



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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**Minister's Speech for Local Government Tourism Conference 30-31 March 2015,
Emperors Palace, Kempton Park**

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Conference Theme: *"Tourism: A Catalyst for Local Economic Growth, Job Creation and Transformation".*

Allow me to add my own word of welcome to every one of you participating in this extremely important conference. I am confident that we are all determined to accelerate the pace of transformation in every sector of our economy, in every region of our country, and among all our communities who aspire to a better life. I am also confident that we will use this conference as an opportunity to explore ways of both harnessing the potential of tourism to transform the lives of people, and to seek effective ways of achieving positive transformation in the sector itself.

Each one of us here today has a special role to play in making this national aspiration a reality - in one way or another, we have a direct impact on the future of tourism.

We know that economic activity across the tourism value chain contributes significantly to GDP. Tourism already provides substantial resources to advance transformation.

We are the link between the success of tourism and the success of transformation. This puts a huge responsibility on our shoulders: the outcome of our deliberations will have a significant impact on the development of our sector and our country.

What defines success for tourism?

Of course, we will not know whether our efforts are yielding fruit unless we are clear about what actually defines success for tourism. We have traditional measurements like tourist arrivals, the number of jobs supported by tourism, and the contribution of tourism to the GDP. These dimensions are measured annually, and they enable us to conclude, based on statistical data, that the tourism sector is indeed a force for good, and it is a force that is growing every year.

However, to assess the real extent to which tourism is a "force of good" we will need to look at additional ways of measuring the impact of tourism. We will need to measure how inclusive this growth is, and how many more marginalised people and communities we are bringing into the tourism mainstream.

We will need to measure how successful we are at promoting responsible tourism that is socially, commercially and environmentally sustainable.

Through advancing in these two strategic imperatives – greater inclusivity and greater sustainability – we will improve the lives of all our people now, and we will ensure that tourism continues to benefit future generations.

Ultimately the success of tourism will be judged by how much it is contributing towards our efforts to substantially reduce poverty, inequality and unemployment in our country.

The Department of Tourism is currently developing amended Tourism BBBEE Codes to address imbalances in the ownership of tourism enterprises, to develop skills and to stimulate suppliers. But much more can be achieved, especially when the private sector approaches transformation as a

business imperative. Much more can be achieved by looking beyond issues of compliance, by seeking out and adopting innovations that bring fundamental change.

There are two sets of questions that we need to ask ourselves, as we deliberate over the next two days. Firstly, what is the state of tourism in our country today? What are the current strengths that we should build on, and where are the shortcomings? What do we need to fix? And secondly, what is this transformation that we seek? What is our vision for the future, and what are our plans to get there? In 2013, the tourism sector in South Africa directly contributed R104 billion, or 2,9% to GDP, according to the Tourism Satellite Account released by Stats SA last week, and directly employed 655 000 people, or 4,4% of the total labour force. Directly, that is. If we consider the indirect impact it is much higher.

So this is where we are: we have a robust, growing sector, that has consistently outperformed most other sectors in our economy, and it is a sector that employs a lot of people. It is no surprise then, that the Minister of Finance highlighted the importance of tourism to our national economy in his budget speech.

But - is this growth inclusive? Are the ownership patterns reflective of our demographics? The answer, of course, is no, and it therefore follows that this requires our collective attention.

Are we satisfied with the level of growth recorded in 2013? The answer is also: no. In fact, the statistics for 2014, when we get them, might show a downward trend that we, collectively, will need to unpack and understand, so that we are able to give urgent attention to the factors that might be impeding growth.

More inclusive growth in the tourism sector will assist us enormously in our pledge to address inequality through radical economic transformation.

To achieve this inclusive growth, all spheres of government will need to work towards increasing the number of tourism programmes and projects that are led by, and benefit communities. This will lay the foundation for real transformation to take root on the ground.

We definitely need better alignment and integration across all spheres of government. Local government institutions are often unable to carry out their functions properly because of capacity constraints or inadequate resources. .

This definitely needs fixing. We must take joint responsibility in developing the capacity of local government - it cannot be left to local municipalities to deal with on their own.

A collective approach to strengthening the local sphere of government, would require commitment and strengthened capacity at national and provincial levels to offer this support.

The National Department is rolling out its Local Government Tourism Capacity Building Programme for Tourism Practitioners and Policy Makers. The pilot has been highly successful - more than 200 people have already been trained in 61 municipalities across the country. The next step is to provide training to more municipalities, and to decentralise the training for easier reach.

Turning our attention from assessing the present to planning the future, we need to ask ourselves: where do we want to be in the future, and what do we need to do to get there?

Our vision is to build a strong and sustainable tourism sector that improves the lives of all our people. More specifically, as stated in our National Tourism Sector Strategy, we want to be amongst the top 20 tourist destinations by 2020. We want to maximize the considerable job creating potential of the sector. And we want to pride ourselves on a responsible, sustainable and transforming sector.

- To achieve this vision we need to do a number of things, and we need to do these things together

Supply side measures

Starting on the supply side, we have made a modest start to enhance our destination by improving infrastructure at various tourism magnets. We are developing skills, instilling a culture of service excellence, and, through our grading system, assuring quality of service and facilities. These initiatives are all aimed at enhancing the experience of tourists.

Our recently launched Tourism Incentive Program will help tourism attractions and graded accommodation establishments to migrate towards clean and renewable energy sources. This will reduce their operational costs, and reduce their vulnerability to load shedding. Some of our iconic magnets will be the first to benefit from this program.

The TIP will also focus on market access for SMMEs, grading support and investment in destination enhancement. As this program expands, our intention is to include the retrofitting of establishments to improve access to people with disabilities.

The infrastructure base of a country is one of the critical determinants of its attractiveness as a tourism destination. For example, sound airport infrastructure ensures that tourists experience a comfortable transition into the country, and good roads enhance the accessibility of tourists to different parts of the destination.

Other infrastructure provided by local government, such as a reliable water and energy supply, are also essential to the quality of service we offer tourists. The maintenance of transport infrastructure is critical in providing a good experience for tourists.

Infrastructure and service excellence can only be improved through co-operation between the various spheres of government.

So what are we doing? Our national Department recently completed an assessment of the tourism needs at our eight World Heritage Sites. Over the next two years, the focus will include funding interpretive signage at the Richtersveld, Mapungubwe, uKhahlamba Drakensberg and the Baviaanskloof in the Cape Floral Region.

The Department will also invest in skills development to improve the tourism product and the experience of visitors at these sites. When we do this stock take though, it is clear that we have to do a lot more on the supply side, if we want to retain our competitive edge as an attractive tourist destination.

Demand interventions

Turning to the marketing of our destination, we will continue working with SA Tourism to ensure that we have a truly world class marketing strategy. We have an amazing variety of offerings to attract millions of people to our shores. We need to tell our story in a way that excites them, and ensure that the story reaches as many people as possible, so that a visit to South Africa is something everyone simply has to do one day.

Marketing is everybody's business. We must do it intelligently and spend our resources optimally. It is not only SA Tourism that markets our country. Provinces and their marketing agencies are also involved.

One thing we need to properly come to terms with is that our resources are limited, and we need to use these limited resources better. We need better alignment in our marketing efforts. One example is our participation in tourism trade shows. It simply makes no sense to have national, provincial and local government exhibiting separately at trade shows.

There is also little point in inviting tourists to our country, if our products are not ready to receive them. If we do not work in partnership, it will be impossible to fulfil the brand promise on the supply side, or to fully understand and respond to the needs on the demand side. Working together, we can all sell the country as a brilliant value for money destination.

Facilitating travel and removing obstacles

The role of the Department of Tourism goes far beyond policy formulation, regulation and destination improvement. It is our job, at a national level, to identify the possible impediments to the growth of tourism, and do whatever we can to address these obstacles. These could be perceptions of crime and measures to ensure the safety of tourists at key tourist sites or precincts. It also means trying to ensure ease of travel to South Africa from our international source markets. We cannot sweep under the carpet the fact that our current visa regulations are widely seen as a significant obstacle to increasing travel to our country.

President Zuma announced in his State of the Nation Address that a review of the visa regulations will be undertaken to create a better balance between the interests of national security and travel facilitation. The current inconvenience and expense caused by visa requirements needs to be addressed as a matter of urgency, otherwise all our other efforts will be negated.

Maintaining our competitive edge

Meanwhile, we must do everything we can to retain our competitive edge.

We will continue to encourage excellence in tourism through the annual Lilizela Awards. We also encourage strong partnerships between the Tourism Grading Council of South Africa, provinces and municipalities to get more establishments graded. I'm sure it comes as good news to the industry that the Tourism Incentive Program will now cover some of the costs of grading.

Tourist guides are often the first to meet our tourists, and the last to see them as they leave our country. They are our day-to-day, on-the-ground brand ambassadors. We are strengthening their capacity to deliver a memorable and enjoyable experience through training programs, including sending some of them to other countries for cultural exchanges and language training. But we are still scratching on the surface; we must intensify our efforts to improve the quality of tour guiding, and to change the face of tour guiding, which is not reflective of the country we are.

Domestic tourism

Much more can be done to address the barriers of affordability and access which prevent many South Africans from experiencing tourism in their own country. My Department will continue supporting community-based projects developed through the Expanded Public Works Program, and we will do our utmost to ensure that they are sustainable. They not only create livelihood opportunities and jobs in areas of high unemployment, but they create new facilities that will be more affordable and accessible to lower income travelers.

Domestic tourism remains the backbone of every successful tourism destination. In 2013 South Africans spent about R125 billion on domestic tourism. Domestic tourism creates jobs, reduces the impact of seasonality and increases geographic spread.

As part of our commitment to growing domestic tourism, R100 million has been allocated to SA Tourism to bolster domestic tourism marketing.

SMME support

While we have a number of highly rated large hotel groups in our country, the reality of the tourism sector is that it consists of thousands of small businesses. We must prioritise the development of small, medium and micro enterprises as part of our plans to ignite growth and create jobs, by improving business skills, and access to finance, training and management.

Regulatory review

Some of the challenges faced by the sector require us to review our legislative and regulatory framework. Regulatory certainty is essential to develop the tourism sector to its full potential.

We will be reviewing the National Tourism Sector Strategy this year. This does not mean that we intend rewriting the entire strategy. This is a periodic review, which is required of us.

We will also review the Tourist Guiding Regulations. And we will work closely with provincial and local government to enhance the experience of our visitors, from our points of entry through to our Visitor Information Centres.

Local government is where tourism happens, and this is why local government is best placed to support the creation of a national information system. This system will provide a strategic information resource for the effective growth and development of the sector.

Conclusion

In conclusion, let me emphasize again that opportunities abound and expectations are high. Tourism must continue growing, and continue to support national transformation. We are all expected to deliver by working together.

Meeting the expectations of our people will require a cohesive tourism sector, with clearly defined and agreed on focus areas.

In his State of the Nation Address, President Zuma said:

"Local Government is everybody's business; we have to make it work".

Local Government's role in tourism is critical: it provides the utilities and infrastructure on which the industry is based. Tourism activities, dear colleagues, happen in local communities. This is where tourism should deliver significant and meaningful economic benefits.

All of us in the room today are involved in the tourism sector in some way. We may be policy makers, regulators or practitioners. The fact is, during the next two days we will also be required to become engineers.

We are required to build bridge that will carry us from where we are now to where we want to be in the future. The materials at our disposal are our human, technical and financial resources.

The tools are a combination of the things we know: experience and research, and the things we will get to know through our willingness to engage; to learn, and to apply our ingenuity and spirit of innovation.

I want to express my deep appreciation to all of you for participating in this Conference, and to our partners in SALGA, and the Department of Cooperative Governance and Traditional Affairs, for working with us in preparing for this event.

My hope is that you will emerge from here with concrete plans - plans that will provide our visitors with unique and unforgettable experiences, and plans that create decent jobs and contribute to economic growth.

To achieve this, we will require a shift in the way we do things, and a shift in how we position the central role of local government in growing tourism. We will need to open our minds to new possibilities and new ways of doing things.

If we are driven by the ultimate goal of growing tourism to grow our nation, I have no doubt that we will succeed.

I thank you