



tourism

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Speech by Minister Van Schalkwyk at Indaba 2014 Opening Ceremony

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In the life of a nation, 20 years are but a few steps on a much longer journey. However, when those 20 years mark the birth and growth of a new democracy, they are immensely important, as they determine the direction the nation takes.

By now, every South African is aware that we are celebrating 20 years of democracy and freedom this year. Millions of South Africans are participating in one way or another to celebrate our achievements. From the side of the tourism industry, our message is a resounding one: What an exhilarating 20 years it has been!

By 1994, 20 years ago, total international arrivals, including tourist arrivals, stood at a mere 3,6 million. During our two decades of democracy, these arrivals have grown by more than 300% to reach nearly 15 million last year, 9,6 million of which were tourist arrivals. The story of 20 years of tourism since 1994 is a remarkable one indeed.

Let us just imagine, for a moment, what the 20 years before 1994 looked like. Just imagine the effect that the passbook system – an internal passport control system of sorts – had on freedom of movement. On top of that, we had a Separate Amenities Act, which regulated the use of public as well as private amenities by the colour of your skin and limited access to most tourism facilities to one racial group only. Just imagine, apart from all the other inhibiting factors, how difficult it was for a tourism industry to operate in those circumstances.

Twenty years ago, we had no purpose-built international convention centre; no Moses Mabhida Stadium, no Freedom Park; no Tourism Business Council of South Africa, which gives a voice to the previously fragmented private sector; no National Tourism Sector Strategy, which unites government and industry around common goals; no South African National Convention Bureau nor a Meetings Africa, which positions us as a premier convention and business tourism destination; no robust grading criteria that underwrite the quality of our offerings, of which the Tourism Grading Council of South Africa is today the custodian; no Lilizela Tourism Awards for excellence, and no facilitated skills development and training for thousands of young people to become chefs, sommeliers and tourism safety monitors, to name but a few.

Internationally, our country was marketed by the South African Tourism Corporation known as SATOUR. SATOUR was the offspring of the publicity arm of South African Railways and Harbours in 1947, which then developed into a government agency, ran and effectively staffed by civil servants. Since 1994, South African Tourism has been transformed from a country-promotion and publicity organisation into a dynamic global destination-marketing organisation that is the envy of many. The South African Tourism board consists of respected leaders from the private sector, who work in partnership with government to ensure coordinated and effective implementation of our plans and strategies, underpinned by cutting-edge strategic research.

From a budget of R81 million in 1994, national government today invests in excess of R1,6 billion in tourism every year, and provinces and municipalities millions more. Prior to 1994,

tourism was a line function with a director and one administrative clerk at a desk in the Department of Trade and Industry. Today, we have a new Constitution with concurrent powers for tourism development and promotion across all provinces; a full-fledged Ministry and Department of Tourism that provides policy direction; a 2014 Tourism Act that elevates our legislative mandate to a level appropriate for the demands of the 21st century, and recognition of tourism as one of six core economic drivers in the country's New Growth Path. The tourism sector was also the first in the country to have its own Black Economic Empowerment Charter and Scorecard formally gazetted. And South Africa was one of the first countries to entrench the concept of responsible tourism in its policy framework.

As a destination, we have evolved from offering exclusive safari holidays to the international travelling elite, to one of the most sought-after global destinations offering a diverse variety of unforgettable experiences, including leisure, business and events to domestic, regional and long-haul markets.

Bringing it all together is our people. In the words of late President Mandela when he opened INDABA in 1995: "... our natural beauty only offers a fitting setting for our country's most valuable asset: its people. Ours is a nation of warm and generous people. Its great variety of culture and heritage, once exploited to divide our people, has been turned by them into a source of strength and richness in every sphere of life."

As a country emerging from an era of isolation, South Africa joined the United Nations World Tourism Organisation in 1994. We played a catalytic role in establishing the T20 Ministers' platform for tourism leaders from the G20 countries in Sandton, Johannesburg in 2010. Since 2012, we formally participate in the structures of the OECD's Tourism Committee. And we are a key partner in the initiative to form a Chapter of Tourism Ministers in the African Union.

Today, we can proudly look back on having hosted some of the biggest tourism mega-events in the world, all of which have contributed to redefining our country's image, building social cohesion and creating new economic opportunities.

Three years after the FIFA Soccer World Cup, we are still growing from strength to strength. The 9,6 million international tourist arrivals to our country recorded last year were the highest in our history. According to the latest tourism satellite account data, in 2012, our sector directly accounted for R93 billion, or 3%, of GDP – up from an estimated R9 billion, or 1,7%, of GDP in 1994. When we add domestic tourism expenditure to the mix, internal tourism expenditure amounted to R191 billion in 2012. And where direct jobs in our sector stood at an estimated 230 000, or 1,9%, of the total in 1994, tourism today accounts for over 610 000, or 4,6%, of direct employment in the country.

This good-news story is also reflected in the financial reporting of our industry partners. The accommodation subsector, for example, continues to experience solid recovery, working back the oversupply of hotel rooms following the World Cup. Last year, Sun International reported a comparative increase of 11% in accommodation revenue over the 2012 financial year, on the back of much healthier occupancy and achieved daily rates compared to previous years. Similarly, City Lodge last year reported an increase of 11% in revenue and 31% in headline earnings, while Tsogo Sun reported that their "adjusted headline earnings per share increase[d] by a very pleasing 24%" on the back of, inter alia, a 10% increase in average room rates.

And then we are all aware that, as of last month, Marriott International has acquired the 116 hotels in the Protea portfolio. This R2 billion foreign investment in over 10 000 rooms spread across 79 hotels in South Africa and 37 elsewhere on our continent represents a massive vote of confidence in what we have all achieved together in the tourism sector.

Taken together, these are impressive numbers indeed. Looking to the next 20 years of

tourism, it is hard to envisage how technology will evolve, or how consumer preferences will change, or how the centre of gravity of our source markets may still shift. Many challenges remain, not least those of transformation and accelerated job creation. It is safe to say that we are entering the next 20 years of democracy and freedom confident that the tourism economy's fundamentals are in place – knowing that we are hedged against shifting markets through a balanced portfolio of domestic, regional and overseas long-haul arrivals from both mature and emerging economies, and a diversified, authentic supply side that continue to differentiate us in the global market place. And we are embracing the opportunities brought about by the mobile and social media revolution to customise value-for-money offerings to consumers.

And as we meet here as Africans, we recognise that we have to resolve outstanding challenges in travel facilitation. I am convinced that, 20 years from now, history books telling the story of tourism on our continent will describe how a modernised and truly pan-African INDABA has been one of those pivots that helped us to take tourism to the next level on our continent. This year, we have 24 African countries exhibiting at INDABA.

I am honoured to be joined by so many of my ministerial colleagues from all corners of the continent, with whom we also met yesterday in the first ever INDABA Ministerial Roundtable on common travel facilitation and connectivity challenges. I welcome you and acknowledge your presence here tonight (may I please ask you to stand up):

- AU Commissioner for Infrastructure and Energy
- The Deputy Minister from Angola
- The Minister from Benin
- The Minister from Burundi
- The Minister from Congo Brazzaville
- The Minister from Gabon
- The Deputy Minister from Ghana
- The Minister from Lesotho
- The Minister from Madagascar
- The Minister from Namibia
- The Minister from Senegal
- The Minister from Seychelles
- The Minister from Swaziland
- The Minister from Uganda
- The Minister from Zambia
- The Minister from Zimbabwe

Ladies and gentlemen, ten years ago, I stood here to deliver my first INDABA opening address. I would like to thank each and every partner, from every sphere of government to the private sector, for working with me and the rest of national government to achieve success. This sector can only excel if we all value and understand the nature of the relationship between government and the private sector – and that includes big business as well as small, medium and micro-sized enterprises. To all of you, thank you. Now, let us embark on the next 20 years of our journey, together.

Thank you