



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Speech delivered by the Minister of Tourism, Derek Hanekom, to the FEDHASA AGM at the Indaba Hotel and Spa, Johannesburg, on Thursday 27 August 2015

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Friends and colleagues in tourism,

Thank you for inviting me to address you today, and to share some thoughts with you.

FEDHASA's ten thousand-strong membership signifies your massive contribution to the tourism economy. Of course, I hardly need tell you that owners of hospitality establishments are among the largest investors in the tourism economy.

In fact, the hospitality sub-sector is the backbone of tourism. Tourists get fleeting impressions of airports, taxi drivers, and scenery when they arrive at their destination. But nothing creates a more lasting impression on visitors than their experience at their home-away-from-home place where they stay. It's far more than just a place to refresh, eat and sleep. The people in hospitality offer guests a refuge, a source of advice and assistance, and the taste of warm South African hospitality.

The relationship between government and hospitality providers is deep on many levels. Government departments, legislatures, and the judiciary are large consumers of hospitality services, particularly accommodation. Hospitality is the largest employer in the tourism sector, contributing significantly to reducing poverty and raising employment levels.

Government values the effort that the people working in hospitality put in every day to take care of our tourists. By providing excellent service and creating memorable experiences for our visitors, you have ensured that South Africa enjoys one of the highest repeat visitor rates in the world.

And by providing jobs and supporting a wide range of livelihoods across the tourism value chain, you are contributing to the GDP and helping to improve the lives of all our people.

And so it always a pleasure for me to interact and engage with members of the hospitality sector. It is especially important for us to engage during times when things are not going as smoothly as they could be.

The tourism industry is susceptible to sporadic issues that can undermine its performance, whether it's an outbreak of a virus, a volcanic eruption or episodes of terrorism. Recently, as we are painfully aware, the combination of the Ebola outbreak in West Africa and our visa regulations had a significantly negative impact on tourist arrivals in South Africa.

Tourist arrivals to South Africa declined by 5.9% in the first quarter of this year, compared to the global growth of 4.6% for the same period. There was also a 5.6% decline in tourist arrivals from African land markets and a 6.5% decline from African air markets.

This, of course, poses a formidable challenge. But, we have worked our way through difficult times before, and we have emerged stronger than ever. We can do it again. Our resilience, our perseverance and our determination to overcome our challenges will pull us through.

I can understand that many of you here today are concerned about the impact of the visa regulations on tourism. You know by now that this is receiving attention at the very highest level possible. You will also have heard that an Inter-Ministerial Committee, chaired by Deputy President Cyril Ramaphosa, was

established to examine the impact of the regulations on various sectors, including tourism and investment.

Following the first meeting of the Inter-Ministerial Committee a week ago, technical task team was established to consolidate all proposals to address the consequences of the regulations, and recommendations will be tabled at the next IMC meeting in about a fortnight from now. I am certainly hopeful that this process will yield positive results.

Meanwhile, we must all continue to focus on the work we do every day, and on the many positive features of our industry. We must continue to do what we do best: provide world class facilities and services, and continuously improve our destination offerings and levels of service.

The performance of the sector has been consistently solid over the past two decades. I am confident that we can return to that position, because the fundamental attributes of South Africa as a world-class tourist destination are intact and enduring.

Over the years, South Africa has become an increasingly attractive holiday and business destination.

The latest rounds of currency devaluation (as much they may come with their own downsides), coupled with the quality of our infrastructure and product offering, now make South Africa an exceptionally attractive value for money destination. Great cuisine, some best-in-the-world hotels and lodges, shopping malls like few countries can boast of, and top safari experiences at highly competitive rates.

We have only just begun to reap the benefits of all our incredible tourism endowment. To extract its full potential, we need strong partnerships between the industry and the Department of Tourism, and our marketing agency, SA Tourism. Each of us has the experience, resources and insights in our respective areas of competence. When we put these together in effective partnerships, we can unleash the full power of tourism to benefit our sector, our people and our country.

Although government and the hospitality sector may have different mandates, we are pursuing the same goal: a thriving tourism sector which is socially, environmentally and economically sustainable.

It's time for all of us to stand together, to renew partnerships and to forge new ones. It's time to understand each other's needs and aspirations thoroughly, to articulate our respective mandates frankly, and to create solutions that work for all of us.

Through effective partnerships, we can find that sweet spot, that confluence of ideas that flows between the public and private mandate, and serves both.

Government and industry will need to work closer than ever before to consolidate our competitive global position and attract international tourists, and to accelerate the development of a vibrant domestic tourism sector.

We have already enjoyed several fruitful partnerships, including the innovative Food Safety Assurers program, and partnering on various other training programmes. Discussions between FEDHASA and the Department of Tourism are at an advanced stage to form a partnership to implement the National Customer Service Excellence Programme in the hospitality sub-sector.

There is a lot more work ahead, which requires additional collaboration and partnership. Allow me to briefly list some of the opportunities for partnerships in the work that we are doing.

We launched our new Tourism Incentive Program earlier this year. We have made good progress on the renewable energy component of this program, which we are starting as a pilot on mainly state owned establishments. We will apply the learnings that emerge from this phase when we roll the incentives out to the private sector next year. This will be a great opportunity to work together to advance sustainability and to improve the business prospects of individual establishments.

All things going to plan, we will have Robben Island's electricity fully supplied by solar panels by the end of this financial year, which will eliminate the island's reliance on expensive diesel generation.

We are also supporting small businesses to gain access to bigger markets as part of the incentive programme. South African enterprises were able to promote their offerings at the Asia Roadshow in China and Japan last month. Others will attend the ABAV Expo in Brazil, and the World Youth Student

Travel Conference in Cape Town. A call for applications to attend IMEX in Las Vegas has also been issued.

As part of the 'access to grading' component of the Tourism Incentive Program, we invited 3000 establishments to apply for a reimbursement on their assessment fees.

The Tourism Grading Council of South Africa has developed a strategy to engage its partners, review its business model to increase the base of graded establishments and renewals, and to provide increased value for graded establishments through the introduction of a Basket of Benefits.

We reviewed the Lilizela Awards last year. The outcome of the review will inform the shape and form of the 2016 Lilizela Awards. I must use this opportunity to express my appreciation for the work done by the review team, which included your own Deputy Chairperson, Clifford Ross. The key changes going forward include refined categories and criteria for judging the winners, and media partnerships to widen exposure of the awards and the winners. The hospitality industry, and FEDHASA in particular, must join hands with SA Tourism to place these awards firmly on the South African events calendar.

Following the rapid review of Indaba that I commissioned earlier this year, SA Tourism is currently in the process of sourcing a strategic partner to make it more globally competitive. A full partnership will be rolled out for Indaba 2017, but elements of the partnership will be introduced in 2016.

We have allocated R100 million specifically for promoting and growing domestic tourism. South African Tourism will be driving a refreshed campaign aimed at getting South Africans to see and experience their own country. All members of the Federation are invited to come up with creative ideas on how to get more and more South Africans to experience our beautiful country, and find innovative ways to make it more affordable, but meanwhile we will be announcing a few new ideas in the near future.

Another part of the program is enhancing facilities at our iconic attractions. We have started with our National Parks, Botanical Gardens and World Heritage Sites.

To use Robben Island once more as an example, we have set aside R10 million this year to train guides on Robben Island, improve the visitor centre, and digitize the island's rich narrative, so that it is immortalised for future generations. This is just the beginning of our efforts to turn a visit to Robben Island into a really profound and unforgettable experience. Our destination enhancement program will be extended to a number of other key sites in the near future.

The time to review of the National Tourism Sector Strategy has also arrived, which will help us define our path for the next five years. We will most certainly involve our industry partners in this process.

Another critical success factor for the sector is the extent to which it becomes inclusive and more representative of society as a whole. There is consensus among FEDHASA members that there is a need for a renewed commitment between the department and business to initiate transformation programmes that will stimulate small businesses, create jobs and increase the standard of living for all South Africans.

There has been some progress on transformation, but much more needs to be done. Initiatives to transform the sector can only succeed with the participation of the industry. I want to highlight three key initiatives that will require industry's support.

- The Executive Development Programme, which will target women in management positions within the hospitality industry, will require established businesses to make candidates available for training
- We are creating a database of suppliers of goods and services to extend procurement and make the tourism supply chain more inclusive;
- Partnerships can be developed to support the operation of community-based products and establishments that are supported by the department.

Ladies and gentlemen, the past year has not been an easy one for the sector. It has been hit by the Ebola outbreak, the attacks on foreign nationals, the visa regulations and economic slowdown in some of our source market countries, and in our own country. In the short term we need the sector to stabilize, and then to recover fast. A growing tourism sector will rapidly translate into jobs and opportunities, and our economy urgently needs this.

Our collective challenge is to make the entire sector more inclusive and representative by bringing people who have been marginalised into the mainstream tourism economy. And we must make the industry both environmentally and socially responsible.

I believe that we can achieve these aspirations. We have creative and committed people with us here today. I am confident that your combined talents and efforts will carry us through.

If we work together in partnership, we can develop creative solutions to all our challenges, and realize the full value of amazing tourism potential, so that we can continue to serve the greater good of all our people.

I thank you.