



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Tourism Budget Vote Speech delivered by Minister Derek Hanekom in the NCOP,

22 July 2014

Chairperson
Honourable Members

Last Friday was the first Mandela Day since we lost our beloved Tata Madiba. In 1995, when former President Mandela opened the first Tourism Indaba of our democratic South Africa, he said: *“It is in tourism that nature and humanity meet most equitably and profitably. Like with other countries, not only does the tourism industry bring the many cultures and nations of the world to our door-step and so expand our own world view. It also provides the resources for the conservation of our natural heritage.”*

The Madiba charm, combined with our country’s considerable attractions, helped to propel South Africa from isolation to one of the most sought after tourist destinations in the world today. Some two decades later, we witness nearly 10 million international tourist arrivals and 25 million domestic trips annually. Tourism is one of the fastest growing sectors in our country. It takes visitors to the deepest rural areas where it supports livelihoods. It also co-funds the conservation of our natural resources.

Honourable Members, this sector’s contribution to GDP and job creation is often underestimated. Since 1990, the South African tourism industry’s contribution to GDP expanded 200% in real terms – a massive achievement when compared to the 74% expansion of the total economy during the same period. The tourism economy is composed of more than just accommodation, entertainment, recreation, and catering services. Those are the most obvious and direct sources of income and employment – which together represented 3% of our GDP and over 617 000 jobs in 2012.

The tourism sector has exceptionally strong linkages to the rest of the economy, for example food and beverage production, financial services, printing and publishing, security services, and many others. Its indirect impact extends all the way to the farm, the craft factory, the construction worker and the retailer. If we add up all of these, tourism generated 9.7% of South Africa’s gross domestic product in 2013 – and accounts for more than 1.4 million jobs in the country.

The tourism sector works because government and industry understand that success requires public-private partnership in the truest sense of the word. As a sector, we are united and determined to achieve the vision espoused in the National Development Plan and the targets set out in the National Tourism Sector Strategy.

Honourable members, I do not have to tell you what wonders lie in our provinces. Our eight UNESCO World Heritage Sites represent some of our greatest magnets for touristic activities. The National Department of Tourism has just completed an assessment of the tourism development needs of these sites. As a starting point, over the next two financial years, we will fund tourism interpretive signage at Mapungubwe, Richtersveld, uKhahlamba Drakensberg, and the Baviaanskloof in the Cape Floral Region.

Many tourists also tell us that they want to learn more about our rich liberation history. I am therefore particularly excited about the charting of former President Mandela's footsteps in the interactive *Madiba Journey* recently launched by SA Tourism – a journey that starts in Qunu and includes a visit to the iconic Robben Island.

The department has also raised R120 million in external funding to develop and construct, over the next three years, jointly with Department of Environmental Affairs and SANParks, the Golden Gate Highlands National Park Dinosaur Interpretation Centre in the Free State.

In addition to enhancing our unique tourism magnets and developing new routes and attractions, we must also make sure that we deliver the quality experiences that tourists expect. This forms a critical part of the work of the Tourism Grading Council of South Africa as well as the National Department of Tourism's ongoing efforts to advance service excellence.

Honourable Members, we have a strong and growing sector. However, there are concerns that we may be approaching a plateau. We therefore need to look at innovative ways to enhance the experience and market our destination abroad and at home. SA Tourism, which receives by far the greatest part of our 2014/15 budget allocation of R1,6 billion, continues to creatively invest our resources in markets where we know we will get a good return.

Whilst the traditional markets in Europe and the United States continue to deliver the bulk of tourist arrivals, we are growing exponentially in the emerging markets. China is today our 4th biggest overseas market. We already have SA Tourism offices in India and China, and a new country office is to be opened in Brazil in September. On our own continent, travel is becoming ever more accessible for the rapidly growing and urbanising middle class. African air arrivals to South Africa grew by 12% in 2013. Towards further unlocking this potential, we have ring-fenced nearly R300 million to expand our marketing presence on the continent. Four additional offices on the continent will be opened over the next few years.

Domestic tourism will be given stronger emphasis during the term of office ahead. Much more can be done to address the affordability and access barriers that prevent many South Africans from experiencing tourism in their own country. Far too many Capetonians have never been to Robben Island or even to Kirstenbosch, and far too many residents of Gauteng have never been to visit Maropeng. In the National Tourism Sector Strategy, the target is to grow the number of domestic tourists to 18 million per year by 2020. R100 million in secured ring-fenced funding for SA Tourism to bolster our domestic tourism marketing efforts have been secured for the next financial year.

Cognisant that we continuously have to sharpen our competitive edge, I recently invited a broad range of stakeholders to a consultative workshop to consider a number of new initiatives. Development of these new initiatives will go hand in hand with the finalisation of the new tourism incentive programme, the expansion and improvement of how we apply our Expanded Public Works Programme funds, and the mobilisation of new funding from other development agencies.

The first initiative will be aimed at incentivising the retrofitting of tourism attractions and accommodation for energy and water efficiency as well as universal accessibility. Sector-wide retrofitting could create work for years to come, and will enable us to claim world-class sustainability practices as a value-add for tourism.

The second initiative is aimed at improving the visitor's experience at our ports of entry, for example through branded and staffed information centres. In this respect, we will study the impact of the department's Visitor Information Centre brand piloting project implemented during the last financial year. Pilots are currently located in six provinces. Massive scale-up, further standardising of branding and much improved information provision is envisaged.

The third new initiative relates to more attractive tourism signage. We will cooperate with other departments and spheres of government to creatively overhaul tourism signage to reflect our brand identity. Additionally, enhancing the digital signage of our attractions, roads and facilities represents another significant opportunity.

Honourable members, these initiatives will go a long way towards enhancing what we offer visitors; with the co-benefit of sustainable green jobs.

We must always remind ourselves that growth in tourist arrivals and trips is not an end in itself. Our aim is for tourism to contribute, in a sustained manner, to more equitable growth in our economy and to act as a catalyst for rural development, job creation, the growth of SMMEs and the nurturing of new skills. Deputy Minister Xasa will elaborate specifically on our contribution to skills and entrepreneurship development.

Towards advancing our transformation objectives, we will shortly publish, for consultation, the draft Tourism B-BBEE codes of good practice. These codes will support our efforts to address the unbalanced ownership of tourism enterprises, facilitate greater management transformation and skills development, and stimulate supplier development.

Honourable Members, designing new initiatives and improving on our current programmes depend on institutional arrangements that operate effectively. A first key task is to de-fragment funding for tourism development. Therefore, to facilitate stronger coordination, a National Tourism Development Funding Forum will soon be established. A second task is to address the governance gap at the level of delivery closest to the actual tourist experience. Integrating tourism in local government Integrated Development Plans and building capacity consistent with the importance of tourism in local economies will consequently be priorities for me and, I sincerely hope, my provincial colleagues.

On the marketing side, my collaboration with MECs will prioritise strategy alignment between SA Tourism, the Provincial Tourism Agencies and City Tourism Agencies, for example coordinated participation in international, regional and domestic trade shows; aligned positioning of South Africa as a business events destination; as well as developing a better understanding of the unique selling points of each Province in our promotion activities.

In conclusion, I want to thank Deputy Minister Thokozile Xasa for her contribution towards realising the objectives in the manifesto of the ANC-led government. Our Director-General, Kingsley Makhubela, and his management team ensure that we have a well-managed department. And SA Tourism, under the leadership of a dedicated board and the CEO Thulani Nzima, does outstanding work in marketing our destination. Finally, Members of the Select Committee and Chairperson Honourable Eddie Makue - I am looking forward to working with you to advance what is best for our country and all its people.

Thank you.