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For immediate release

**Speech delivered by Minister Marthinus Van Schalkwyk at the World Tourism Day
Business Breakfast, East London**

Ladies and gentlemen,

It is indeed a privilege to be in the beautiful province of the Eastern Cape this year as part of our World Tourism Day celebrations. The Eastern Cape is a province renowned for its attractive towns, laden with history, brimming nature reserves and spectacular mountain views. It's a place of traditional villages, beautiful coastlines and friendly, welcoming people.

High on our agenda this morning is to engage with you (the key industry role players) on the importance of the travel and tourism sector, not only globally, but for South Africa specifically. The state of travel and tourism globally looks fairly 'optimistic', especially amidst the global economic slowdown. But in South Africa, the picture of the tourism sector is without a doubt **optimistic**.

Globally, tourism is a leading export sector, accounting for 30% of the world's services exports, estimated at \$1 trillion a year. It now also constitutes 45% of the total services exports in developing countries and makes a significant source of export revenue for our country. In 2011, travel and tourism exports constituted 67,9% of all services exports from our country. Travel and tourism exports earnings for South Africa exceed exports of automotive manufacturing, chemicals manufacturing, agriculture, financial services, education and construction. In fact, mining is the only sector that beats tourism's share of total exports.

In South Africa, we have recently reported excellent results for the first few months of 2012: Tourist arrivals to our country increased by an overall 10,5% year-on-year during the first quarter, and overseas arrivals increased by nearly 18%. These statistics should be compared and understood within the context of global tourist arrival growth, which was at 5,4% during the first four months of 2012. The latest Statistics SA accommodation figures also underscored this positive trend: Total income for the accommodation industry for the second quarter of 2012 increased by 11,2%.

In addition, over the past year, South Africa's travel receipts have also increased by an encouraging R10,6 billion, or 14% year-on-year. The South African Reserve Bank reported last week that travel receipts increased again in the second quarter of 2012, rising by R5 billion to R83,5 billion. This is an all-time record high, and now far exceeds the level of travel receipts recorded during the second quarter of 2010, more or less at the time of the 2010 Soccer World Cup. Economists believe that the current trend can be maintained – especially as South Africa has established an exceptional profile for itself globally.

Overall, growth in the South African tourism sector can be ascribed to a number of things: Firstly, our decision to carefully segment our various markets, our meticulous market research, and our investment in targeted brand-building and marketing efforts. Consistent with the portfolio approach, we further strive to strike the right balance between spend on global branding and in-country marketing, and between mature and emerging markets. We also focused on niche product development, such as the cultural and heritage tourism product offerings, and on balancing leisure and business tourism. Growth in the sector can further be ascribed to the significant strides made in relation to aviation. At the inception of the Airlift Strategy of 2006, there was an estimate of twenty airlines operating in South Africa. Since then, the number has grown to fifty airlines in July 2011. We are currently working with the Department of Transport and other partners to review the 2006 Airlift Strategy, which we will be taking back to Cabinet soon.

To reap the benefits and take full advantage of the opportunities the tourism industry has to offer to respective rural communities and the South African public at large, a few challenges must however be addressed. Today, I would like to highlight three of those challenges: (i) the importance of intergovernmental cooperation in the implementation of tourism policies and strategies; (ii) the employment and practise of responsible and sustainable tourism measures and (iii) the issue of service excellence and the grading of establishments.

With regard to intergovernmental cooperation: The effectiveness of any tourism policy and strategy wholly depends on its implementation. It is of paramount importance that provinces and local government are mobilised to assist in the implementation of national policies and strategies, as the National Department cannot do so in isolation. I would like to make specific reference to the National Heritage and Cultural Tourism Strategy, the National Rural Tourism Strategy and the Domestic Tourism Growth Strategy. These strategies are of significant relevance to the respective provinces and municipalities. Provincial and local spheres of government are the engine rooms that drive the planning and management of South Africa's natural and cultural assets. They further provide the core utilities and infrastructure on which the tourism industry is based. With specific reference to the implementation of the Domestic Tourism Growth Strategy, it is both the responsibility of government as well as the private sector to work together and extensively market and sell their unique tourism product offerings to the domestic market. The strategy centres on innovation, stakeholder participation, and the offering of authentic, affordable experiences and packages that meet the needs of all potential local travellers.

With regard to responsible and sustainable tourism: it is well documented that tourism destinations are vulnerable to the multi-layered economic, political and environmental shocks associated with climate change. This is particularly true for destinations where the attractions that support tourism sectors are closely linked to the *environment* and *climate* itself (*as is the case in South Africa*). It goes without saying that *energy* is a vital resource for tourism development, as it is integral to accommodating and transporting tourists, inter alia. The sustainable use of energy within the tourism sector is pivotal for the competitiveness and sustainability of the tourism sector. This is important not only from a cost of doing business perspective, but from a consumer demand perspective as well, as consumers are increasingly becoming more inclined towards '**green travelling**'. Responsible and Sustainable Tourism is not a foreign concept for South Africa. In 2011, the Minimum Standards for Responsible Tourism was released. These Standards aims to promote the implementation of Responsible Tourism principles in tourism businesses, harmonise sustainable tourism certification programmes and set a national benchmark for tourism businesses to aspire to.

Turning to service levels: at the beginning of this year, the NDT in partnership with SABS developed Tourism Service Excellence Standards. The implementation and application of standards and self assessment tools will position tourism as a service-driven industry and South Africa as a globally competitive service economy. We urge the industry therefore to

become active participants and improve their service levels in line with world-class standards. This leads me to the aspect of grading of establishments. Despite the various concerns raised by establishment owners when the new, stricter and more comprehensive Grading Criteria were launched, it is most encouraging to note that the TGCSA managed to bring 1 165 NEW properties into the fold during the previous financial year. This is testament to excellent stakeholder engagement initiatives. The quality assurance of accommodation products where tourists stay and get to experience South Africa and its diversity is critical. Each one of us in the industry must play part to ensure that South Africa delivers on its promise of a quality experience to tourists visiting our country. The three-year review of the grading criteria will be taking place in a few weeks' time. We want to hear your views on how to secure South Africa's international competitiveness as a tourism destination using grading as one of the vehicles.

Let me conclude by stressing my personal appreciation for the contribution by each and every one of you towards realising our 2020 vision as contained in the National Tourism Sector Strategy. I am confident that all our respective short-term actions will keep us on course as we learn, adapt and reap the benefits of this growing sector that we are creating for the future. Let us at all times keep our eye on the target, which is to ensure that the 2020 vision of making South Africa a top 20 destination is realised.

I thank you.

Ends.

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