



**MINISTRY OF TOURISM  
REPUBLIC OF SOUTH AFRICA**

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**Speech delivered by the Minister of Tourism at the launch of the Tourism Incentives Programme (TIP)**

**10 March 2015**

Ladies and gentleman

I am delighted to announce the launch of the new Tourism Incentive Programme this morning.

Already, the tourism sector represents more than 9% of our country's gross domestic product and an estimated 1.4 million job opportunities. Tourism touches the lives of so many individuals, families, communities and small enterprises on a daily basis. It is already a force for good.

But we believe we can do even more to position tourism as a powerful force for change. The transformative power of tourism is massive.

It is massive because the tourism supply chain cascades deeply into our national economy, with very significant participation by smaller players.

It is massive because it uplifts communities, creates business opportunities and builds pride for people in the remotest corners of our beautiful land.

It is massive because it ensures the conservation and preservation of our natural and cultural heritage.

Despite the advancement of the sector over the past two decades, there is still huge potential for further growth. We will be realising this potential in the next few years as we take tourism to even greater heights.

Ultimately, tourism is not only about the activity of tourism. It is about inclusive economic growth and the better life that it creates for those most in need. To create this better life, we need tourists to visit us in increasing numbers. We want them to return often, so our visitors must enjoy the splendour of our offering as they interact with our amazingly warm people and our cultural diversity.

We are not only dreaming about touching the lives of millions of tourists and South Africans. We are working hard to ensure that this change happens. And this is where the Tourism Incentive Programme fits in. Incentives are best suited to drive change when a little push is needed to achieve economic and social policy objectives, or when catalytic investments can lead to significant developmental returns. Economists call these 'positive market externalities'.

In our case, incentives and support mechanisms are some of the tools in our public sector toolbox to advance transformation, stimulate enterprise growth and ensure destination development.

In this launch phase, we will focus our incentive programme on four areas: market access, grading, catalytic investment in destination enhancement and the roll-out of renewable energy technologies.

Incentives and support mechanisms can empower small enterprises to access new markets and help them to become bigger players.

Incentives can advance energy security, lead to immediate cost savings and ensure more dependable service to tourists.

Catalytic investments can enhance tourism magnets and strengthen the competitiveness of our destination. They provide the stimulus for new private sector investment in communities that need tourism development and income generation.

Incentives can also help to expand the footprint of our grading system, which is trusted by tourists from around the world.

In the first financial year, 2015 to 2016, we will invest R180 million through this programme. We are taking an incremental approach. We have limited resources, so we want to be sure that we spend our money well, on the right things, and that the social and economic return on our investment is solid. In some areas, we will be moving directly into opening support programmes for applications. In others, we will pilot new incentive programmes in the first financial year and then scale up in the outer years. Over the medium term, R557 million is allocated for the Tourism Incentive Programme.

The leader of this project, Bernhard Meyer, will in a moment present more details about these incentives, but let me briefly say something about the focus areas and our broader policy intention.

Our high level objectives are transformation, inclusive growth and destination development. By helping tourism businesses to grow, by providing incentives to install renewable energy technology, and by investing in iconic attractions, we will support job creation in the private sector, implement our responsible tourism mandate, and enhance the visitor experience.

Ultimately, the overarching policy is rooted in the National Development Plan and the New Growth Path. The NDP recognises tourism as a key driver of faster and more inclusive economic growth.

Let me touch on the four focus areas that we want to introduce during this pilot phase of the programme.

Firstly, the Market Access Support Programme will provide better access for our enterprises to tourism buyers, grow the customer base and drive sales.

Secondly, the Tourism Grading Support Programme will promote conformity to quality standards and enhance the overall visitor experience.

Thirdly, catalytic investment in strategically important destination areas and iconic attractions will enhance the visitor experience and the competitiveness of our destination.

Finally, with the pressure on the national electricity grid, and the critical requirement for energy security in tourism operations, there is an urgent need for the tourism sector to consider more energy efficient solutions.

Our pilot project to retro-fit facilities at state-owned tourist attractions will allow us to learn lessons and design a programme with specific applications in the industry. We will start with strategic facilities at important World Heritage Sites, National Parks and Botanical Gardens. Over the next year (2016/17) we will extend the programme to the private sector.

This programme will also support local manufacturing of the equipment we need. This is in keeping with the objectives of South Africa's industrial policy, including direct job creation, building the local industrial base and transforming to a green economy.

Thank you