead>
<tr>
<th>MANDATE</th>
<th>STRATEGIC PRIORITIES &amp; MEDIUM TERM ACTIVITIES</th>
</tr>
</thead>
</table>
| ![South Africa](image) <br> <br> *South African Tourism is the tourism marketing arm of the South African government. SATOUR’s job is to promote the country domestically and internationally, whether for leisure, business or events tourism.* | - To make tourism the leading economic sector in South Africa and, by doing so, promote the sustainable economic and social empowerment of all South Africans.  
- To accomplish these goals, South African Tourism is committed to meaningfully contributing to the government’s objectives of increased GDP growth, sustainable job creation, and redistribution and transformation through:  
  - Increasing the number of tourists who visit our country  
  - Increasing the geographic spread, length of stay and spend of all visitors  
  - Improving seasonal arrival patterns  
  - Working to transform the industry so that historically disadvantaged South Africans may benefit from the sector |
### 3.4.2. SATSA

<table>
<thead>
<tr>
<th>MANDATE</th>
<th>STRATEGIC PRIORITIES &amp; MEDIUM TERM ACTIVITIES</th>
</tr>
</thead>
</table>
| ![SATSA Logo](image) **The Southern Africa Tourism Services Association (SATSA) is a member-driven association that offers inbound tourism services companies the highest level of quality in the tourism industry.** | - To provide buyers with quality advice and references to assist them in making an informed decision in their selection of suppliers  
- To provide our members with key services and benefits as well as representation at local, regional and international trade shows and conferences  
- To lobby on issues that impact members businesses and profitability |

### 3.4.3. DEDAT

<table>
<thead>
<tr>
<th>MANDATE</th>
<th>STRATEGIC PRIORITIES &amp; MEDIUM TERM ACTIVITIES</th>
</tr>
</thead>
</table>
| ![DEDAT Logo](image) **The Southern Africa Tourism Services Association (SATSA) is a member-driven association that offers inbound tourism services companies the highest level of quality in the tourism industry.** | - Prioritise project Khulisa to ensure for an increase in the number of:   
  - international arrivals   
  - domestic trips   
  - employment opportunities   
  - annual foreign direct spend |

### 3.4.4. WESGRO

<table>
<thead>
<tr>
<th>MANDATE</th>
<th>STRATEGIC PRIORITIES &amp; MEDIUM TERM ACTIVITIES</th>
</tr>
</thead>
</table>
| ![WESGRO Logo](image) **To promote investment in tourism in the Western Cape and undertake research to inform tourism development strategy.** | - Create opportunities for growth and jobs   
- Position the WC as a thriving international tourism industry   
- Develop and manage WC as a tourism destination for improved global competitiveness   
- Increase visitor numbers, spend and length of stay by promoting WC as a destination   
- Create an enabling environment for business to succeed in the tourism industry |
3.4.5. GARDEN ROUTE MUNICIPALITY

<table>
<thead>
<tr>
<th>MANDATE</th>
<th>STRATEGIC PRIORITIES &amp; MEDIUM TERM ACTIVITIES</th>
</tr>
</thead>
</table>
| To coordinate and guide the development of tourism in the Garden Route and Klein Karoo. | From 2015 strategy:  
  ♦ To consolidate the existing destination brand and obtain buy-in from all stakeholders  
  ♦ To market the destination to ensure transformation in a sustainable manner  
  ♦ To be market-driven and achieve growth in both domestic and international market segments  
  ♦ To overcome seasonality and ensure regional spread  
  ♦ To promote the development of tourism infrastructure that will enhance tourism  
  ♦ Ensure cost-effective management  
  ♦ Promote tourism as a community-based and -driven industry with sustainable potential for providing benefits to the community |

3.5. ECONOMIC LINKAGES

With the emergence of online travel services, the traditional vertical tourism value chain has undergone a number of changes. This has resulted in a more complex value chain involving a wide range of backwards and forward linkages and has seen the tourism industry expand into a more holistic network; one in which ICT, local culture and society, education etc. have all become part of the chain.

The economic linkages between the tourism industry, other economic sectors and society as a whole have become so integrated that the industry is considered more of a “value network”. In this new tourism value network, a particular destination becomes an integral part of the value creation process in tourism, rather than only being a supplier of inputs into the value chain. The narratives and images attached to the destination become an important determinant of the value of that destination in terms of a tourist’s willingness to pay.
Figure 5: The tourism value network

**IMPLICATIONS**

Tourism can no longer be considered an isolated and separate sector of the economy — in Knysna, as in the rest of the world, the industry has grown to become an integral driver of value across multiple industry sectors, and a key cornerstone of socio-economic development. A strategic plan for the development of tourism at a local level is essential as it presents unmatched opportunities for investment and economic development in the area. There are greater forces at work to promote the sector at regional, provincial, national and international levels presenting a multitude of opportunities to enhance Knysna’s exposure as a destination by simply linking into these. Knysna cannot pursue its own development agenda without ensuring that this contributes to and enhances the overall development plan for the country.
4. MARKET ANALYSIS

Destination Management Plans must be evidence-based, not built on assumptions or on limited knowledge and opinion. DMPs should be based on a sound knowledge and assessment of all the features of the destination that relate to the visitor economy.

<table>
<thead>
<tr>
<th>Tourism facilities</th>
<th>Accommodation, catering, attractions, activities, events, retail relevant to tourists, other facilities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heritage and culture</td>
<td>Historical connections, traditions, specific heritage sites, arts, crafts, cuisine, other aspects of living culture.</td>
</tr>
<tr>
<td>Landscape and countryside</td>
<td>General qualities, appeal and distinctiveness of the landscape. Specific access sites, routes and trails, wildlife and other features. This may include the seaside and beach management.</td>
</tr>
<tr>
<td>Built environment</td>
<td>Cityscape, towns, villages – appearance and upkeep. Specific features, distinctive architecture, parks and gardens, public realm.</td>
</tr>
<tr>
<td>Access and transport</td>
<td>Road, rail, boat (river, sea), air links to and within the destination. Transport providers (public and private)</td>
</tr>
<tr>
<td>Visitor services</td>
<td>Marketing media, information provision and outlets: Signposting, car-parking availability and charging, toilets, other services. Accessibility of tourism products and services.</td>
</tr>
</tbody>
</table>

Table 7. The common features of all destinations

In addition to what is currently available in the destination, it is very important to be aware of:
1. New development projects – being constructed, planned or proposed.
2. Neighbouring product – major facilities and attractions, key strengths, new developments and initiatives, outside but close to the destination.

And, in recording and assessing all these features it is important to consider:
- Quantity – how much is there, of what type?
- Quality – is it good or poor? This should include reference to national or local quality assessment schemes (e.g. accommodation or attraction grading) as well as any other available evidence, including local stakeholder and visitor opinion
- Distinctiveness – to what extent is it special to this destination?
- Change and threats – does it appear to be growing/improving or declining/deteriorating and are there any clear risks to its presence and quality?
4.1. DESTINATION KNYSNA

The Garden Route, South Africa – an unmissable add-on destination to any visit to the Western Cape, conveniently accessed from Cape Town and best discovered by car on a short and easy road trip.

The stretch of the south-eastern coast from Mossel Bay in the west to just beyond Plettenberg Bay in the east is under 300km long, yet the range of topography, vegetation, wildlife and outdoor activities is remarkable. The name itself comes from the ecologically diverse range of topography, terrain, vegetation and wildlife.

Pristine beaches (many with “Blue Flag” status) and warm waters dissolve inland into picturesque lagoons and lakes, tropical forests, rolling hills and, eventually, the Outeniqua and Tsitsikamma mountain ranges that divide The Garden Route from the arid Klein (Little) Karoo.

The Garden Route National Park and 9 other nature reserves cover thousands of hectares, embracing the varied ecosystems of the area. The indigenous forests and the unique Cape fynbos are home to a myriad of wildlife and birds. Along the coastline, marine reserves are the domain of soft coral reefs, dolphins, seals, seahorses and more, whilst bays serve as nurseries to the endangered Southern Right Whale.

Located almost exactly halfway along the Garden Route, Knysna is the geographical heart of the region. Fed by the Knysna River, the 18km2 Knysna Estuary is home to at least 200 species of fish and opens into the ocean between two towering sandstone cliffs known as The Heads – proclaimed by the British Royal Navy to be the most dangerous harbour entrance in the world.

Culturally diverse, Knysna is historically the home of the Cape Coloured, Khoi-san and Afrikaner, and Afrikaans remains the first language of many of the permanent residents (although English is understood and well-spoken by all). The local Rastafarian community is the largest in Africa. Woodcutter clans, fishermen, artists, have all settled along The Garden Route and many of the country’s finest painters, crafters, chefs and entrepreneurs have been inspired to set up their studios and businesses here. In the towns, classic car and antique merchants line the streets.

A rich history, world-class golf courses (Simola Golf Course, Pezula Champion Golf Course and Knysna Golf Course), gourmet restaurants, boutique vineyards, markets, farm visits, waterparks, and a variety of art and craft rambles, retreats and spas add to the choice of entertainment. Up
close and personal animal encounters in dedicated wildlife sanctuaries appeal to children of every age (as well as the child within) and include: the Elephant Sanctuary and Knysna Elephant Park, Adventure Land, Birds of Eden, Noah’s and the Tsitsikamma Wolf Sanctuaries, the Tenikwa Wildlife Awareness Centre, the Jukani and Cango Wildlife Ranches, the Lawnwood Snake Sanctuary, Radical Raptors, Monkeyland, the Brenton Blue Butterfly Reserve, the Oudtshoorn Crocodile and Cheetah Park and Safari Ostrich Ranch.

With the mildest climate in the country (and the 2nd mildest climate in the world), residents and visitors alike take to the outdoors as often as possible so it’s not surprising that experience-based adventures have become a primary pastime - visitors are spoilt for choice when it comes to adrenalin, excitement and amazing views, and they can enjoy them all 365 days a year. Over 50 licenced operators offer a host of “once-in-a-lifetime” and “bucket list” experiences, as well as every kind of adventure activity – hard and soft.

Visitors to the town can stay in accommodation ranging from a backpackers’ to a presidential suite in a world-class hotel; from privately owned BnBs to fully-serviced luxury homes on sprawling golfing estates. They can savour the full spectrum of culinary offerings from international fast food brands to local cuisine. They can spend days exploring, adventuring, sporting along the beach, in the forests and through the mountains; experiencing a culture that is unique to the Greater Knysna area.

Although the “high seasons” coincide with national school holidays, a full calendar of cultural and sporting events attract enthusiasts to the area year-round and help to offset the seasonality of the Knysna tourism industry, among them:
- Pink Loerie Festival
- Knysna Marathon and Oyster Festival
- Knysna Speed Festival
- Simola Hill Climb
- Knysna Timber Festival
- Knysna Motor Show
- A number of mountain biking competitions including Garden Route 300, De Hoop/RECM Knysna 200)
4.2. MARKET STRUCTURE AND TRENDS

Tourism has experienced continued growth and deepening diversification to become one of the largest industries globally and one of the fastest growing economic sectors in the world. Today, the business volume of tourism surpassed agriculture and is equal to that of oil exports, food products and automobiles.

Modern tourism is closely linked to development and is recognised globally as a key driver of socio-economic progress. For many developing countries, tourism has come to represent one of the main sources of income and a powerful catalyst for development and growth. The sector has economic and employment benefits across a multitude of related industries - from construction to agriculture and telecommunications. The contribution of tourism to economic well-being does, however, depend on the nature and quality of the tourism offer.

4.2.1 RECENT INDUSTRY DEVELOPMENTS AND FORECASTS

The United Nations World Tourism Organisation (UNWTO) highlights the following in its annual tourism highlights 2016 edition:

- International tourist arrivals grew by 4.6% in 2015 to 1,184 million
- International tourism generated US$1.5 trillion in export earnings in 2015
- A growth forecast of between 3.5% and 4.5% in international tourist arrivals in 2016
- A projection that international tourist arrivals will reach 1.8 billion by 2030
In South Africa, South Africa received 10 million international visitors and tourism contributed R265.8 billion to GDP in 2016 (TSA (2016), released 28 March 2018), implying that the South African economy is changing and diversifying from the production economy (mining, manufacturing, agriculture) to the consumption economy of services such as tourism.

4.2.2 MARKET SEGMENTATION
UNWTO defines tourists as people "traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes".

Travel for holidays, recreation and other forms of leisure accounted for 53% of all international tourist arrivals in 2015 (632 million). 27% travelled for other personal reasons - visiting family and friends, religious pilgrimages, health treatments etc. A further 14% of all international tourists reported travelling for business and professional purposes. The remaining 6% of arrivals did not specify the purpose of their visit.

<table>
<thead>
<tr>
<th>Leisure, recreation and holidays</th>
<th>VFR, health, religion, other</th>
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<tbody>
<tr>
<td><strong>53%</strong></td>
<td><strong>27%</strong></td>
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<th>Business and professional</th>
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<td><strong>14%</strong></td>
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<th>Not specified</th>
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<td><strong>6%</strong></td>
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*Figure 7. Inbound tourism by purpose of visit in 2015*

4.2.3 GARDEN ROUTE AND KLEIN KAROO TOURISM TRENDS
With South Africa’s favourable exchange rate for, the Garden Route area is an inexpensive destination with a first-world infrastructure and excellent standards of service. The share of overseas visitors over the last 5 years is estimated at ~40%, with most internationals hailing from the United Kingdom, the United States, Germany and the Netherlands.
The split of day versus overnight visitors (domestic and overseas combined) is ~60/40, with 2 nights being the average length of stay for overnighters. The main activities include scenic drives (18%), outdoor activities (15%) and culture/heritage interests (14%).

![Figure 8. Garden Route tourism activity preferences](image)

### 4.3. DEMAND PROFILE

The following section details the methodology used to conduct the tourism visitor survey together with a summary of the data collection process and key findings.

#### 4.3.1. SURVEY METHODOLOGY

**A. Survey design**

Knysna Municipality developed a survey instrument specifically designed for this study and presented it to interested stakeholders for comment during an orientation workshop held in December 2016. The survey instrument consisted of 44 questions aimed at identifying the:

- push factors that motivate a tourist to choose a certain destination;
- pull factors that attracts a tourist to choose a certain destination;
- country of origin;
- areas of service delivery improvement; and the
- overall experience of the visitor in the Greater Knysna Area.

*(See Appendix A for final survey)*
B. Sample design
The sample design strategy entailed three steps:
1. selecting the target (sample) population;
2. determining who to sample (sample frame);
3. determining the appropriate sample size.

Tourism visitor questionnaires were undertaken during the months of December 2016 and February 2017 and captured information on both domestic and international visitors. Domestic visitors typically enjoy the Garden Route during the December school holidays whereas international visitors prefer to visit the area during the first quarter of the year.

The target population in December included all individuals who visited the Knysna Waterfront, Buffalo Bay & Sedgefield area. During the month of February, the target population included all individuals who visited the Knysna Waterfront and Featherbed Nature Reserve. Based on the estimated visitor numbers during December and February, a sample size of 1 000 questionnaires was anticipated. This is in line with the sample size estimates of 384 surveys per 100 000 population provided by Cooper and Emory (1995:207) and Krejcie and Morgan (1970:608). A total of 1 054 surveys were completed and captured.

C. Data collection
The fieldworkers were trained to conduct one-on-one interviews and were supervised by the Knysna Municipality. The surveys followed a non-probability sampling method, thus tourists were chosen randomly. The quality of the surveys was tested at random intervals and the fieldworkers submitted the completed surveys continuously.

D. Data capture
All completed questionnaires were captured on a worksheet. The computerisation and subsequent analysis of the data was also completed.

E. Analysis and reporting
What follows are the results of the analysis.

4.3.2. TOURISM VISITOR QUESTIONNAIRE RESULTS
The purpose of the tourism visitor questionnaire was to determine how visitors perceive Greater Knysna as a holiday destination. The section assisted with gaining a better understanding of what visitors are looking for in terms of products and activities and what should be done to improve
service delivery. As international and domestic visitors are perceived to have unique and varying preferences it was decided to report on them separately.

A. International visitor trend analysis

411 questionnaires were completed by international visitors during December 2016 and February 2017. The average group size visiting the Greater Knysna Area was 2.5, which indicates that the majority of visitors preferred to travel in pairs (33%) in fours (22%) or alone (18%). The rest preferred to travel in groups of five or more (26%).

45% of the visitors were aged 45-64 years and 18% of the visitors were aged 16-34 years. 15% of the visitors were +65 years while the remainder were youth. Respondents indicated that they most enjoyed the restaurants (20.1%), scenic drives (18.7%), shopping (17.7%) and nature activities (11.5%) in the area.

More than a quarter (39%) of international respondents preferred to stay in Knysna for 1-2 nights, whilst 16% stay in Knysna for 3 nights, 22% for 4 nights, and 26% for +5 days. Respondents preferred to stay in a hotel (50.5%) or at guest houses/B&Bs (28.9%). When booking accommodation, respondents preferred using a website (51%), mobile application (23%) or direct conversation over the telephone (24%).

B. Sample design

The sample design strategy entailed three steps:

a) selecting the target (sample) population;
b) determining who to sample (sample frame);
c) determining the appropriate sample size.

Tourism visitor questionnaires were undertaken during the months of December 2016 and February 2017 and captured information on both domestic and international visitors. Domestic visitors typically enjoy the Garden Route during the December school holidays whereas international visitors prefer to visit the area during the first quarter of the year.

The target population in December included all individuals who visited the Knysna Waterfront, Buffalo Bay & Sedgefield area. During the month of February, the target population included all individuals who visited the Knysna Waterfront and Featherbed Nature Reserve. Based on the estimated visitor numbers during December and February, a sample size of 1 000 questionnaires was anticipated. This is in line with the sample size estimates of 384 surveys per 100 000
population provided by Cooper and Emory (1995:207) and Krejcie and Morgan (1970:608). A total of 1,054 surveys were completed and captured.

C. Data collection
The fieldworkers were trained to conduct one-on-one interviews and were supervised by the Knysna Municipality. The surveys followed a non-probability sampling method, thus tourists were chosen randomly. The quality of the surveys was tested at random intervals and the fieldworkers submitted the completed surveys continuously.

D. Data capturing
All completed questionnaires were captured on a worksheet. The computerisation and subsequent analysis of the data was also completed.

E. Analysis and reporting
What follows are the results of the analysis.

*Figure 9. 2017 international visitor results*
The questionnaire also sought to identify the dominant sources of information used by people when making a decision in terms of their preferred holiday destination. This will assist the Knysna Municipality to identify the most suitable method to market the Greater Knysna Area as a destination. The most preferred research option when choosing a preferred holiday destination is a travel agency (26.6%) followed by booking.com (21.3%) and TripAdvisor (20.6%). Respondents also indicated that they consider package tours (8.3%), travel magazines (6.7%) and Expedia (5.1%) when sourcing information.

39% of respondents indicated that they began comparing destinations when deciding on a suitable holiday destination, whilst 31% already have a destination in mind when they start booking their accommodation. 22% of respondents’ accommodation preferences are guided by researching and/or booking accommodation first. 6% of a traveler’s decision in terms of a destination depends on the cost and availability of flights and transport.

When visitors were asked how far in advance they plan their trip, 35% of respondents indicated one year in advance while 35% plan their trip at least 3–6 months in advance. Approximately 27.6% of visitors prefer to plan their trip on short notice (>3 months).
Significant factors which influenced the visitor’s destination choice was that it is part of the Garden Route/tour (40%) and a beautiful town (23%). 12% of respondents indicated that they had visited the Greater Knysna area before. Other factors for choosing the area is to visit family/friends (11%) and it being recommended by friends/family (9%). The safety of the area and sunny beaches were also motivators. 27% of respondents indicated that they would plan a return visit within the next two years.

Figure 11. 2017 international visitor results summary

F. Domestic visitor trend analysis
643 questionnaires were completed by domestic visitors during December 2016 and February 2017. 77% of participants were domestic visitors and the remainder local residents. Most of the respondents were South African with their main place of residence in the Western Cape (49%), Gauteng (21.8%) and the Eastern Cape (14.4%). Visiting friends/relatives ranked as the leading motivation for travel to the Greater Knysna area.

The majority of domestic visitors preferred to travel in pairs (30.6%), in fours (20.4%) or in groups of three (19.5%). The rest preferred to travel alone (14.8%) or in groups of five or more (14.7%). Survey participants were distributed somewhat evenly amongst all age groups. Possibly the result of the abundance and variety of tourist experiences available in Knysna and the Garden Route.
Respondents indicated that they enjoyed the restaurants (18.1%), shops (17.8%), beaches (16.8%), and nature activities (11.7%) in the area.

The majority of respondents indicated stays of 6 nights (46.1%) whilst 15.7% stayed in Knysna for 3 nights, 14.2% for 4 nights and 14.5% for 1-2 nights. This deviates from the regional and Western Cape trend of mostly 2 nights and bodes well for the ability of tourist establishments to attract longer stays in the town during the December holidays.

Respondents preferred to stay in a guest houses/B&Bs (22%), with friends/family (17.9%) and self-catering units (17.5%). Respondents preferred to book their accommodation using a website (56%), direct conversation over the telephone (40%) or a mobile application (4%).

![Figure 12a. 2017 domestic visitor results](image-url)
Business tourism continues to reflect strong growth potential as (30.8%) of respondents travelled primarily for business. Other reasons for visiting the area included attending sport tournaments (6.6%) and for holiday/leisure (0.5%).

The majority of visitors preferred using Booking.com (30.2%), Trip Advisor (19.9%) and a tourism website (16.4%) when choosing a holiday destination. Respondents also indicated that they consider the local tourism website (9.2%), travel agency (9.2%) and the mobile application of the tourism information center (3.8%) when sourcing information.

Almost 16% of respondents indicated that they began comparing destinations when deciding on a suitable holiday destination, whilst 75.3% already had a destination in mind when they start booking their accommodation. 5% of respondents accommodation preference are guided by either researching or booking. 1% of travelers’ decision in terms of a destination depended on the cost and availability of flights and/or the transport options available.

When visitors were asked how far in advance they plan their trip, 21.9% of respondents indicated 1 year in advance while 16.7% plan their trip at least 3-6 months in advance. Approximately 59.3% of visitors preferred to plan their trip on short notice (>3 months).
Significant factors which influenced the visitor’s destination choice was that it is a beautiful town (25%) and that the town has a lot to offer (14%). Other factors for choosing the Greater Knysna area were to visit family/friends (18%) and to conduct business (7%). Almost 72% of respondents indicated that they would return within the next 2 years.

G. Service delivery analysis

Table 3.1 summarises domestic, international and local visitor perceptions of the quality of services provided by the municipality and key stakeholders in the tourism industry. 90.2% of respondents were either satisfied or very satisfied with the quality, range and value for money of accommodation in Greater Knysna. Less than 2% of respondents were very dissatisfied or dissatisfied with the variety and quality of accommodation in the area.

Almost 7% of respondents indicated that it was difficult to find parking during the December holidays. The majority (73.5%) indicated that although traffic was fairly congested they felt safe and did not experience any difficulty in finding parking in the area.

Overall feedback from respondents regarding the variety and quality of visitor activities and shops available was positive. 36% of visitors felt that the area lacks evening entertainment and that the range and quality of evening entertainment can be improved.

Most respondents indicated that the road signs and information boards were informative and assisted with the regulation of traffic during peak times. Less than 6% of visitors were unhappy about the availability and the hygiene of public toilets in Greater Knysna whilst 22% indicated a need for more public toilets during high season. Most visitors were satisfied with the cleanliness of the streets and public spaces. 27% of visitors felt that the delivery of this service by the municipality can be improved.

Less than 30% of respondents were concerned by the quality of drinking water in the area. 34.5% were concerned about the quality, maintenance and appearance of roads. Overall feedback was positive with 85.7% of respondents indicating that they were pleased by the overall impression of the town.
RATING CRITERIA: BASIC SERVICE DELIVERY & TOURISM-RELATED SERVICES

<table>
<thead>
<tr>
<th></th>
<th>Very dissatisfied</th>
<th>Below average</th>
<th>Average</th>
<th>Satisfied</th>
<th>Very satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality, range, value for money of accommodation</td>
<td>0.5</td>
<td>0.9</td>
<td>8.4</td>
<td>36.6</td>
<td>53.6</td>
</tr>
<tr>
<td>Ease of parking in the area</td>
<td>1.6</td>
<td>5.0</td>
<td>19.9</td>
<td>44.4</td>
<td>29.1</td>
</tr>
<tr>
<td>Choice and quality of visitor activities</td>
<td>0.5</td>
<td>3.0</td>
<td>19.5</td>
<td>38.1</td>
<td>38.9</td>
</tr>
<tr>
<td>Choice and quality of the shopping environment</td>
<td>0.8</td>
<td>3.8</td>
<td>21.1</td>
<td>42.7</td>
<td>31.6</td>
</tr>
<tr>
<td>Ease of finding way around – road signs &amp; information boards</td>
<td>0.3</td>
<td>6.2</td>
<td>20.9</td>
<td>45.2</td>
<td>27.4</td>
</tr>
<tr>
<td>Availability of public toilets</td>
<td>1.7</td>
<td>5.6</td>
<td>22.1</td>
<td>44.7</td>
<td>25.9</td>
</tr>
<tr>
<td>Cleanliness of public toilets</td>
<td>1.6</td>
<td>5.8</td>
<td>27.7</td>
<td>37.4</td>
<td>27.5</td>
</tr>
<tr>
<td>Cleanliness of the streets</td>
<td>1.2</td>
<td>7.0</td>
<td>19.0</td>
<td>47.6</td>
<td>25.2</td>
</tr>
<tr>
<td>Quality of the water</td>
<td>1.4</td>
<td>6.5</td>
<td>21.9</td>
<td>50.0</td>
<td>20.2</td>
</tr>
<tr>
<td>Maintenance of roads</td>
<td>2.6</td>
<td>9.4</td>
<td>22.5</td>
<td>45.8</td>
<td>19.8</td>
</tr>
<tr>
<td>Upkeep of parks and open spaces</td>
<td>1.4</td>
<td>5.9</td>
<td>19.6</td>
<td>46.7</td>
<td>26.4</td>
</tr>
<tr>
<td>Range and quality of evening entertainment</td>
<td>1.9</td>
<td>9.0</td>
<td>25.0</td>
<td>37.1</td>
<td>27.0</td>
</tr>
<tr>
<td>Range of restaurants &amp; coffee shops</td>
<td>0.0</td>
<td>0.9</td>
<td>5.1</td>
<td>44.1</td>
<td>49.9</td>
</tr>
<tr>
<td>Overall impression of the town</td>
<td>0.5</td>
<td>1.5</td>
<td>12.3</td>
<td>39.0</td>
<td>46.7</td>
</tr>
</tbody>
</table>

Table 8. Visitor satisfaction ratings

4.4. SUPPLY PROFILE

The following section details the methodology used to conduct the tourism industry surveys together with a summary of the key findings from the survey and data collection process.

4.4.1. SURVEY METHODOLOGY

A. Survey design

The Economic Development Department designed the following survey instruments specifically for this study:

- Accommodation survey
Activities survey
Tourism Operator Survey
Events Coordinator Survey
Tourism Related Services Survey

Comprehensive desktop research was undertaken to identify specific outcomes for each of the surveys listed. A draft survey was circulated to interested stakeholders for comment during the first orientation workshop held in December 2016. The feedback was incorporated and the final draft was circulated to the Economic Development Manager for approval. Once approved, the respective surveys were loaded onto Survey Monkey.

B. Sample design
Purposive sampling (Creswell, 2014) was used. The target (sample) population was identified upfront by existing databases used by the Economic Development Department of Knysna Municipality. The databases were cleaned and updated before the study commenced.

C. Data collection
The Economic Development Department emailed the questionnaires to the respective business owners with follow up messages requesting completion. Two fieldworkers were appointed to conduct telephone interviews using the database and relevant questionnaire. The fieldworkers were thoroughly briefed on the project and the content of the surveys before the interviews commenced.

D. Data capture
Information from the completed questionnaires was extracted from Survey Monkey into an excel worksheet. The computerisation and subsequent analysis of the data gathered with the surveys was completed during this phase.

E. Analysis and reporting
All data was analysed and the section below is the product of that analysis.

4.4.2. TOURISM INDUSTRY QUESTIONNAIRE RESULTS
The purpose of the accommodation, activities, tour operation, event and tourism-related services questionnaire was to determine how the Tourism Industry Stakeholders such as tourism operators believe their destinations is perceived by tourists. The information will also be used to determine how the tourism market is segmented and how it should be positioned to effectively market the area.
**A. Accommodation**

Accommodation is considered a vital and fundamental part of tourism supply as travelers and tourists need lodging for rest during their travel. The traveler usually pays the establishment based on the number of nights spend in the stay unit. The types of accommodation being used most regularly by tourists is summarised below.

<table>
<thead>
<tr>
<th><strong>HOTEL</strong></th>
<th>A hotel provides formal accommodation with full or limited service to the traveling public. A hotel has a reception area and offers a dining facility. A hotel must have a minimum of 6 rooms but more likely exceed 20 rooms. A star rating system is used by the Tourism Grading Council to grade the establishment.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GUEST HOUSE</strong></td>
<td>A guest house refers to existing or renovated home or building that has been specifically designed as a residential dwelling to provide overnight accommodation. The Accommodation has public areas for the exclusive use of its quests. If the host/manager and guests are accommodated in the same building, there must be separate living areas. The host must be contactable 24 hours a day, 7 days a week. The host must be available to check in guests. Daily servicing of the room has to be included. Bathroom facilities must be en-suite.</td>
</tr>
<tr>
<td><strong>SELF-CATERING</strong></td>
<td>Self-catering accommodation refers to a home away from your home. It offers quests a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge. The host must be contactable 24 hours a day, 7 days per week. Bathroom facilities may or may not be en-suite and/or private.</td>
</tr>
<tr>
<td><strong>BACKPACKERS/HOSTELS</strong></td>
<td>Backpackers and or hostel accommodation refers to a facility that provides communal facilities, including dormitories, yet may offer a range of alternative sleeping arrangements. Only establishments that cater for the travelling public qualifies for grading. Backpackers or hostels provide budget oriented, sociable accommodation where guests can rent a bed, usually a bunk bed, in a dormitory and share a bathroom, lounge and kitchen.</td>
</tr>
<tr>
<td><strong>CAMPING/CARAVAN PARK</strong></td>
<td>Camping/Caravan Park is a facility that provides space for guests who provide their own accommodation, such as a tent, a motor home and/or a caravan, together with ablution and toilet facilities.</td>
</tr>
</tbody>
</table>
GOVERNANCE AND ECONOMIC DEVELOPMENT

COMMITTEE MEETING

AGENDA

1 August 2019

Table 9. Types of accommodation establishments (Source: South African Tourism Grading Council, 2017)

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air BnB</td>
<td>An online community marketplace that connects people looking to rent their homes with people who are looking for accommodations. Hosts list and rent out their unused spaces and travelers search for and book accommodation according to their needs.</td>
</tr>
<tr>
<td>Holiday Home</td>
<td>A house or flat that someone owns in addition to their usual home and uses it for holidays.</td>
</tr>
</tbody>
</table>

The supply of accommodation and the overall experience of visitors staying over at an establishment impacts on the overall success of tourist destinations. It is therefore important for a destination to provide comfortable accommodation to people from diverse economic backgrounds according to the different levels of affordability. The total number of accommodation establishments within the Greater Knysna Area is summarised below.

Table 10. Number of accommodation establishments in Greater Knysna

<table>
<thead>
<tr>
<th>Establishment Type</th>
<th>VISIT KNYSNA</th>
<th>KNYSNA LED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest House</td>
<td>40</td>
<td>49</td>
</tr>
<tr>
<td>Bed &amp; Breakfast</td>
<td>26</td>
<td>61</td>
</tr>
<tr>
<td>Hotel</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Homestay</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Bed &amp; Breakfast</td>
<td>26</td>
<td>61</td>
</tr>
<tr>
<td>Self-Catering</td>
<td>95</td>
<td>119</td>
</tr>
<tr>
<td>Hotel</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Caravan &amp; Camping</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Backpackers</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>188</strong></td>
<td><strong>250</strong></td>
</tr>
</tbody>
</table>

The accommodation questionnaire was circulated to the accommodation sector for completion during the first quarter of 2017. Only 60 establishments provided feedback. The following table
reports on the sample size based on the different types of accommodation establishments in Greater Knysna.

<table>
<thead>
<tr>
<th>TYPE OF ESTABLISHMENT</th>
<th># OF COMPLETED QUESTIONNAIRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest house &amp; self-catering accommodation</td>
<td>9</td>
</tr>
<tr>
<td>Guest house/ bed &amp; breakfast</td>
<td>26</td>
</tr>
<tr>
<td>Hotel/boutique hotel</td>
<td>7</td>
</tr>
<tr>
<td>Self-catering accommodation</td>
<td>15</td>
</tr>
<tr>
<td>Backpackers &amp; cottages</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>60</strong></td>
</tr>
</tbody>
</table>

*Table 11. Sample size by different types of accommodation establishments (Source: Knysna Municipality Accommodation Survey, 2017)*

![Bar chart showing average length of stay per type of establishment.]

*Figure 13. Average length of stay of visitors per type of establishment*

**Implications**

On average visitors preferred to stay over for at least 3 nights in Knysna. When comparing the average number of nights spent at a guest house and bed & breakfast/self-catering establishment it can be observed that visitors to hotels tend to stay for shorter periods of time.
Rates for accommodation in Greater Knysna remain fairly competitive with hotels/boutique hotels being the most expensive, followed by self-catering accommodation. The average daily rates for backpackers & cottages is considered a cheaper option from guest houses, thus providing accommodation options to people according to different levels of affordability.

<table>
<thead>
<tr>
<th>AFFORDABILITY</th>
<th>AVERAGE DAILY RATES (PER PERSON)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest house &amp; self-catering accomm</td>
<td>R 813</td>
</tr>
<tr>
<td>Guest house/bed &amp; breakfast</td>
<td>R1 088</td>
</tr>
<tr>
<td>Hotel/boutique hotel</td>
<td>R1 510</td>
</tr>
<tr>
<td>Self-catering accommodation</td>
<td>R1 246</td>
</tr>
<tr>
<td>Backpackers &amp; cottages</td>
<td>R675</td>
</tr>
</tbody>
</table>

*Table 12: Affordability of accommodation establishments (Source: Knysna municipality accommodation survey, 2017)*

Business owners also indicated that the most popular platform used by customers to book accommodation is Booking.com (31.7%) followed by Expedia (30.2%) and the accommodation website (12.9%)

<table>
<thead>
<tr>
<th>MARKETING CHANNEL</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magazines</td>
<td>7.4%</td>
</tr>
<tr>
<td>Radio</td>
<td>2.4%</td>
</tr>
<tr>
<td>Exhibitions</td>
<td>7.3%</td>
</tr>
<tr>
<td>Websites</td>
<td>68.4%</td>
</tr>
<tr>
<td>Tour operators</td>
<td>7.3%</td>
</tr>
<tr>
<td>Flyers</td>
<td>1.2%</td>
</tr>
<tr>
<td>Ota’s</td>
<td>1.2%</td>
</tr>
<tr>
<td>Social media</td>
<td>2.4%</td>
</tr>
<tr>
<td>Booking sites</td>
<td>1.2%</td>
</tr>
</tbody>
</table>
Thirty-two per cent (32%) of establishments indicated that internet/website (including an accommodation’s own website) is one of the most valuable sources followed by booking sites (31%) and word of mouth (14%).

Table 13. Preferred marketing channels of the accommodation sector

<table>
<thead>
<tr>
<th>Preferred Customer Platform</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Word of mouth</td>
<td>14%</td>
</tr>
<tr>
<td>Travel agent/tour operator</td>
<td>12%</td>
</tr>
<tr>
<td>Internet/websites</td>
<td>17%</td>
</tr>
<tr>
<td>Tourism information center</td>
<td>6%</td>
</tr>
<tr>
<td>Printed media</td>
<td>2%</td>
</tr>
<tr>
<td>Booking.com</td>
<td>16%</td>
</tr>
<tr>
<td>Expedia</td>
<td>12%</td>
</tr>
<tr>
<td>Accommodation’s own website</td>
<td>15%</td>
</tr>
<tr>
<td>Trip advisor</td>
<td>1%</td>
</tr>
<tr>
<td>Travel ground</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

Table 14. Most valuable marketing channels

4.4.3. EVENT TRENDS

Events can be defined as exclusive celebrations at a particular location at one particular moment in time in order to meet specific needs. The potential of the event to attract visitors depends on the various resources available e.g. the site, physical, cultural and heritage assets. These elements influence how the tourist perceives the event and should be taken into consideration when formulating the positioning strategy of a destination. An event can be classified as an activity with the only difference being that it is temporary in nature.

The advantage of using such an activity as part of a positioning strategy of a destination is that it can be used strategically to increase spending and length of stay during off-seasons. There are also
different types of events that can be used to attract a certain type of visitor to the area who would never have visited the area.

Table 15. Different type of events (Source: Getz, 2008)

Economic impact, in the context of event tourism, can be defined as the net economic change in a host community that results from spending attributed to a sport event or facility. The economics of event tourism is influenced inter alia by:

- The magnitude of tourist spending;
- The number of tourists visiting the area;
- The number of days spent by tourists in the area;
- The circulation (multiplier) of tourist spending through the economy of a country or area.

A true understanding of visitor spending and the factors that influence visitor spending are therefore essential in terms of any economic impact study related to tourism. Expenditure is thus a vital economic input to be utilised for the modelling of economic impacts. Different categories of expenditure include:

- Direct expenditure by visitors on goods and services e.g. food and beverages, transport, accommodation, equipment, etc.
- Direct expenditure by government e.g. infrastructure, sponsorships, etc.
- Direct expenditure by private sector or NGOs e.g. sponsorships, media, advertising, capital, promotion etc.
- Direct expenditure by event organisers or managers and sporting teams (unions) to host events e.g. salaries, rent expenses, organising costs, rates and taxes, etc.

Social impacts of events are related to 2 aspects:

- The changes in the structure and the functioning of patterned social ordering that occur in conjunction with an environmental, technological or social innovation;
- The changes in the quality of life of residents of tourist destinations.
Social impact relates to the manner in which tourism and travel effect changes in the collective and individual value systems, behavior patterns, community structures, lifestyle and quality of life.

The majority of social impacts are not quantifiable in terms of monetary terms. Social impacts are often subjective, as perceived by individuals (e.g. local residents). Other social impacts can be objectively measured. It is often necessary to measure social impacts after an event has taken place. Social Impact Assessments includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions and any social change.

Social impact can be measured in terms of the following criteria:
- Type of impact: adverse or beneficial
- Extent of impact: reach of impact geographically
- Duration of impact: occurrence and timeframe of impact
- Intensity of impact: is the impact high, moderate or low?
- Probability of impact: is it likely that the impact may occur?

The Knysna Municipality offers a wide variety of festivals throughout the year and has established an event coordinating committee to ensure that the events hosted by public and private organisations are safe and meets the minimum criteria to be considered a quality event.

There are approximately 70 events based on the statistics received from the events coordinating committee, including more popular events such as the:
- Pick & Pay Oyster Festival;
- Knysna Speed Festival;
- Pink Loerie Festival;
- Timber Festival;
- Classic Car Weekend; and
- various mountain biking competitions (Garden Route 300, RECM Knysna 200)

Feedback from event coordinators confirms that the Greater Knysna Area has a clear competitive advantage due to the presence of physical resources, such as the sea, mountains, rivers and nature reserves and is considered the biggest strength when hosting an event. The climate together with the low levels of crime is also viewed as strengths when hosting an event in Greater Knysna.
The most popular strategies used to promote the event includes for social media (18.9%) followed by promotional material (11.7%) and banners (11.7%)

High rental cost and flood prone venues is considered the biggest risk when hosting an event. Other factors that impacts negatively on an event is the availability of parking and the lack of local supplies. Event coordinators is also concerned by the cost of travel and accommodation that limits the growth potential of successful events.

**IMPLICATIONS**

*Knysna Municipality should evaluate the hosting of current events to develop tourism brands supporting marketing and investment plans, carefully designed to compete with other places with similar traits.*
5. DESTINATION OPPORTUNITY

In order to identify projects that possess the potential to be developed and which are likely to have a significant impact on the tourism industry, it is necessary to identify the current and future potential opportunities within the tourism industry as well as the destination as a whole throughout the Greater Knysna. This destination potential identification section will be based on the outcomes of the preceding three chapters as well as a set of criteria that will allow for the identification of interventions that are sustainable and which are likely to ensure the future for Knysna to continue to be a world class tourism destination.

As part of this process, a SWOT analysis as well as an industry potential analysis will be undertaken. These two analysis techniques will help to obtain an insight into what competitive advantages the destination has and what potential exists for the industry to grow and develop within each of the four key areas identified which constitute tourism development as a function for local government. These two analysis techniques seek to identify supply and demand factors and thereby assess market opportunities, based on the gap between existing and potential levels of development. This is complimented by a review of the potential resource base exploitation or beneficiation.

The following chapter will seek to undertake the above activities under the following two major headings:
- SWOT Analysis
- Tourism Industry Potential Analysis

5.1. SWOT ANALYSIS

A SWOT analysis is a frequently used analytical tool for strategic assessments that assists in identifying strengths, weaknesses, opportunities and threats within a given environment. Strengths and weaknesses are internal factors within the control of an economic agent while opportunities and threats are those factors that are external to the economic agent, and therefore beyond the control of the economic agent. These are essentially macro-environment factors that that economic agent has little or no control over and is unable to influence.

The focus of the SWOT analysis is not on identifying what should be done, but rather on providing a framework for the identification of strategic opportunities; a means of avoiding weaknesses inherent in an economy, and as a mechanism for identifying threats that could limit future economic expansion and growth. The SWOT analysis presented in this section will identify and assess the
strengths, weaknesses, opportunities and threats in the greater Knysna municipal area, in terms of regional economic development.

The identification of strengths, weaknesses, opportunities and threats within the municipal and regional areas provides the basis upon which the strategic focus areas for the Knysna EDS will be established. In order to determine an industry perspective in relation to the current status as experienced by them in terms of the Greater Knysna as a tourism destination key research questions were posed. A summary of their responses follows.

**QUESTION 1: What A) is working and B) is not working in terms of promoting the destination?**

<table>
<thead>
<tr>
<th>A) IS WORKING</th>
<th>B) ISN'T WORKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Environment (natural beauty of area)</td>
<td>1. Collaborative marketing – no strategic and uniform approach to marketing the destination</td>
</tr>
<tr>
<td>2. Events</td>
<td>2. Lack of representation at domestic and international trade shows</td>
</tr>
<tr>
<td>3. Knysna municipality grant in aid</td>
<td>3. CBD infrastructure &amp; road infrastructure</td>
</tr>
<tr>
<td>4. Social media as a marketing platform</td>
<td>4. Promotions using various platforms (radio, TV, social media)</td>
</tr>
<tr>
<td>5. Big board at town entrances</td>
<td>5. Dedicated professional marketing/consistent marketing</td>
</tr>
<tr>
<td>6. Accommodation and product owners do good marketing</td>
<td>6. Safety &amp; parking</td>
</tr>
<tr>
<td>7. Knysna known brand – positive attraction value</td>
<td>7. Knysna map; quality and availability of water</td>
</tr>
</tbody>
</table>

**QUESTION 2: Identify the gems of the Greater Knysna area**

1. Forest walks & nature reserves
2. Estuary
3. Waterfront
4. Beaches
5. The Heads
6. Festivals, events & outdoor activities
7. Wild oats market and other local markets
QUESTION 3: What are the risks identified for the destination currently?

1. Competition
2. State of the town (pollution; road; water; waste management & Knysna CBD)
3. Traffic & noise level of traffic during high season
4. More options in global markets/i.e. competition
5. Accessibility and lack of public transport
6. Safety (scams, car guards, no visible policing)
7. Maintenance of tourism information boards & signage

Therefore in terms of the primary research which was done regarding the current state of the tourism destination there are key assets which need to be harnessed when marketing the destination and areas of concern which need to be addressed from decaying infrastructure to designation marketing which needs to be more strategic. These views will be taken into account in terms of the action plan for the tourism destination plan.

5.2. POTENTIAL IDENTIFICATION

The following section seeks to provide insight into the principal focus areas which constitutes tourism within a local municipal area. These four focus areas provides an overview of what a local authority is mandated to develop and invest in to ensure tourism development takes place. The 4 focus areas are as follows:

5.2.1. FOCUS AREA 1: TOURISM INFRASTRUCTURE

Definition: Infrastructure comprises of basic devices, buildings & service institutions.

Examples:
- Accommodation infrastructure;
- Transportation infrastructure – roads and transport points;
- Local facilities (Community parks & centres); and
- Trade infrastructure (African crafts market)

5.2.2. FOCUS AREA 2: TOURISM MARKETING

Definition: Tourism marketing is the practice of maximising sales among businesses that target visitors to a specific area, activity or event.

Examples:
5.2.3. **FOCUS AREA 3: TOURISM SERVICES**

**Definition:** The business of providing services to its people, for example hotels and restaurants.

**Examples:**
- Restaurants
- Medical services
- Taxis
- 24 hour receptions etc.

5.2.4. **FOCUS AREA 4: TOURISM PRODUCT DEVELOPMENT**

**Definition:** Product development focus on the development and provision of experiences, services and infrastructure that exceeds customer expectations.

**Examples:**
- Protecting the natural environment;
- Trail development;
- Strengthening touring corridors;
- Upgrading and enhancing the market readiness of tourism products and services.

5.3. **CRITERIA FOR DETERMINING POTENTIAL**

Using these 4 focus areas as criteria to identify the potential for the tourism development within the Greater Knysna a second round of public engagements were held on the 11th and 12th of April 2017 with tourism industry stakeholders to unpack the potential in each area. Four key questions were asked to each industry group namely:
1. MARKETING
   1. What resources should we make available?
   2. Who should do the marketing?
   3. What marketing assets should we have?
   4. How should we be marketing?

2. SERVICES
   1. What services do we need to resource?
   2. What service can we improve on?
   3. What services checklist do we have?

3. PRODUCT DEVELOPMENT
   1. Who is involved in developing new products?
   2. How can we improve our tourism products? Which elements?
   3. What makes us unique?
   4. What products do we need?

4. INFRASTRUCTURE
   1. What infrastructure gaps do we have?
   2. What tourism infrastructure do we need to improve?
   3. Who looks after what infrastructure?

For each of the questions it was asked that the industry role players prioritise the outcomes. The highest priorities received the most stars which is indicated in the following tables in order of priority. The following table provides a summary of the prioritised outcomes of the marketing opportunities in relation to the questions described above.

5.3.1. MARKETING OPPORTUNITIES IDENTIFIED

1. Network Marketing – Tradeshows and roadshows******
2. More representation at international tourism Indabas/roadshows (ex. ITB Berlin, WTM London, Cape Town)****
3. Better marketing to tour operators is required****
4. Create a local/Knysna App – Market the ‘hell’ out of this App*** (Note: different views expressed on effectiveness of an App – if content is not good and App managed on daily basis it can do more harm than good. Also need to consider the opportunity cost involved – cleaner website with booking functionality could be more effective)
5. Proper representation of all marketing segments of Knysna**
6. A Marketing Toolkit**
7. Website & social media- improve**
8. Print Media* (Not everyone uses electronics. Need a common brand. Money wasted & returning tourist don’t know the new names. See Plett print media example).
9. A Knysna Website**
10. Singe-mindedness – ‘nature/adventure’ (Brand Knysna)*
11. Focus on digital marketing: Social Media, Website, Blogging, Video*
12. Build relationship with Travel community*
13. Provide a library/archive of photos that stakeholders can access for marketing collateral*
14. Marketing collateral to be used for international trade shows. We do not have an up to date Knysna video to be used for destination marketing.*
15. Collective marketing*
16. Relationship with conference centres. Pre & post tour marketing.*
17. More international visibility*
18. Word of mouth*
19. Consolidate tourism website for all attractions, accommodation etc.*
20. Need a proactive marketing sales person & strategy – for international and local tourists*
21. Single brand, common identity, unified vision*
22. Knysna Tourism needs to be more visible at International airports, e.g. Cape Town, Joburg etc. through provision of brochures, ads & maps at tourism stands.*
23. One-stop-shop website required - must be up to date at all times (not the current case)*
24. Marketing body has to be independent of the municipality*
25. Need a public relations specialist with industry experience
26. Do specific social media campaigns
27. Viral marketing: More visibility. Social media (International)
28. Tiered marketing approach required
29. Instil sense of pride in all residents to become ambassadors
30. Transport App
31. Emphasise diversity
32. Need a better location for the Tourism visitor information office. Existing office location does not work in terms of parking and it being outside tourism hub
33. Create a Knysna Colour brochure/magazine blasting the areas beauty all over the world
34. Improve online marketing, radio, social media and keep with the times all the time (trends). VIP invitations to celebrities*
35. Marketing boxes/boards in busy places like taxi rank, bathrooms in malls, night clubs and shebeens**
36. Social media, newsletters, bill boards* [Note: Sedgefield has no bill board for events and activity marketing].
37. Tourism website & social media*
38. A town engagement team to get local businesses to buy into events and dress the town, create special menus (restaurants)*
39. Competent marketing personnel at tourism organisation*
40. Knysna Municipality and other stakeholders should do the marketing*
Tourism and business (events/product) owners should market*

Market at ITB and WTM

More budget to market the destination via social media – it is the cheapest and most measurable form of advertising and also has engagement factor with audience

Market at information centre(s)

Avenues to have events marketed/exposed each time the town is marketed at International trade exhibitions, Indaba, website, social media. Funding must be allocated for marketing at these fairs

5.3.2. TOURISM SERVICES OPPORTUNITIES IDENTIFIED

The following provides a summary of the prioritised outcomes of the services opportunities in relation to the questions described above.

1. Decent public transport – Internal shuttles required******
2. Online information office with Local Knysna App running live****
3. Skills and training centre for local community/Hotel School/Hospitality training centre- i.e.- Tour guide courses and training staff to work in tourism industry*** (Note: recurring theme).
4. Tour guides***
5. Exciting interactive Museum**
6. Walkways and dedicated cycle routes – boardwalk to The Heads with route markers**
7. Promote local transport**
8. Bulk resources upgrade- water & electricity*
9. Clean CBD and surrounds*
10. Better restaurants that serve quality food using local grown produce – drives and supports local farmers*
11. Roads: Especially CBD and upgrading gravel roads leading to tourism activities*
12. Public ablution facilities – tourist quality*
13. Better pedestrian movement infrastructure*
14. Visible policing and security*
15. Need a conference facility/educational centre*
16. Activity marketing*
17. South Cape College branch in Knysna*
18. Services that speak to the ‘natural’ brand-i.e.- water recycling, waste as a resource*
19. A post office with stamps and card machines that work. Street cleaners that do their job*
20. Extend/expand operating hours of restaurants to stay open longer
21. Goof town maps with attractions indicated
22. Bike stands
23. Ambassador training – use local guys as walking information office
24. Better street cleaning and waste management
25. Accessible street parking & parking for tour busses
26. Services that promote walking and cycling around Knysna
27. The steam train needs to run again***
28. Information areas for tourists**
29. Children’s entertainment**
30. Route identification (mapping)*
31. Data & Statistics so that new opportunities can be identified*
32. Signage*
33. Trained tour guides*
34. Better or more people to clean in the townships*
35. Directional signage to events/attractions*
36. Traffic fine immunity during events for certain minor violations due to a lack of alternative space – i.e. relaxation of certain violations if related to an event in order for visitors not to have good experiences spoilt by selective/opportunistic enforcement* (Note: arrangement be made with law enforcement of categories of violations linked to events where enforcement could be relaxed).
37. Office in town that sells tickets for events*
38. Transport to get tourists to the townships & Rastafarian community (Tourist minibuses)**
39. Provision of great services and experiences at fair prices so people return via word of mouth marketing
40. Recycling at all events
41. Diary of future events on the web
42. Make use of pop-up shops for new businesses
43. Development of township tourism & investment in township NGOs & NPOs
44. Liquor licence applications for events
45. Traffic control
46. Transport to destinations such as forest and beaches
47. Safety for township tours
48. More workshops on event management requirements & up-skilling: i.e. insurance, safety, service, social media

5.3.3. PRODUCT DEVELOPMENT OPPORTUNITIES IDENTIFIED

The following provides a summary of the prioritised outcomes of the product development opportunities in relation to the questions described above:

1. Train – to include dinner cab and activity en-route****
2. Bring back Oyster farming***
3. Drive and cultivate arts and crafts facility for local artisans to work and sell their goods-made in Knysna***
4. Sell Knysna as a whole. Beach-Forest activities**
5. Eco-Education**
6. Support mentorship for entrepreneurs**
7. App for easy access to everything**
8. Develop more free products*
9. Integrated packages*
10. Good/clear signage**
11. Child-friendly activities*
12. Township experience and restaurants*
13. Guided forest walks for adults – i.e.- birdwatching, botanists, special interest groups*
14. Focus on uncontrived & authentic activities and experiential tours and activities*
15. More activities – will increase length of stay*
16. Training local tour guides and operators – locals that knows Knysna*
17. Product development around lagoon and forest*
18. Make start-ups easier*
19. Promote the local transport industry*
20. Products/activities that promote re-connecting with nature & regeneration*
21. Nature reserve in town
22. Need activities for wet days
23. Develop the town in line with its history
24. Need more tour guides
25. Create a product development forum (Note: links to recurring theme of a need for internal networking opportunities in industry).
26. When you want to develop you are not shouted down by product owners who have a market monopoly
27. Create special interest packages (Birding, botanical, archaeological etc.)
28. Environmentally positive town
29. Need more products/activities that tourists can do when weather is bad
30. Video clips of activities in restaurants in all shops/restaurants
31. Interactive Art Street
32. Power van/train into the forest
33. Experts in product development/niche areas need to be brought in
34. Edu-Tourism products that are interactive, engaging and iconic
35. Authentic nature encounters
36. Packaging the new cycling route (Cape Town to Knysna)
37. Environmental education. Develop learner friendly products
38. Speed marketing done at Woodmill Lane during season
40. Trail funding for development of walking trails at Judah Square and in Hornlee
41. Consistent food quality at restaurants & customer service*
42. Quality control provisions need to be included in municipal leases on properties that are tourist attractions/destinations, for example “Senza” at The Heads. Municipality should be in a position to cancel lease if property is not being managed properly or severely underperforming as tourist attraction*
43. Water world for kids*
44. Hiking Trails and walks*
45. Develop a culture of service excellence across all businesses*
46. A youth centre where locals can showcase their products – ex. at Nekkies
47. Knysna needs a conference centre
48. Playgrounds in suburbs
49. More information on forest walks and picnics
50. Communication between all parties in tourism
51. Deep Sea eco-tourism
52. A marketplace in town centre for Green Chefs
53. Organised routes for community events
54. Film festival
55. Train was unique – can it come back?
56. Estuary is an eco-treasure

5.3.4 TOURISM INFRASTRUCTURE OPPORTUNITIES IDENTIFIED
The following summarises the prioritised outcomes of the infrastructure opportunities in relation to the questions described above:
1. By-pass********
2. Water resources*****
3. Knysna Tourist App/Market the App****
4. Revamp roads**
5. Heli-port**
7. Airport shuttle** (Current shuttles very expensive)
8. Tourism training centre**
9. Shuttle and shuttle parking**
10. Water recycling plant**
11. Businesses should be responsible for cleaning and safety of their immediate areas*
12. Clearly marked signs.*
13. Create pavements people can walk on and pensioners can drive on with electric scooters*
14. Tuck-Tucks*
15. R339 upgrade*
16. Dedicated cycle lanes
17. Fill in holes in roads after infrastructure repairs/installations
18. Train. Mono-rail
19. Pedestrianised streets
20. Better street lighting
21. Bulk services
22. Cycle routes with information boards. Lockable bike-stands at strategic points
23. Ban parking increase in Main road
24. Upgrade sidewalks in Main Road
25. Adult education centre
26. Budget accommodation for school groups
27. Bring back Oyster farming
28. Petrol attendants/services personnel to be trained in being tourism ambassadors
29. Water Taxis
30. A faceift to the Main Street required – Plett is a good example****
31. Public transport – a system that services all areas**
32. Improve community facilities to high standards and maintain**
33. Fix the basics: Unpolluted estuary, clean water, roads in good condition, grass cut, and litter cleaned up etc. Especially areas in Main Road and at old station at waterfront.
34. Accommodation in the townships**
35. Signage plan is a good idea – standard flag poles, poster brackets, banner signs etc. Don’t charge events for putting up posters & use of the infrastructure*
36. Added parking for busy times*
37. Being able to loan infrastructure from the Municipality – e.g. electrical cable, road signs, drain covers etc. (Note: Links with inputs made on costs of event infrastructure and potential to significantly reduce costs if standard infrastructure used at most events is invested in and shared between event managers – e.g. Fencing, locally trained event security personnel, tents etc. Model for this needs to be worked out and could be viable – ‘Event Store’).
38. Development of Sanlam Mall
IMPLICATIONS
The industry and public participation workshops provided a significant amount of detailed feedback on the perceptions of Knysna and issues that need to be addressed in order to develop the sector to its full potential locally. The opportunities identified by the industry for each focus area of tourism development will be grouped and included in the next section of the report which will be the action plan to indicate how this destination will be developed over the next 5 years.
6. IMPLEMENTATION PLAN

This section of the report details the operational and investment requirements to implement the catalytic projects and promote the strategic focus areas contained in this tourism destination plan. The current issue in relation to implementing tourism development in the Greater Knysna is understanding the role and function of local government as well as within each of the four core areas where the implementation is currently taking place and by whom and in future how will this status quo shift.

It should be noted that when this research study was undertaken in terms of developing a tourism destination plan for the Greater Knysna the core objective was not to define who is doing what but more so what should be done to develop the destination in a world class tourism destination which will ultimately attract more visitors and grow its competitive edge in the Province and globally.

There are numerous tourism role players who have a stake in the current and future status of industry. From the SWCT analysis it was clear that departments in charge of infrastructure, services, parks management, environmental management, safety and security and others have an influence over the tourist experience and the ability of local entrepreneurs to conduct businesses that profit off tourism. The roles of other departments are highlighted in subsequent sub-sections.

In addition to the Knysna Municipality’s own internal capacity, numerous other organizations exist that can assist in tourism development. These include provincial and national counterparts, Wesgro, Eden District Municipality as well as numerous industry associations’ funders such as the DBSA and IDC, and business chambers and community-based organizations.

Partnerships with these organizations will be critical for:
- the validity of research efforts;
- ensuring information provided to tourists in brochures, books, registries, online booking pages, mobile phone applications, maps and so forth is accurate and comprehensive;
- achieving economies of scale on research, planning, marketing, and procurement of other goods and services;
- sharing of knowledge, skills, insights and resources;
- ensuring a shared vision and alignment of branding and marketing efforts;
- ensuring tourists receive what they are promised in terms of service excellence, quality and nature of experiences and services offered; and
achieve critical mass when lobbying for removal of barriers to business or other decisions at provincial and national levels

The following outlines the various projects identified for the greater Knysna municipal area. The table provides a description of the project, a timeframe as well as the estimated budgetary implication. The projects listed seek to:

- Build on the region’s strengths
- Address the locations’ current weaknesses
- Take advantage of opportunities for development that exist currently or in the foreseeable future
- Mitigate the impact of possible threats to the achievement of the Knysna Local Municipality's economic development vision

### 6.1. PRIORITISED ACTIVITIES

<table>
<thead>
<tr>
<th>DESTINATION MARKETING PRIORITIES</th>
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<tbody>
<tr>
<td>MARKETING STAKEHOLDER RELATIONSHIPS</td>
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<table>
<thead>
<tr>
<th>Intervention details</th>
<th>Time frame</th>
<th>Potential CE</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase partnerships and industry marketing with tour operators in terms of travel community.</td>
<td>1-3 years</td>
<td>R 20 000</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>2. Identify key industry partnerships such as with conference centres for possible pre &amp; post event business opportunities to link to the business tourism segment.</td>
<td>6 months</td>
<td>R 0</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>3. Tourism ambassador programmes including tourism industry as well as citizens within the Greater Knysna.</td>
<td>Annual</td>
<td>R 20 000 p.a.</td>
<td>Private Tourism Bodies/Business Forum</td>
</tr>
<tr>
<td>4. Launch a town engagement team to get local businesses to buy into events and dress the town, create special menus (restaurants)</td>
<td>Annual</td>
<td>R 0</td>
<td>Business Forum/Tourism Organisation</td>
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### MARKETING STRATEGY
## Governance and Economic Development Committee Meeting

### Agenda
1. August 2019

### Intervention Details

<table>
<thead>
<tr>
<th>Intervention Details</th>
<th>Time Frame</th>
<th>Potential CE</th>
<th>Responsibility</th>
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</thead>
<tbody>
<tr>
<td>1. Marketing strategy required for all tourism products and activities (Include PR, marketing and sales strategy) with a clear domestic and international strategy outlined.</td>
<td>6 months; Annual review</td>
<td>R 1, 200,000 p.a.</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>2. Develop brand plan to cover all marketing channels including print etc. Ensure brand plan is workshopped with industry to ensure common language etc. for destination is used in industry marketing material as well.</td>
<td>6 months</td>
<td>R 500,000</td>
<td>Tourism Organisation &amp; Municipality</td>
</tr>
<tr>
<td>3. As part of the brand plan and marketing strategy marketing collateral must be developed for tradeshows, digital and print media as well as video clips to be used as a standard “template” by tourism stakeholders.</td>
<td>6 months</td>
<td>R 450,000</td>
<td>Tourism Organisation</td>
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<tr>
<td>4. Increased social media campaigns linked to viral marketing</td>
<td>1-3 years</td>
<td>R 80,000</td>
<td>Tourism Organisation</td>
</tr>
</tbody>
</table>

### Marketing Platforms

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<tr>
<th>Intervention Details</th>
<th>Time Frame</th>
<th>Potential CE</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Visit Knysna App development</td>
<td>6 months</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>2. Develop online/digital marketing strategy including social media – update website and all social media platforms with clear output measurable in terms of effectiveness of platforms.</td>
<td>6 months</td>
<td>Included in marketing strategy implementation</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>3. Develop a digital library of all images to be used by all tourism</td>
<td>6 -12 months</td>
<td>R 120,000</td>
<td>Tourism Organisation</td>
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<tr>
<td>4. Identify collective marketing opportunities with industry stakeholders, formulate marketing intervention action plan and include in annual marketing calendar as a joint marketing initiative.</td>
<td>6-12 months</td>
<td>R 0</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>5. Identify key marketing platforms at specific destinations for example; George Airport, Cape Town International Airport etc. to increase exposure. Link this to marketing strategy with an identified interventions planned. Identify locations for specific ad campaigns in public places such as taxi ranks, retail malls etc.</td>
<td>6 months</td>
<td>Included in marketing strategy</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>6. Research viability of a Knysna brochure/magazine as a potential quarterly publication.</td>
<td>6 months</td>
<td>R 0</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>7. Speed marketing done at opportunities need to be identified and planned with stakeholders.</td>
<td>Quarterly</td>
<td>R 5 000 per event.</td>
<td>Tourism Organisation</td>
</tr>
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</table>

**TRADE SHOWS**

<table>
<thead>
<tr>
<th>Intervention details</th>
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<th>Potential CE</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>1. Identify key trade shows and roadshows which needs to be attended with a marketing calendar for 24 months planned which links to the marketing strategy in terms of identifying strategy for each trade show with measurable outcomes to measure</td>
<td>3 months</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
</tbody>
</table>
### BUSINESS DEVELOPMENT

<table>
<thead>
<tr>
<th>Intervention details</th>
<th>Time frame</th>
<th>Potential CE</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business development support for all tourism products such as a marketing toolkit which can be used.</td>
<td>6-12 months</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
</tbody>
</table>

### HUMAN RESOURCE CAPACITY

<table>
<thead>
<tr>
<th>Intervention details</th>
<th>Time frame</th>
<th>Potential CE</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Public Relations Specialist with industry experience</td>
<td>12 month performance contract</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>2. Sales Consultant to increase trade</td>
<td>12 month performance contract</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>3. Competent marketing personnel at tourism visitor information centre</td>
<td>12 month performance contract</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
</tbody>
</table>

### TOURISM SERVICES INTERVENTIONS

#### TRANSPORT SERVICES

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Time frame</th>
<th>Cost</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Opportunities for additional public transport services need to be identified e.g. shuttle services.</td>
<td>1 year</td>
<td>R 0</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>2. Develop an updated list of all local transport operators and market this on all marketing platforms and the VIC</td>
<td>3 months</td>
<td>R 0</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>3. Ensure tour operators provide transport as a product offering to</td>
<td>3-6 months</td>
<td>R 0</td>
<td>Tourism Organisation</td>
</tr>
</tbody>
</table>
**VISITOR INFORMATION SERVICES**

1. Identify alternative locations of VIC  
   - 3-6 months  
   - R 0  
   - Tourism Organisation/ Municipality

2. Identify key information points with physical maps with information regarding tourist activities and attractions in that specific vicinity as a mini hotspot for tourists to access information digitally and through a physical resource.  
   - 6 - 12 months  
   - R 120 000  
   - Tourism Organisation/ Municipality

3. Maps for all MTB cycle and trails to be developed and physical signage along the routes to be designed and installed.  
   - 3 months  
   - R 80 000  
   - Municipality/ Project Steering Committee

4. VIC to provide the service of selling tickets for events and tourists activities and attractions.  
   - On-going  
   - R 0  
   - Tourism Organisation

**TOUR GUIDES**

1. Ensure a database of all tour guides is updated and these services are marketed on all marketing platforms and the VIC  
   - On-going  
   - R 0  
   - Tourism Organisation

**BASIC MUNICIPAL SERVICES**

1. Level of cleanliness throughout the CBD and tourist major attractions which are public assets including the taxi rank area is essential in terms of tourists impressions of the destination.  
   - 3 months  
   - TBC  
   - Municipality
## Governance and Economic Development Committee Meeting

**Agenda**

**1 August 2019**

<table>
<thead>
<tr>
<th>Number</th>
<th>Item Description</th>
<th>Timeframe</th>
<th>Costs</th>
<th>Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Level of cleanliness for township tours needs to be assessed and an intervention plan needs to be formulated.</td>
<td>3 months</td>
<td>TBC</td>
<td>Municipality</td>
</tr>
<tr>
<td>3.</td>
<td>Ensure public ablution facilities are kept neat and clean and a maintenance programme is run to upgrade existing facilities and identify areas where additional facilities need to be constructed for example on Leisure Isle.</td>
<td>3-12 months</td>
<td>TBC</td>
<td>Municipality</td>
</tr>
<tr>
<td>4.</td>
<td>Promote municipal services that speak to the 'natural' brand-i.e. water recycling, waste as a resource linking to the Zero Waste campaign. Waste separation refuse bins along high traffic routes &amp; tourist attractions.</td>
<td>3-6 months</td>
<td>R 40 000</td>
<td>Municipality</td>
</tr>
<tr>
<td>5.</td>
<td>Recycling bins and services offered at all events</td>
<td>On-going</td>
<td>Event specific</td>
<td>Municipality</td>
</tr>
<tr>
<td>6.</td>
<td>Traffic control services offered during events and festivals.</td>
<td>On-going</td>
<td>R 0</td>
<td>Municipality</td>
</tr>
</tbody>
</table>

### Restaurants

<table>
<thead>
<tr>
<th>Number</th>
<th>Item Description</th>
<th>Timeframe</th>
<th>Costs</th>
<th>Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Encourage local restaurants to serve quality food using local produce to support the local economy. Revive the go local campaign.</td>
<td>On-going</td>
<td>R 0</td>
<td>Tourism Organisation/ Private Sector</td>
</tr>
<tr>
<td>2.</td>
<td>Industry intervention regarding extending trading hours of restaurants.</td>
<td>On-going</td>
<td>R 0</td>
<td>Tourism Organisation/ Business Forum/ Private Sector</td>
</tr>
</tbody>
</table>

### Safety and Security

<table>
<thead>
<tr>
<th>Number</th>
<th>Item Description</th>
<th>Timeframe</th>
<th>Costs</th>
<th>Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Ensure visible policing and security on tourist routes and throughout</td>
<td>On-going</td>
<td>TBC</td>
<td>Municipality</td>
</tr>
</tbody>
</table>
the CBD using CBD patrols on foot and on bicycles.

2. Investigate whether arrangements can be made with law enforcement of categories of violations linked to events where enforcement could be relaxed.
   - 3 months
   - R 0
   - Municipality

3. Safety interventions for township tours for example along the route additional lighting and law enforcement patrols.
   - 3-12 months
   - TBC
   - Municipality

**TOURISM DATA INTELLIGENCE SERVICES**

1. Tourism visitor stats to be collected annually and a barometer report to be published for domestic visitors, international visitors and events.
   - Annual
   - R 30 000 p.a.
   - Tourism Organisation/ Municipality/ Wesgro

**TOURISM INFRASTRUCTURE PRIORITIES**

**TRANSPORT INFRASTRUCTURE**

1. Provide support regarding the repair and re-establishment of the railway line between Knysna and George and the re-establishment of the Choc-Tjoe as a critical tourism transport product as well as a strategic economic infrastructure priority.
   - Linked to re-opening of line and concession timeframe
   - R TBC
   - TRANSNET/Classic Rail/Prasa/Wesgro/ Knysna Municipality/Eden District Municipality

2. Roads requiring maintenance or upgrades need to be priorities in terms of access to major tourism activities and attractions which needs priority in terms of road
   - Annual Road Maintenance
   - R TBC
   - Knysna Municipality/ Eden District Municipality/ SANRAL
<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Maintenance budget for Knysna Municipality &amp; Eden District Municipality, especially the CBD and upgrading gravel roads leading to tourism activities in rural areas such as in the Rheenendal Ramble route.</td>
<td>3 months</td>
<td>R 0</td>
</tr>
<tr>
<td>2.</td>
<td>Map all tourism transport infrastructure and compile a status report in relation to status of infrastructure, ownership, location as well as maintenance required.</td>
<td>1-2 years</td>
<td>R 650 000</td>
</tr>
<tr>
<td>3.</td>
<td>Walkways and dedicated cycle routes such as the boardwalk to The Heads with route markers needs to be constructed and maintained.</td>
<td>1-3 years</td>
<td>R TBC</td>
</tr>
<tr>
<td>4.</td>
<td>Improve pedestrian infrastructure with signage and lighting to market Knysna as a pedestrian friendly destination which includes dedicated cycle lanes.</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td>5.</td>
<td>N2 bypass to alleviate traffic congestion through Knysna and the Hospital bend bottleneck along the N2.</td>
<td>1-3 years</td>
<td>TBC</td>
</tr>
<tr>
<td>6.</td>
<td>Marketing of air transport infrastructure such as helipads and private airfields. Air Access Initiative in relation to routes and pricing of flights to George Airport.</td>
<td>1-5 years</td>
<td>TBC</td>
</tr>
</tbody>
</table>
## 9. Tuc-Tucs as a business opportunity to improve public transport services offered.

<table>
<thead>
<tr>
<th>Duration</th>
<th>Funding</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years</td>
<td>TBC (Private)</td>
<td>Private Operators</td>
</tr>
</tbody>
</table>

## 10. R339 road upgrade.

<table>
<thead>
<tr>
<th>Duration</th>
<th>Funding</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>TBC</td>
<td>TBC</td>
<td>Eden District Municipality/SANPARKS</td>
</tr>
</tbody>
</table>

## 11. Fill in holes in roads after infrastructure repairs/installations.

<table>
<thead>
<tr>
<th>Duration</th>
<th>Funding</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-going</td>
<td>TBC</td>
<td>Road Authorities</td>
</tr>
</tbody>
</table>

## 12. Upgrade sidewalks in Main Road.

<table>
<thead>
<tr>
<th>Duration</th>
<th>Funding</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years</td>
<td>TBC</td>
<td>Road Authorities</td>
</tr>
</tbody>
</table>

## 13. Investigate the potential for Water Taxis between Knysna and Brenton/Belvidere.

<table>
<thead>
<tr>
<th>Duration</th>
<th>Funding</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>TBC (PPP)</td>
<td>SANPARKS/Private Operators</td>
</tr>
</tbody>
</table>

### TOURISM SIGNAGE INFRASTRUCTURE

1. **Conduct a signage audit to determine status of signs, owner, location as well as maintenance required.**

<table>
<thead>
<tr>
<th>Duration</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>Knysna Municipality (Signage Master Plan &amp; Implementation Framework)</td>
</tr>
</tbody>
</table>

2. **Compile a business plan for funding for signage upgrades to Department of Tourism as a possible funder.**

<table>
<thead>
<tr>
<th>Duration</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years</td>
<td>Knysna Municipality</td>
</tr>
</tbody>
</table>

3. **Improved signage - Directional signage to events/attractions as well as generally ensuring major tourist signage is clearly marked and visible.**

<table>
<thead>
<tr>
<th>Duration</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3 years (3 Phases)</td>
<td>Knysna Municipality/SANPARKS/Tourism Organisation/HoAs/Road Authorities</td>
</tr>
</tbody>
</table>

4. **Signage plan is a good idea – standard flag poles, poster brackets, banner signs etc. Suggestion to not charge events for putting up posters & use of the infrastructure, amend the signage by-law for this rebate.**

<table>
<thead>
<tr>
<th>Duration</th>
<th>Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years</td>
<td>Knysna Municipality</td>
</tr>
<tr>
<td>TOURISM FACILITY INFRASTRUCTURE</td>
<td>1. Identify a property, investment and operational model for the establishment of a conference/event facility.</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2. Proceed with a RFP to attract investors as potential partners for the identified site for the conference/event facility.</td>
<td>6 months</td>
</tr>
<tr>
<td>3. Identify bicycle routes and possible locations for bicycle stands, prepare project implementation plan and identify funding source.</td>
<td>6-12 months</td>
</tr>
<tr>
<td>4. Increased identification and demarcation of parking for tour buses.</td>
<td>6-18 months</td>
</tr>
<tr>
<td>6. Tourism &amp; hospitality training centre.</td>
<td>12-18 months</td>
</tr>
<tr>
<td>7. Short-stay accommodation opportunities for example affordable accommodation for school groups etc.</td>
<td>1-3 years</td>
</tr>
<tr>
<td>8. Upgrade and maintain municipal community facilities such as sport facilities and community halls etc. to ensure that these are up to standard to host different tourism</td>
<td>1-5 years</td>
</tr>
<tr>
<td>Event</td>
<td>Agenda Item</td>
</tr>
<tr>
<td>-------</td>
<td>-------------</td>
</tr>
<tr>
<td>9.</td>
<td>Being able to loan infrastructure from the Municipality – e.g. electrical cable, road signs, drain covers etc. (Note: Links with inputs made on costs of event infrastructure and potential to significantly reduce costs if standard infrastructure used at most events is invested in and shared between event managers – e.g. Fencing, locally trained event security personnel, tents etc. Model for this needs to be worked out and could be viable – ‘Event Store’).</td>
</tr>
<tr>
<td>10.</td>
<td>Identify a new location for the Tourism visitor information office. Existing office location does not work in terms of parking and it being outside tourism hub. Potential at the Knysna Waterfront precinct.</td>
</tr>
<tr>
<td>11.</td>
<td>Erect an additional tourism sign board for Sedgefield entrance on both sides of the town. Review design and effectiveness of current billboards (lighting etc.)</td>
</tr>
<tr>
<td>12.</td>
<td>A youth centre where locals can showcase their products – ex. at Nekkies</td>
</tr>
</tbody>
</table>
### Municipal Bulk Infrastructure

| 1. | Upgrade water and sewerage infrastructure as critical tourism related infrastructure relating to being a world class tourism destination with reliable and adequate basic services during peak and off peak tourism seasons with adequate capacity. | 1-10 years (3-5 year cycles with annual infrastructure upgrades) | Refer to Infrastructure Budget | Knysna Municipality/Infrastructure Grant Initiatives |
| 2. | Businesses should be responsible for cleaning and safety of their immediate areas through the implementation of a special rating area through a potential improvement district such as the CBD. | 6-18 months | R 200,000 | Private Businesses/SRA body/Knysna Municipality |
| 3. | Improve street lighting on major tourist routes to ensure safety of visitors at night. | 6-24 months | TBC | Knysna Municipality |
| 4. | Upgrade the CBD as part of an urban renewal programme. | 10 Year Programme – On-going | TBC | Knysna Municipality/Private Businesses/Investors/SRA/CID/Urban Renewal Grant Initiatives |

### Tourism Product Development Opportunities

#### New Business Opportunities

| 1. | Provide support regarding the repair and re-establishment of the railway line between Knysna and George and the re-establishment of the Choo-Tjoe as a critical tourism transport product as well | Linked to re-opening of line and concession timeframe | TBC | TRANSNET/Classic Rail/Prasa/Wesgro/Knysna Municipality/Eden District Municipality |
as a strategic economic infrastructure priority. To include joint marketing strategy for local and regional tourism packages & activities accessed from railway.

2. Oyster Farming & other Aquaculture Opportunities need to be explored with SanParks.
   - 6 months
   - TBC
   - Knysna Municipality/SANPARKS

3. Make use of pop-up shops for new businesses by liaising with key retail and property stakeholders especially during peak season.
   - 6-12 months
   - TBC
   - Private Businesses/Retailers

4. Support mentorship for entrepreneurs for different tourism business opportunities.
   - On-going
   - TBC
   - Tourism Organisation/Knysna Municipality/SEDA

5. Video clips/marketing of activities in restaurants in all shops/restaurants.
   - 6-18 months
   - R 200 000
   - Tourism Organisation/Knysna Municipality/Private Business

### TOURISM SKILLS DEVELOPMENT

1. Petrol attendants/services personnel to be trained in being tourism ambassadors.
   - Annual
   - R 40 000
   - Private Tourism Development Associations

2. More workshops on event management requirements & up-skilling: i.e. insurance, safety, service, social media
   - Annual
   - R 20 000
   - Knysna Municipality/Tourism Organisation

3. Skills and training centre for local community/Hotel School/Hospitality training centre- i.e. - Tour guide courses and training staff to work in tourism industry.
   - 6-24 months
   - TBC
   - Tourism Organisation/Garden Route Skills Mecca
4. Training local tour guides and operators, identify potential and also develop a database of existing registered guides and operators to be marketed on the website and with all activities and attractions as service providers. | 6-24 months | TBC | Tourism Organisation

### TOURISM PRODUCT OPPORTUNITIES & GAPS

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Timeframe</th>
<th>Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Development of township tourism &amp; investment in township NGOs &amp; NPOs need to be unpacked into township tourism product and infrastructure requirements.</td>
<td>6-12 months</td>
<td>National Tourism Department/ Tourism Organisation</td>
</tr>
<tr>
<td>2.</td>
<td>Facility tourism activities need to be increased as a product especially relating to kids entertainment.</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>3.</td>
<td>Exciting interactive Museum upgrade needs to take place to promote heritage tourism.</td>
<td>6-18 months</td>
<td>Knysna Municipality/ Heritage Western Cape</td>
</tr>
<tr>
<td>4.</td>
<td>Train – to include dinner cab and activity en-route.</td>
<td>Linked to re-opening of line and concession timeframe</td>
<td>TBC</td>
</tr>
<tr>
<td>5.</td>
<td>Drive and cultivate arts and crafts facility for local artisans to work and sell their goods-made in Knysna.</td>
<td>On-going</td>
<td>Knysna Municipality/Craft Collectives/Cape Craft &amp; Design Institute</td>
</tr>
<tr>
<td>6.</td>
<td>Eco-Education to be linked to tourism activities. Identify a potential driver to promote this with the product owners of different activities where there exists a degree of synergy.</td>
<td>TBC</td>
<td>TBC</td>
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</tr>
<tr>
<td>7. Identify and develop more free products for tourists, this must be included in the marketing strategy especially for adventure and outdoor activities and attractions.</td>
<td>6-12 months</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>8. Integrated packages for tourists linking activities and attractions with retail and accommodation.</td>
<td>6-18 months</td>
<td>TBC</td>
<td>Tourism Product Owners/Tourism Organisation</td>
</tr>
<tr>
<td>9. Identify current child friendly activities and include this in the marketing of activities and attractions as a description to attract families who visit the destination.</td>
<td>6-18 months</td>
<td>TBC</td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>10. Township experience and restaurants needs to be packaged and marketed. A township tourism strategy needs to be developed unpacking potential for new tourism products which needs to be linked to local entrepreneurs.</td>
<td>6-18 months</td>
<td>TBC</td>
<td>National Tourism Department/Tourism Organisation</td>
</tr>
<tr>
<td>11. Guided forest walks for adults – i.e. - birdwatching, botanists, and special interest groups.</td>
<td>Current</td>
<td>N/A</td>
<td>Private Tourism Product Owners</td>
</tr>
<tr>
<td>12. Product development around lagoon and forest.</td>
<td>In-process</td>
<td>TBC</td>
<td>SANPARKS/MTO Eco-Tourism/Tourism Organisation</td>
</tr>
<tr>
<td>13. Nature reserve in town to be developed i.e. Pledge Nature Reserve and the Knysna Central Park with SanParks.</td>
<td>1-3 years</td>
<td>R 7 million</td>
<td>Knysna Municipality/SANPARKS</td>
</tr>
<tr>
<td>14. Identify and package activities for rainy weather to ensure we are an all year round destination.</td>
<td>6-24 months</td>
<td>TBC</td>
<td>Tourism Organisation/Private Business</td>
</tr>
<tr>
<td></td>
<td>Agenda Item</td>
<td>Duration</td>
<td>Lead Agency</td>
</tr>
<tr>
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</tr>
<tr>
<td>15.</td>
<td>Identify additional ways to promote the heritage of the Greater Knysna into routes, additional information on all settlements, and additional designs for landmark art with interactive story telling electronic messaging etc.</td>
<td>12-24 months</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>16.</td>
<td>Create a product development forum (Note: links to recurring theme of a need for internal networking opportunities in industry).</td>
<td>6-12 months</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tourism Organisation/Knysna Municipality/SANPARKS</td>
</tr>
<tr>
<td>17.</td>
<td>Create special interest packages (Birding, botanical, archaeological etc.)</td>
<td>6-12 months</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td>18.</td>
<td>Interactive Street Art, identify a few pilot sites and liaise with art society.</td>
<td>6-12 months</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tourism Organisation/Knysna Municipality</td>
</tr>
<tr>
<td>19.</td>
<td>Investigate the potential of a Power van/train into the forest.</td>
<td>1-2 years</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>SANPARKS</td>
</tr>
<tr>
<td>20.</td>
<td>Identify the potential for additional Edu-Tourism products that are interactive, engaging and iconic.</td>
<td>12 months</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tourism Organisation/Product Development Forum</td>
</tr>
<tr>
<td>21.</td>
<td>Package and develop activities in relation to authentic nature encounters.</td>
<td>6-12 months</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tourism Organisation/SANPARKS/Product Development Forum</td>
</tr>
<tr>
<td>22.</td>
<td>Packaging the new cycling route (Cape Town to Knysna).</td>
<td>12 months</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CX to CA – DEDAT/Wesgro</td>
</tr>
<tr>
<td>23.</td>
<td>More festivals need to be developed relating to Music- Jazz, Blues, and Classical.</td>
<td>6-18 months</td>
<td>TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tourism Organisation</td>
</tr>
<tr>
<td></td>
<td>Additional events relating to Fashion competitions and Water sports.</td>
<td>6-18 months</td>
<td>TBC</td>
</tr>
<tr>
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<td>-------------------------------------------------</td>
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</tr>
<tr>
<td>25.</td>
<td>Trail funding for development of walking trails at Judah Square and in Hornlee</td>
<td>6-18 months</td>
<td>TBC</td>
</tr>
<tr>
<td>27.</td>
<td>Identify new routes for hiking and running trails.</td>
<td>6-12 months</td>
<td>TBC</td>
</tr>
<tr>
<td>29.</td>
<td>Organised routes for community tourism products.</td>
<td>6-18 months</td>
<td>TBC</td>
</tr>
<tr>
<td>30.</td>
<td>Film Festival</td>
<td>2-3 years</td>
<td>R 250 000</td>
</tr>
</tbody>
</table>

**EXISTING TOURISM PRODUCT INTERVENTIONS**

|   | More information on forest walks and picnics at existing sites. | 1 year | TBC | SANPARKS |

### 6.2. TOURISM DESTINATION PLAN ROLE OUT

The implementation of the action plan is dependent on not only the Knysna Municipality and private sector. It is essential that for the tourism destination plan to work everyone needs to use it as a planning and project guide to ensure all four aspects are realized.

The following chapter of the Knysna Local Municipality’s EDS involves presenting the general guidelines and steps which should be followed when implementing the projects which have been identified in Chapter 6. The purpose of this section is to present to the Knysna Local Municipality a step-by-step process to be followed in the implementation of the identified projects, from site location through to the final handover of the project.

The chapter also presents the implementation action plans for each of the identified economic development projects as well as the monitoring and evaluation framework.
6.3. IMPLEMENTATION GUIDELINES

The following section presents a general step-by-step guide for how projects identified in Chapter 4 should be implemented. These guidelines describe the process that should be followed from the inception of the project to its completion. Steps covered include, but are not limited to, the following:

1. IDP integration and prioritisation
2. Identification of location
3. Pre-feasibility and detailed feasibility studies
4. Partnership identification and project matchmaking
5. Development of a business plan
6. Municipal budgeting and funding
7. Enabling environment and labour market
8. Project handover and mentoring

6.3.1. IDP INTEGRATION AND STAKEHOLDER PLANNING PROCESS

A range of different tourism destination development projects, identified as part of the opportunities assessment, have been identified and outlined in this report. Following this process, LED officials within the Knysna Local Municipality should ensure these projects are integrated into the municipality’s IDP. Project integration into the IDP should not be limited to just those projects that are immediately implementable, but rather to all those public sector projects that are likely to stimulate other opportunities in the future. The projects should also form part of not only local government planning strategies but private sector marketing budgets, other sector department’s infrastructure planning etc.

6.3.2. IDENTIFICATION OF LOCATIONS

Once the project to be implemented has been identified and integrated into the IDP process, the next step is identifying where it will be located within a spatial context. This necessitates the identification of suitable and available land. As part of the broader planning process and the updating of the SDF, potential development sites and available land for future development will be identified. This will not always be on council owned land but more often than not private sector will own and operate for example tourism activities and attractions and they therefore need to identify possible locations. Each project needs to have a geo-spatial reference.

When developers and/or investors assess a site for future development, they consider a range of factors, including:
The cost of the land

Proximity and accessibility to transport routes and/or the target market

Proximity to the inputs such as raw materials and labour

Whether communities are forward looking and exhibit a high standard of land management

Whether communities are informed, understand the value of the development and also have data on their own needs, strengths and weaknesses

Whether proper due diligence for the site has been conducted (e.g. rezoning, EIA, bulk and geotechnical capacity etc.)

The resources that are available in that area, such as labour, water etc.

Should the responses to these questions complement the project, the investors would generally consider the location as being optimal. It is important to note, however, that site location is the exclusive prerogative of the investor.

6.3.3. FEASIBILITY

Prior to implementing a project, a feasibility study is generally undertaken in order to determine the viability of a project. In some cases it may be necessary to conduct a pre-feasibility study, which would serve as the pre-cursor to a feasibility study. The pre-feasibility assessment essentially includes the following aspects:

- Locational data
- Potential project limitations
- Potential alternatives and implementation alternatives for the project
- Preliminary cost estimated
- Detailed information that would be required for a comprehensive feasibility study
- Potential funding sources
- Preparation of Terms of Reference for the feasibility study

A full feasibility study essentially comprises:

- A Locational Analysis
- An initial environmental assessment
- Market research (demand and supply analysis)
- The identification and quantification of income streams
- The identification of potential funding sources.

The development concept is then refined and concrete designing and planning is done. The feasibility study translates into information for the investor(s) by:
Demonstrating the existence of a market which is viable for a new entrant to gain a sufficient size of the market share
- Indicating that the macro-economic environment is sufficiently stable to support and/or grow the current market
- Showing that costs (e.g. start-up capital, labour, supply chain logistics, utilities and taxation) have been investigated and accurately estimated
- Demonstrating that income streams have been accurately calculated based on market research and that the income will be sufficient to cover costs and earn a return on investment.

6.3.4. Partnership Identification and Project Matchmaking
This step aims to identify stakeholders, potential partners and funders as well as project leaders/drivers. For each identified project, a project leader/driver is required that will drive and coordinate the implementation process. These leaders/drivers are responsible for the steps that need to followed in the implementation process and should therefore be provided with the necessary information, data and authority to successfully and timeously lead the project from this point to hand-over to the developer/operator. Such a leader/driver does not necessarily have to come from within the Knysna Municipality and could include a local industry representative or community leader.

Stakeholders may range from government departments that are required in the planning process; to industry experts or representative bodies; communities/beneficiaries; land owners and other pertinent stakeholders. At this stage of the project it is necessary to ensure that all parties understand the scope of the project and what will be required of each stakeholder.

It is also possible at this stage to begin to engage investors and match them with existing or potential projects. Investors will require not only feasibility studies, but also comprehensive business plans. Depending on the attractiveness of the opportunity, some potential investors may develop their own business plans, while in other scenarios a business plan will be needed to draw investors to the project.

6.3.5. Development of a Business Plan
In order to outline how a project will be executed, business plans for prioritised projects should be developed. These business plans are prerequisites for any form of funding application. As part of the vetting process, potential funders require specific information in order to determine the likely success of a specific project. Such business plans should at least include the following information:
1. **A description of the proposed project**
This section provides an overview of the business concept, its markets, processes and products. It describes:
- Evidence of the market for the particular product/service, as evident from the feasibility phase
- The product/service and how it will be produced (tested and/or innovative technologies) as well as the main by-products
- Aims and objectives of the business plan
- A summary of the impact assessment

2. **An operational plan**
This provides a concise, straightforward and clear description of the:
- Input requirements (technology, materials, machinery, skills, logistics and infrastructure requirements, site specifications and environmental conditions)
- An overview of the resource supply necessary to meet the input requirements, as well as any potential barriers to entry into the market
- Operational and logistical strategies and systems, including project management, human resource development and marketing strategies that will be applied to the project. An organisation, management and staffing plan is usually required at this stage and should be linked to evidence of capacity within the labour market to implement the proposed structure.

3. **Impact assessment**
This is an assessment of the project’s economic impact on the market as well as potential risks. This includes project-specific risks as well as those risks that could have an impact on the market/beneficiaries of the project. Risks can be identified in terms of the broader socio-political and economic environment; technology changes and shifts in market trends and financial risks relating to credit (availability and interest rates), markets (also influenced by the broader economic climate, inflation and interest rates) and assets. The impact is assessed in terms of the potential impact on the economy, the population and the greater Knysna municipal area, in terms of its own strategies. For example, impacts can be stated as opportunities for SMME’s within the supply chain of the project, or as opportunities for empowerment through skills development.

4. **Development of a financial plan**
This is an analysis of the envisaged income and expenditure of the project. It draws on the feasibility study as well as the operation plan developed for the project and covers the project’s capital and operating costs; projected income; cash flow modelling and expected return on investment. It is critical that this financial plan remains realistic and grounded in current realities.
5. Implementation action plan
This plan sets out clear, functional guidelines for implementing the respective projects. It covers specific steps that will need to be undertaken and assigns timeframes, lining these to respective individuals and empowers these person(s) with the necessary resources and authority to implement the project.

6. Monitoring, evaluation and mitigation framework
This highlights Key Performance Indicators (KPIs) for the project’s implementation and operation phases and determines how monitoring and evaluation will be conducted and how deviation from the KPI’s will be remedied.

6.3.6. Municipal Budgeting and Financing
The Knysna Local Municipality needs to ensure that information from the feasibility and business plan stages is used to feed into the municipal budgets. This is to ensure that project budgets and planning are in line with municipal budgetary protocols.

The role of the Knysna Local Municipality’s budgeting and funding process is therefore vital. There should be constant dialogue between the Knysna Local Municipality and the Wesgro to ensure that all tourism related issues at a local level are communicated upwards, which will in turn enable the Provincial Government of the Western Cape to draw up informed budgets for tourism in the district and province as a whole (which naturally includes the greater Knysna municipal area).

There are a number of potential funding sources, each with different areas of focus. The full range should be further investigated with the aim of partnering with financiers who offer the best loan and/or partnership terms. These should then be evaluated both against the financial implications of the agreement as well as implications for decision-making power and accountability structures. Financing agreements that directly benefit the local communities in the greater Knysna municipal area (i.e. agreements that include local equity or necessitate the procurement of goods and services from local suppliers) are, for example, to be favoured and encouraged.

6.3.7. SMMEs and PPPs
A number of the identified projects may be suitable for Public Private Partnerships (PPP) initiatives, such as the Knysna Central Park, Convention Centre, and the Revitalisation of the Choo-Tjoe. Any PPPs entered into by the Knysna Local Municipality should be informed by the South African Code of Good Practice for PPPs.
6.3.8. INVESTMENT READINESS

Investment in projects by the private sector does not occur independently of broader factors relating to the readiness of an area for that particular investment. This section thus identifies gaps in the readiness of the Knysna Local Municipality for specific projects identified in the opportunity analysis. Potential public sector interventions to rectify those gaps are then identified. The Knysna Local Municipality presents varying levels of “readiness” for the successful implementation and sustained operation of identified projects, and for the enhancement of general areas of opportunity.

The following aspects need to be considered in order to create an environment conducive to attracting investors to the area:

1. **Projects need to be packaged**
   - Potential projects to be marketed to investors need to be listed and prioritised
   - The projects then need to be packaged in a user-friendly way (easy access to information for potential investors)
   - The packaged projects then need to be marketed to investors in order to gain buy-in
   - Processes to implement the projects need to be fast-tracked in order to hold investors’ support

2. **Incentives**
   - Information regarding incentives linked to each of the packaged projects should be made available to businesses and investors

3. **Skills Facilitation**
   - Establish an employment database and skills audit
   - Facilitate skills training and development
   - Establish more bursaries and sponsorship

4. **Infrastructure Development**
   - New transport proposals need to be included into the local IDP’s
   - Integrated public transport network

5. **Vacant land and actions**

6.3.9. PROJECT HANDOVER AND MENTORING

Initially the Knysna Local Municipality, in particular the Economic Development Department and Wesgro, will assist with the initialising of the projects which have been identified and prioritised. As the implementation of the Tourism Destination Plan crosses a number of departments and
stakeholders, the initialising of projects should be the responsibility of not only the Economic Development Department but all departmental areas and especially private sector tourism stakeholders which the projects will incorporate and benefit. This thus calls for interdepartmental coordination and cooperation to ensure the effective undertaking and implementation of the various projects. Once these projects have been initialised, it is the responsibility of the Economic Development Department and the respective departments to identify private sector stakeholders who will take over the project and take them into the future. The Knysna Local Municipality should ensure that they continue to improve the enabling environment, to retain existing businesses and to attract investors.

**IMPLICATIONS**

The success of the tourism destination plan will require a new way of thinking as tourism is everyone’s responsibility and that includes a) Civil Society b) Government and c) Organized Business. The next steps in the process will require the tourism destination plan to be adopted by council and included in the Integrated Development Plan of Knysna Municipality. Each of the four focus areas will need to be unbundled to ensure that each aspect of the action plan is allocated to a project driver and the implementation guidelines applied. This will then be drafted in an M&E framework to monitor the progress by all parties to ensure the tourism destination plan is implemented and the goals and objectives achieved in ensuring the vision for a future tourism destination is achieved. It will be essential for Wesgro to establish a Tourism Advisory Board/Forum/Work Group with representatives allocated to each focus area in the TDP. Linked to this should be a programme and project performance monitoring framework so that there can be transparent review of the impact of interventions being implemented – validated by the annual tourism visitor, event, user satisfaction and other surveys’ analysis.

**6.3.10. INSTITUTIONAL ARRANGEMENTS**

At the time of finalising this plan it needs to be noted that Knysna Municipality chose to enter into a contracting agreement with the Western Cape Tourism, Trade and Investment Promotion Agency, WESGRO, to outsource certain components of the local tourism function as defined throughout this plan.

WESGRO commenced with delivery of the below services on 1st November 2018 and the scope of services required by the service level agreement include the following:

- A Brand and marketing strategy for domestic and international tourists
- A Social media and digital marketing strategy
A Creative platform
A Marketing implementation plan
A Brand manual
An Event marketing strategy
A Tourism Trade strategy
To hold quarterly stakeholder engagements for local tourism stakeholders to engage with WESGRO, over and above the Steering Committee engagements.
To present quarterly reports to the relevant Section 80 committee
Update of the tourism map and the delivery of hard copies and electronic copies to the local tourism industry in the Greater Knysna area. Quantity and format budget dependent.
Tourism Ambassador training in partnership with the International Association of Travel and Tourism Professionals (Skal International)
Management of printing, application and removal of the signage for the event tourism signage board at both entrances to town
Update tourism stakeholder database
Management of visitor information centre and services including general town and tourism information, assistance to walk-in accommodation bookings, activity bookings, event ticket sales etc.
Membership Services Strategy and the implementation thereof
Provide market and data insights and tourism research
Visitor experience strategy (including the visitor information centre) and implementation thereof in partnership with Knysna Municipality
Cape Town Air Access to provide joint marketing opportunities with airlines if possible
Strong working relationship and joint marketing opportunities with South African Tourism
Strong working relationship and joint marketing opportunities with private sector and association bodies such as SATSA and FEDHASA
Administrative and compliance support

These services form part of the local tourism function and is based on a three year performance-based agreement, however, successful implementation of the project opportunities identified in this plan will depend on multi-partner stakeholder collaboration and the introduction of a tourism development programme that provide the framework for short, medium and long term implementation and coordination of projects between Knysna Municipality and other tourism sector role-players.
7. CONCLUSION

Local and National Government policy encourages destination organisations to become focused and efficient bodies that are increasingly led by the private sector. A Destination Management Plan for Knysna is an essential tool in the delivery of a successful visitor economy for the area.

This document provides an informed and considered foundation for the development of Knysna into a world-class destination that draws maximum socio-economic benefit from the tourism industry. This document consolidates and interprets desk research, qualitative research, quantitative research, government, industry and community inputs into a defined and explicit set of actions required to ensure that Knysna is enabled to achieve this.

Critically, this document demonstrates that tourism and destination marketing of Knysna cannot be treated in a silo. Role-players from across industry and government departments all have a stake in the future status of the industry. Within the 4 focus areas identified – infrastructure, marketing, services and product development – strategies must now be drafted, plans developed and working groups activated to ensure that catalytic projects are prioritised, initiated and progressed to conclusion.