

# Bulletin

Wednesday, 29 August 2018

## Tourism Minister officially launches the Graskop Gorge Lift Company

**T**ourism Minister Derek Hanekom officially launched the Graskop Gorge Lift Centre on Mpumalanga's Panorama Route on 24 August.

The development features a viewing lift that travels down the face of the gorge and is a first for Africa.



Hon. Mr Derek Andre Hanekom  
South African Minister of Tourism

### Making the dream a reality

The developers – Oupa Pilane, Campbell Scott and James Sheard of the Graskop Gorge Lift Co. – were awarded an opportunity worth approximately R150 million by THALEDA, the economic development agency of

the Thaba Chweu Local Municipality.

The first phase of the rollout received funding from the National Empowerment Fund (NEF) to the tune of R33.4 million. The total value of the project is R40 million at present, and is expected to grow to R150 million upon completion of the second phase.

According to the NEF's CEO Ms Philisiwe Mthethwa, the three Mpumalanga entrepreneurs approached the NEF with a unique and exciting funding proposition in March 2016.

"They had an idea that had every potential to easily become the most innovative tourism development in South Africa after liberation," says Ms Mthethwa.

"They found a willing and visionary funding partner in the NEF, which is the only development finance institution that is mandated by legislation to grow black economic participation in South Africa," she adds.

The investors secured a 25-year contract with the local municipality, following a public procurement process, to develop the infrastructure with the aim of transforming Graskop into a major tourism node.

The positioning of the lift could not be better; the Panorama Route is a popular tourist destination that attracts over 500 000 visitors a year.

"The NEF was confident to approve the investment needed to enable this greenfield project to come to life. We count the Graskop Gorge Lift Company among the industrialists that



Ms Philisiwe Mthethwa  
Chief Executive Officer



Mr Oupa Pilane  
Graskop Gorge Lift Company  
Managing Director

we have funded because of the large-scale capacity and potential of this exceptional infrastructure project. The business is doing so well that it has begun to fulfill its loan obligations to the NEF before schedule," says Ms Mthethwa.

"The NEF will warehouse equity shareholding amounting to 26.1% for future transfer to black women shareholders," she adds.

To date, the NEF has approved in excess of R9.3 billion for over 935 black-owned and managed businesses across the country. "More than R6.3 billion has been disbursed

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## Tourism Minister officially launches the Graskop Gorge Lift Company - continued

directly into the economy and together these investees have generated well over 96 000 decent jobs.”



Hon. Mr Bulelani Magwanishe  
Deputy Minister of Trade and Industry

“The Graskop Gorge Lift Centre is a dream come true. Not only for the investors, but for the people of Graskop and communities across the province which are and will continue to benefit from the growth in tourism to the region,” says Mr Pilane.

“This would not have been possible without support from the NEF and we thank the fund for believing in us and for understanding that tourism is one of the biggest growth sectors in our economy,” he adds.

The Minister of Tourism, The Hon. Derek Hanekom, applauded the Graskop Gorge Lift Centre as an offering that demonstrates the National

Tourism Sector Strategy in action as it will enhance visitor experience, showcase innovation in destination management and demonstrate the broad based benefits in the tourism sectors.

“For this reason, Graskop Gorge Lift Co. will receive R5 million for their next development through the R120 million Tourism Transformation Fund of the Department of Tourism. We need more projects such as the Graskop Gorge Lift Centre to enhance our tourism offerings so that South Africa can be more competitive as a tourist destination and in the process create more sustainable jobs for our people,” stated Minister Hanekom.

The Deputy Minister of Trade and Industry, The Hon. Mr Bulelani Magwanishe, said as a key entity of the Department of Trade and Industry, the NEF is implementing **the dti's** industrial policy very well. In doing so, it has saved critical industrial capabilities in a variety of sectors. He added that the NEF is a pioneer of Radical Socio-Economic Transformation and urged them to keep up the good work for an inclusive economy to be realized.

“The Graskop Gorge Lift

project is proof of the fact that integrated support and efforts between government, the private sector and other stakeholders can cultivate meaningful outcomes. A project of this nature will push the tourism sector to the next level,” said Deputy Minister Magwanishe.

Since opening its doors to the public in December 2017, the Graskop Gorge Lift Centre has delighted thousands of people who have had their souls touched by Africa's first viewing lift – which travels 51-metres down the face of the Graskop Gorge and into the Afromontane forest below.

The forest is explored via a 600-metre elevated circular trail. It is a sensory delight, full of sounds, texture and unforgettable sights. Water drips down rock faces, moss grows in abundance, the river dances across boulders and the waterfall cascades. A rich, earthy smell lingers and little flowers vie for attention next to towering trees.

The centre also has an enticing restaurant that is perched on the top of the cliff edge; a contemporary African art gallery, colourful African fashion clothing shop, curio shop and a community crafts market.



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[www.graskopgorgeliftcompany.co.za](http://www.graskopgorgeliftcompany.co.za)



## NEF and Government to grow support for tourism

Since April 2016 the NEF has had an enterprise development partnership with the Department of Tourism known as the Tourism Transformation Fund (TTF), whose objectives include unlocking investments in viable tourism projects for black entrepreneurs. In terms of this agreement the Department has committed a total R120 million to the NEF over a 3 year-period, amounting to R40 million per annum between 2017 and 2020, to be applied as grant funding to qualifying enterprises that meet the funding criteria.

In recent years the NEF has also established enterprise development partnerships with other Government departments and private sector players like the Department of Rural Development and Land Reform, the Department of Arts and Culture, the Western Cape Provincial Department of Economic Development and Tourism, Bakwena Ba Mokgopa, Evraz Highveld Steel, the Laser Group, BP, Chrysler and Transalloys. Through these patriotic alliances the partners contribute 40% concessionary funding and the NEF co-invests 60% towards the financial needs of beneficiary enterprises in the relevant sectors or focus areas of the

department or company.

Speaking at the launch of the Graskop Gorge, NEF CEO Ms Philisiwe Mthetha, said: "We are grateful to Minister Hanekom for his enduring personal support and stewardship of this important partnership. The Tourism Transformation Fund aims to unlock investments in viable tourism projects for black entrepreneurs, who include existing and future investees. The NEF has invested R180 million in the sector, and the Tourism Transformation Fund is a strategic means to grow the volume of support for the sector".

Below is a sample of these investments"

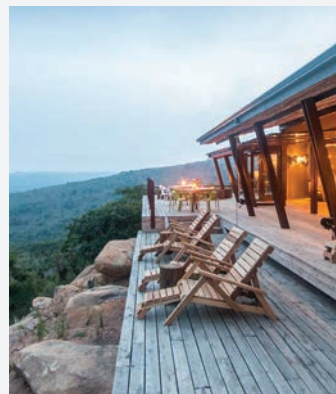


- **Jozini Tiger Lodge**, a 70-room, four-star-graded hotel that is part-owned by the local community, and in which the NEF invested just over R28 million in 2010. This was for the construction of the hotel and participation of the local

community as shareholders in the business. The upmarket hotel is located near the Swaziland and Mozambique borders, and the business employs 90 local community members.



- In 2013 the NEF funded **Tala Game Reserve** to the tune of R19.1million to develop a Private Game Reserve based in Camperdown, with over 2000 ha owned by the Nkumbuleni Community Trust following a successful Land Restitution claim. Land expropriation is good for transformation. The community, comprising 260 households, owns 34% of the businesses. Tala is primarily in the business of hosting weddings, conferences, corporate functions, game drives and providing accommodation.
- In 2012 the NEF was approached to assist the Mpembeni Community Trust to partner in establishing the 44-bed **Rhino Ridge Lodge** that would be located in the



Mpembeni Game Reserve. The Mpembeni Community Trust represents the interests of approximately 600 households who own the Rhino Ridge Lodge. Funded by the NEF to the value of R23.7 million, the lodge is owned 33% by the community and is famous for Big 5 game drives & walks, birding and Spa treatments.

The lodge has strong commercial merit and is supported by the high occupancy rates of establishments within the locality, tourist traffic into the area and superior facilities as a 4-star-graded facility.

"Critical among these and other similar tourism investments is that NEF funding has facilitated the participation of black communities in commercially viable projects," added Ms Mthethwa.

In this way the NEF is aligned

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## Support for tourism - continued

with the Tourism Charter in terms of the following objectives:

- Increasing the number of black people who manage, own and control enterprises and productive assets;
- Facilitating the ownership and management of the enterprises and productive assets by communities, workers, co-operatives and other collective enterprises;
- Investment in enterprises that are directly owned and managed by black people;
- Strengthening the skills and human resource base of the entrepreneurs or enterprises;
- Unlocking sector transformation and facilitating the empowerment of Black people, and
- Creating social development initiatives that will unlock opportunities to encourage economic activities to foster socio-economic growth and development in the sector.

"We will continue to invest in tourism because we have seen how the sector has benefited other economies across the world, and indeed arrivals in emerging destinations are expected to increase at double the pace of that in advanced economies, and we believe that South Africa must ready itself for that projected change in global tourism trends" concluded, Ms Mthethwa.

## A galaxy of dignitaries in attendance



### Also in attendance were the following dignitaries:

Deputy Minister of Economic Development, The Hon. Mr Madala Masuku Executive, Mayor of Thaba Chweu Municipality, Councillor Selina Mashego-Segobela, Mr. Eddie Makue, Chairperson of Parliament's Standing Committee on Trade and International as well as the following members, Hon. Mrs MC Dikgale, Hon. Mr Ml Rayi, Hon. Mr MT Mhlanga, Hon. Mr H Mtleni, Hon. Mr M Erasmus, . Representatives of Parliament's Portfolio Committee on Trade and Industry. Hon. Members Ms Lerato Theko and Mr Simanga Mbuyane, as well as the Chairman and leadership of the Thaba Chweu Economic Development Agency

### What motivated the NEF to approve the Graskop transaction

- Given its mandate, the NEF was attracted to the fact that the Graskop Gorge Lift Company is majority black-owned.
- The NEF was pleased with the commitment to comply with a key requirement, which is direct operational involvement by black partners in the daily management of the business. Mr Oupa Pilane is the Managing Director and Director of Commercial Operations of the Graskop Gorge Lift Company.
- The tourism sector has been identified as one of the key growth sectors for the South African economy, and the growth of domestic and international tourists to Mpumalanga gave the NEF confidence that supporting this venture would be investing in a commercially viable and sustainable business.
- It was also important for the NEF that the investment would create 108 direct jobs during construction and 37 permanent jobs post project completion. Job creation is a key priority of the government and is a critical aspect of the empowerment dividend,
- A suitable prime location of the business along an established tourism node, specifically the Panorama Route with its matchless variety of worldclass attractions.
- A public-private-partnership anchored on a long-term contract awarded by the Local Municipality.

### A mainstay of milestones

- The NEF was funded by the fiscus to the tune of R2.4 billion in 2004. It has now approved over R9.3 billion for 935 black companies and disbursed more than R6.3 billion countrywide.
- The NEF has leveraged over R6 billion in third party funding.
- Over R3 billion has been repaid by investees, and this continues even though as a development financier the NEF's investment horizons are typically up to 8 years and up to 10 years for rural and industrial funding.
- More than 98 000 jobs have been supported, which is a significant contribution towards a key national priority.
- In terms of supporting black industrialists the NEF can point to 28 strategic industrial projects valued at R30 billion, developed together with local and international partners and with potential to support 85 000 additional jobs.
- Secured clean external audit opinions for 13 years running.
- With the R2.4 billion total recapitalisation since inception, the NEF has more than doubled its initial capital and delivered key socio-economic benefits across the length and breadth of the country.