



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Tourism Minister Derek Hanekom's Budget Vote Speech

3 May 2016

Chairperson,
Honourable Members,

More than ever before, governments around the world are looking to tourism for economic growth. South Africa is no different, and that is why our National Development Plan features this sector as an important economic driver.

Following two decades of consistent and impressive growth, 2015 was not a good year for tourism in our country. Global and local economic pressures took their toll and perceptions of health risks discouraged travel to Africa. Visa and other travel documentation requirements had a further negative impact on tourism. The result was that international tourist arrivals declined by 6.8%, compared to the previous year.

The good news, Honorable Members, is that our tourism sector proved to be remarkably resilient. Government and industry worked together with real commitment and determination to get ourselves back into positive growth.

And indeed, tourism is recovering rapidly from last year's decline. 2016 promises to be a year of strong growth for tourism in South Africa. This means more jobs for our people, more business for our operators, and more revenue for our economy. The World Travel and Tourism Council estimates Tourism will earn R120 billion in export earnings, and contribute more than R380 billion to the economy this year.

In January, over one million tourists arrived in South Africa, 15% more than in January last year. February brought an incredible 18% increase. This is spectacular recovery. And the growth trend is set to continue. This is very good news for our country and our economy. The Department's work this year will build on this very positive trend, and we will continue working closely with industry to ensure that this growth is sustained, and that the benefits are shared amongst more people.

The 2016/17 budget of just over R2 billion which we present to you today, Honourable Members, is designed to achieve just that. It will go towards improved marketing, further enhancing our destination through improving the visitor experience, and creating economic opportunities for communities. Transforming the sector at every level will remain a top priority in all our work.

Tourism cuts across a range of sectors. Tourists make their decisions after being influenced by accounts of trips from friends and family, as well as by media and marketing campaigns, and perceptions of value for money.

They then make their bookings and acquire the necessary travel documentation, such as visas, if required. And finally they travel to the country by air, coach, or car.

Once in South Africa, tourists encounter officials at airports and other ports of entry. They meet and interact with staff at accommodation establishments and tourism attractions. In this way tourism is all about hundreds of small encounters and impressions that are made by all the people that form part of its complex value chain.

Our task is to persuade more tourists to choose South Africa for leisure and business travel, and to make it as easy as possible for tourists to visit us. A whole of government approach is key to unlocking our full tourism potential. For this reason Tourism will continue to work with sister departments such as Home Affairs, Transport, Arts and Culture, Environment, Trade and Industry, Sports and Recreation, and others, as well as with the many provincial and local authorities.

Importantly, progress has been made in implementing Cabinet's decisions on changes to the immigration regulations. I recently visited China and India, which are key source markets for South Africa. In China we saw the success of the decision to allow travel agencies to apply for visas on behalf of travellers. The Chinese market is now rebounding very strongly. Tourist arrivals from China in January this year nearly doubled compared to January 2015, and in February it grew by more than half on the same month in 2015. All indications are that this phenomenal growth is set to continue.

In India, where there is much enthusiasm amongst travel companies about our country and our tourism offer, the main challenge continues to be the long delays in obtaining visas. India has a booming outbound travel market and has massive growth potential for South Africa. We will work closely with the Department of Home Affairs to find a solution to this challenge.

In allocating its budget, the Department focuses on key initiatives to increase tourist numbers and to enhance their experience of the destination, and the way that the benefits of tourism are experienced by South Africans.

Marketing

Honourable Members, in a highly competitive global environment, our efforts to improve our destination and visitor experience will not translate into increased visitor numbers unless we market our destination well. It is for this reason that just over 50% of our budget goes towards SA Tourism for marketing.

Last year a panel of experts reviewed the structure and strategies of SA Tourism. The panel's recommendation that SA Tourism develop a collaborative culture of working with stakeholders has led to a more strategic alignment with tourism marketing agencies in cities and provinces, improved engagement with Brand SA, and a closer working relationship with the Department of Tourism. In terms of enhanced engagement with the private sector, a number of collaborative tactical campaigns are in place in our priority markets to communicate the tremendous value for money South Africa offers.

The review also called for a re-alignment of the budget to reduce overheads, increase marketing expenditure and improve research. The SA Tourism budget for 2016/17 has been revised in line with these new priorities.

Honourable Members, the Tourism Indaba takes place in Durban this week. It remains the central travel and trade show in Africa and attracts exhibitors from the continent and buyers from all over the world. I am told by SA Tourism that they are in the final stages of negotiations with a strategic partner for this premier event.

Infrastructure and Attractions

It must be said, Honourable Members, that we already have excellent infrastructure and offerings for all categories of tourism, ranging from safaris to beaches, shopping, major events and wine tourism. And we offer exciting adventure tourism, like ziplining, hang gliding, shark cage diving and bungee jumping. Increasingly, our offerings are also meeting the global demand for socially responsible tourism products that conserve the environment and benefit surrounding communities.

To further enhance these offerings, the department is supporting three destination enhancement projects this financial year, on SANParks sites: building the Shangoni Gate as a new access point into the Kruger National Park; a Wild Activity Hub at Phalaborwa, and a visitor centre at the Tsitsikamma Big Tree.

Of course, tourism is not just about nature and scenery. Cultural and heritage tourism is gaining momentum around the world, and we have some truly unique attractions that offer great opportunity to be on the bucket list of millions of global tourists.

- At the Cradle of Humankind in Maropeng, where the discovery of homo Naledi last year sent visitor numbers soaring, the department is funding enhancements to picnic facilities and the experience lab.
- At Robben Island, visitor information services are being enhanced, guides are being trained, and crucial information is being digitised. This means that this precious legacy will be preserved for future generations.
- This year, we will enhance signage and information at iconic national heritage sites that symbolise the life of Nelson Mandela: the Nelson Mandela statues at the Union Buildings and Freedom Park in Gauteng, the Nelson Mandela Capture Site in KwaZulu-Natal, and the Drakenstein Correctional Facility in the Western Cape.
- We will soon launch our 'Working for Tourism' programme, aimed at improving tourism destinations through public employment. The programme kicks off this financial year with the employment of 200 young people who will assist in retaining the blue flag status of our beaches, and keeping them clean and safe.

Recognizing the environmental and cost benefits of moving towards renewable energy, the department is supporting major destinations to install renewable energy sources as part of the Tourism Incentive Program. Contractors have been appointed to install renewable energy at various pilot sites, including Robben Island Museum; the Skukuza and Lower Sabi rest camps in the Kruger National Park; and the Karoo Desert, the Hantam and the Free State National Botanical Gardens.

The retrofitting incentives will be expanded to the private sector in the course of this financial year. An agreement is already in place with the Industrial Development Corporation. Seed funding of R30 million has been provided for the first tranche of grants.

Enterprise Development

Honourable Members, the South African destination experience relies on the breadth and diversity of many enterprises. While large enterprises play an important role in the tourism economy, by far the largest number of businesses that operate in tourism are small and medium sized.

Our incentives to improve access to international markets for small businesses are starting to pay off. Last year, 80 South African product owners were taken to 10 international trade platforms.

One of them is Mnqobi Mahlangu, owner of Ubuhle Be Narha Tours, a small shuttle company operating in Tshwane. He also conducts bicycle tours through Mamelodi. After exhibiting his products in Spain and in the Netherlands, he has already hosted two tour groups from Spain and four from Holland. This market access program is expected to yield strong returns in the long term, and more small businesses will be supported in the future.

Skills and service excellence

Tourism is about the whole experience, every part of it. One bad experience can negate all the good. The experience we offer visitors through our warmth, hospitality, great service, specialist and general skills is critically important. Our Service Excellence training program helps equip our hotels, restaurants and attractions with staff who are skilled at providing the high level of service will go a long way towards making us the preferred destination we strive to be. Deputy Minister Xasa will tell you more about our skills development programs.

Transformation

Honourable Members, we have just commemorated Freedom Day. In these past 22 years of democracy our country has blossomed in many ways. But more needs to be done to translate this freedom and democracy into real economic opportunity.

Transforming the tourism sector is central to our aspiration for inclusive growth and addressing our inherited inequalities. We are proud that our tourism department was the first to have its amended sector code gazetted last year. The Amended Tourism Sector Code will assist in creating inclusive economic growth by increasing the number of historically disadvantaged individuals who manage, own and control tourism enterprises.

Given the particular characteristics and dynamics of the tourism sector, I am pleased to announce that the role of the incoming Tourism Charter Council will be expanded to include guiding the sector on transformation matters, compiling reports on the status of transformation, and sharing information with

the public. We believe this increased role will assist us in a positive way to change the inherited legacy of racially skewed ownership patterns in our industry.

The Social Responsibility programme of the department was intended to couple job creation embedded in the EPWP methodology with building tourism infrastructure and empowering local communities. We will continue this year to finalise and launch some of the projects under our EPWP funded tourism programme. Since 2014/15, 19 projects have been successfully completed including information centres, cultural villages, lodges and caravan parks. Given the lessons emerging from implementation, we are now reviewing the programme.

The coordinated set of activities I have outlined – creative and effective marketing, destination improvement and enhancing the visitor experience through skills and service excellence, as well as transforming the sector through supporting small businesses and creating jobs, will undoubtedly translate into South Africa getting a greater share of the rapidly growing global tourism market.

Domestic tourism

One extremely important component of growth in tourism lies in domestic tourism. All South Africans deserve to experience the wonderful country we live in and have access to important sites that commemorate and celebrate our heritage and diverse cultures.

The growth of domestic tourism depends on our ability to make our tourist attractions and facilities accessible and affordable for more of our people, and to improve our communication of the joy and value that travel brings. SA Tourism has been allocated R110 million to promote domestic tourism this year. Amongst several other initiatives a series of television commercials have been produced telling the stories of South Africans travelling for the first time and how much it means to them. This will inspire others to do the same.

- The Association of Southern African Travel Agencies and SA Tourism are partnering to extend corporate travel into leisure.
- A project has been initiated to take children on visits to our World Heritage Sites and attractions operated by SANParks and SANBI. This will help ignite their curiosity about their country and the many special places to visit. It will also establish as well as their desire to become tourists in their own country.

This is really just the beginning – the promotion of domestic tourism, and the creation of opportunities for lower income South Africans to share in the wonders of our country is so important to us, that there is much, much more to come.

NTSS

All of the work we undertake is guided by a coherent strategy.

The ten-year National Tourism Sector Strategy was published in 2011. It has recently been reviewed against the current domestic and international environment. The revised NTSS will be gazetted for public comment shortly. One particular recommendation that I am acting upon immediately is the setting up of a Statistics Advisory Panel to address the need for regular, reliable, and consistent information to guide the sector's activities. The panel will advise on improvements required to current research and information systems, and recommend interventions.

Honourable Members, our continued status as a sought-after tourism destination depends on the protection of our precious tourism assets. Our tourism industry has a good record when it comes to sustainability. Our establishments have won many global awards over the years. These awards show that our efforts to make tourism environmentally, economically and socially sustainable have made us world leaders in this field.

I acknowledge and applaud all the people who have played a role in advancing tourism in the past year. You are the people behind our success. You have brought awards like these to our country and it is you who will make us a winning tourism nation.

My sincere appreciation goes to the board and staff of South African Tourism and our partners in industry. I thank the Director-General, everyone in the Department of Tourism for their efforts over the past year, for their dedicated work in support of tourism. We also appreciate the positive role that the Portfolio Committee, ably chaired by the Honourable Beatrice Ngcobo, has played in ensuring that we

fulfil our mandate. Last but not least I wish to thank my colleague and comrade, Tokozile Xasa for her continuous support.

The future of tourism in South Africa is extremely bright.

Turning our country into a successful tourism nation is surely one of the best ways to unite all of us in the joy of discovering our country, discovering each other, and in the dignity of having a job to put food on the table for the family.

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