



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Budget Vote Speech delivered by Minister of Tourism, Derek Hanekom

14 May 2015

Madame Speaker,
Honorable Members,

Tourism is about creating opportunity, hope and a better life for all. It is about people.

It's about the people who are working across the tourism value chain, and it's about the millions of people who come here from all over the world to savour what our country has to offer.

Improving this experience and selling it to the world, so that our people derive lasting benefits out of tourism, is what drives the plans and projects in the budget that we are presenting to you today.

This year we celebrate the 60th anniversary of the adoption of the Freedom Charter. The well-known clause that all "people shall share in the country's wealth" goes to the heart of our commitment to advance inclusive, sustainable growth and job creation.

The Freedom Charter also captures an aspiration with very explicit relevance to our industry: "Rest, leisure and recreation shall be the right of all." This, I believe, guides us towards creating affordable access for all our people to enjoy our rich natural and cultural heritage.

Tourism growth is not only about increasing the numbers of domestic tourists or international arrivals.

It is about growth that is environmentally and socially responsible, that brings marginalised people and communities into the tourism mainstream.

It's about connecting people and enriching their lives. Tourism is our opportunity to share our rich history, our diverse cultures, our wildlife and our incredible scenic beauty with people from all over the world.

Honorable Members, it is clear that tourism is making a huge impact on our country.

This is why it is recognised in the National Development Plan as one of the main drivers of South Africa's economy.

The tourism budget for 2015/16 is R1,8 billion. Considering that this represents only 0,13% of the total budget, we are doing extremely well. According to the latest economic impact report published by the World Travel and Tourism Council, tourism contributed 9.4% to South Africa's Gross Domestic Product in 2014, and almost 10% to employment.

This means that about one in every ten job opportunities in our country is supported by tourism. These employment opportunities include direct tourism jobs in hotels, restaurants, entertainment, tour-guiding, travel agencies, conference organisers and tour operators. It also includes the indirect jobs throughout the industries that support the tourism value chain.

The facts speak for themselves: if we succeed in achieving our tourism growth targets, we will make a massive difference in tackling poverty and unemployment in our country.

And the good news is that, despite some of the recent challenges, including the unfortunate effect of the Ebola epidemic in West Africa, our tourism industry continues to grow. The 6.6% growth recorded in 2014 once again exceeded the average global growth in tourism.

Honorable Members, I was delighted to have some of our Committee members, as well as many who are in the gallery today, join us at INDABA 2015 in Durban a few days ago. INDABA is the largest travel show on our continent by far. With more than 1000 exhibitors, including 300 exhibitors from 20 African countries, and about 2000 buyers from the world's tourism source markets, INDABA 2015 was a resounding success. The support that we enjoyed from countries across the continent reinforced the spirit of Africa Month as a celebration of unity.

During the event I announced that we intend to expand INDABA's footprint through new partnerships. In the next few months, we will be issuing a call for proposals from prospective partners with a global reach to work with us to make INDABA even more competitive.

Honorable Members, we have ambitious targets to grow our international tourist arrivals over the next few years. Our target is to attract 12 million international tourist arrivals by 2018. And we are hoping to see an increase in domestic holiday trips from 2,8 million in 2014 to 4,1 million by 2020. With this level of growth, we will be well on track to achieve the NDP's target of creating 225 000 jobs within the sector by 2020.

To help us achieve these targets, 54 % of our budget for this year goes to South African Tourism.

Growth in domestic tourism is critical to the future of the tourism sector in South Africa. In the next year, SA Tourism will focus on building a culture of tourism with a ring-fenced budget of R100 million. A significantly enhanced marketing program will combine awareness of the benefits of travel with exciting destinations and affordable product offerings.

SA Tourism has been doing an outstanding job in marketing destination South Africa. However, we must continuously ask ourselves: how can we market our magnificent destination better? How can we make our attractive offer even more attractive?

It is in this context that I appointed a panel to review the work of SA Tourism. The final report of this panel, chaired by former Minister of Environment and Tourism, Valli Moosa, will soon be presented to me. I am confident that the outcome of the review will steer us on a path of continuous innovation.

Honorable Members, throughout the world, tourists vote with their feet. Their votes are based on the service they receive, ease of travel, and the value for money offered by destinations. In the highly competitive global marketplace that we operate in, we must work harder than ever to ensure that every tourist who arrives on our shores has the best experience possible.

Several initiatives are being implemented under this budget to enhance our amazing destination offerings, while at the same time promoting transformation and responsible tourism.

In March this year I announced the introduction of the Tourism Incentive Programme. This programme aims to advance sector transformation, enterprise growth and destination development.

It includes an exciting new retrofitting programme, starting with a focus on energy efficiency, which will reduce the operational costs of tourism businesses. We will pilot the installation of photo-voltaic panels at some of our state-owned attractions this year, such as our World Heritage Sites and National Botanical Gardens.

R180 million will be spent on this pilot phase. An additional R368 million is budgeted for the following years to extend the energy retrofit subsidy to private-sector tourism enterprises.

The Incentive Program will also support efforts to ensure that our community tourism projects are sustainable by improving the business and management skills of the owners. And to assist tourism businesses to market their products, qualifying applicants will receive financial assistance to access new markets by attending tourism trade shows.

The incentive will also be used to subsidize some of the costs of grading by the Grading Council of South Africa. This will particularly benefit SMMEs operating on low margins who may otherwise struggle to cover the assessment fees to get themselves graded.

Over time the retrofitting programme will also be expanded to address Universal Accessibility. The programme will provide resources to make establishments and attractions friendly to people with disabilities.

Allowing all people equal access to tourism facilities can make a world of difference, as I learnt when I opened the new Park Inn Hotel in Newlands recently.

Bruno Druchen, who is the National Director of DeafSA, and is with us today, negotiated a deal with a property developer to build the hotel on land owned by DeafSA. He insisted on two conditions: the hotel had to employ a significant number of deaf people, and DeafSA had to be the majority shareholder in the venture. Today, DeafSA owns 51% of the hotel, about 30% of the staff are deaf, and the hotel has special facilities for physically disabled guests. This has raised the bar for how tourism establishments in South Africa respond to the needs of people with disabilities, and we can proudly proclaim that South Africa has become a world leader in this field.

Honorable Members, we have the wildlife, the mountains, exquisite beaches and spectacular scenery, but the unforgettable experience we would like to offer tourists depends even more on how well they are hosted. For good hosting and service excellence you need a good, well trained workforce. Investing in human capital is critically important. We will complete a skills audit for the tourism sector and its value chain this year. This will be followed by an intensified skills development drive that will take us into the next decade of tourism growth.

Our current investment in training food safety officers, chefs, and sommeliers is already paying dividends in creating employment opportunities for our youth and improving the quality of our service to tourists. Deputy Minister Xasa will provide more details of our skills development programme shortly.

It is essential to expose young people to the many career opportunities available to them in the tourism industry as early as possible. Schools that offer tourism as part of their curriculum are making a valuable contribution to the sector. Today, we are delighted to welcome learners from Cannon's Creek Independent School in Cape Town. My words to you, our future leaders: there is no limit to what you can achieve in the tourism sector. I hope that soon, one of you will be down here addressing Parliament as the Minister of Tourism, and I will be up there, listening to you deliver your budget vote speech from the public gallery.

Honorable Members, the high level of unemployment in South Africa makes job creation a priority for all sectors of our economy. But job creation without skills development and training does not lead to sustainable employment. Training is therefore a crucial element of all our projects funded under the Expanded Public Works Programme and the Social Responsibility Initiative.

Our EPWP tourism infrastructure projects have a strong rural bias, which will create jobs in areas where they are most needed. We plan to support the creation of 11,000 full time equivalent jobs through the SRI programme over the MTEF period.

Every single job we create has the potential to change someone's life, to support a family, and build a future.

To illustrate this, let me take you deep into the rural heart of the Free State, where the Department supported the building of the Metsi-Matsho Lodge. Ms Refilwe Moyeye, who is also here in the gallery, was employed as a general worker in the project. Refilwe and her brother lost their parents when she was 20 years old. She struggled to find employment. And then the construction of the Metsi-Matsho Lodge began. This is what she says: "I will never forget the day I was hired at Metsi-Matsho. After a few months, our lives started to change. I saved half of my salary every month. This year I built a house for my brother and I. Now, we are living a better life."

Our Social Responsibility Initiative has implemented several programmes for youth and women to enable them to obtain employment or to start their own businesses in the tourism and hospitality fields. These include the National Young Chefs programme, the Sommeliers programme, and the Tourism Buddies programme.

In 2014/15, about 3800 youth were enrolled as Tourism Buddies. Their learning placements in food and beverages and accommodation services would not have been possible without our industry partners, and we thank them for their support.

These placements will continue in 2015/16. An additional 300 young people will be trained for the Diploma in Cookery, and a further 200 youths will be trained for the Advanced Diploma in Cookery.

Honorable Members, allow me to share with you an example of how the training we offer in these programmes can transform peoples' lives.

Lee-Marque Jansen, a young man who is here with us today, was unemployed, and the head of the household after his mother fell ill. In 2012, he was selected to participate in the Tourism Buddies hospitality programme, which empowers young people through on-the-job training. He started working as a cleaner at Tsitsikamma National Park. Today, Lee-Marque is a front-desk employee at the Addo Elephant National Park. In his own words: "My journey has just begun. The Tourism Buddies programme paved the way to my future. Without this programme, I would not be where I am today."

In addition to developing the skills of individuals, we strongly support the development and growth of Small and Medium-sized Enterprises. Growing the number of enterprises is essential for sustainable development and job creation.

In this financial year, we will support 100 rural tourism businesses through the Tourism Enterprise Partnership. The focus will be on skills development, mentorship, access to information, market access training and quality assurance. We will contribute R13.5 million towards the partnership this year.

This year, Honourable Members, we will review the National Tourism Sector Strategy which was approved by Cabinet in 2011. We have already achieved or exceeded some of the targets in the Strategy.

The review will start with a comprehensive environmental scan to identify opportunities to enhance the development, promotion and transformation of tourism. Stakeholder consultation will be an integral part of the process, and an expert panel drawn from key stakeholder groups will be appointed.

To continue deriving benefits from tourism for all our people, we must continually improve the competitiveness of our destination and the authenticity of our experiences. During this MTEF period, we will prioritise investment in some of our key tourism magnets, such as our World Heritage Sites, including Robben Island, our National Parks and our Botanical Gardens.

Honorable Members, we often talk about public-private partnerships in our industry, and they remain our lifeblood. But I also want to stress the importance of public-public partnerships. We need all three spheres of government and the various tourism agencies to work together with a common purpose.

Policy coherence, collaboration and coordination are critically important. We need to learn from the world's truly successful tourism destinations, who have adopted a whole-of-government approach to ensure that tourism development satisfies the multiple mandates of their individual sectors.

If we do not align our work in critical areas such as expanding air connectivity, and minimizing unnecessary costs and inconvenience in processing visa applications, we will struggle to unlock the full potential of job creation and inclusive growth that this sector offers.

We recall President Zuma's statement during his State of the Nation Address earlier this year, that we will, and I quote, "prioritise the review of visa regulations to strike a balance between national security and growth in tourism."

We are looking forward to further dialogue with our sister departments in our attempt to find this balance.

Honorable Members, the ongoing transformation of our sector remains one of our greatest priorities. The challenges we face include poor representation of black women in ownership and management, and insufficient representation of black people in the sector. Large established businesses are also not procuring sufficient goods and services from black-owned enterprises.

Working in association with academic institutions, we will develop an Executive Development Programme which will target black women within the sector. This will contribute to a pipeline of black women who will be ready to assume meaningful positions at executive and directorship levels.

We will also create a repository of small, black-owned enterprises who are able to supply goods and services to large enterprises. This database is expected to transform the tourism supply chain significantly.

Honorable Members, the stories of Bruno Druchen, Lee-Marque Jansen and Refilwe Moyeye are extremely important to us. They represent the experience of real people. There are many more stories that demonstrate how tourism is creating hope and opportunity for the people of South Africa.

I want to thank the people who are making these stories possible by driving this sector through their leadership.

Deputy Minister Xasa; Acting Director-General Victor Tharage, and the entire Department of Tourism; the SA Tourism Board, represented by the Chairperson and CEO; the leadership of the Tourism Business Council of South Africa, and all the associations who are part of it, and the thousands of people who are tourist ambassadors on the ground: thank you for your effort and your dedication.

To the Portfolio Committee Chairperson, the Honorable Beatrice Ngcobo, and all the members of the Committee, we appreciate the constructive way in which we can always engage with you, in the best interests of this remarkable sector and all our people.

Honorable Members, tourism in our country is growing stronger every year. The benefits of tourism are enormous, for our people, our communities, and our economy.

We are determined to maintain this growth. And we are committed to making tourism more inclusive and sustainable.

As we succeed in attaining these aspirations, the transformative power of tourism will multiply significantly, and the lives of more and more of our people will be changed forever.

I thank you.