



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Public lecture delivered by the Minister of Tourism, Minister Tokozile Xasa at the University of Mpumalanga as part of Tourism Month celebration

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Inspired by the United Nations theme, “Sustainable Tourism – a tool for development”

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Mr Thulani Nzima, Chairperson of the Mpumalanga Tourism Board, Members of
the Media,
Ladies and Gentlemen,

It is my absolute pleasure and of course an honour to be in your midst today in this beautiful province of Mpumalanga as we continue to celebrate Tourism Month.

We have gathered here today as part of the celebration of world tourism day and month, under the theme **“Sustainable Tourism – a tool for development”**, a theme which has been adopted by the United Nations World Tourism Organisation as the focal point towards celebrating the 2017 World Tourism Day (and Month). The official international WTD celebrations will be hosted in Doha, Qatar and this day is celebrated annually, on the 27th September. Incidentally, this year’s instalment takes place during the international year of tourism development, as declared by the UN General Assembly.

The purpose of WTD is to support changes in policy, business practices and tourism consumer behaviour, towards a more sustainable tourism sector, which can contribute aggressively towards the attainment of the Sustainable Development Goals (SDG’s). During world tourism day, different countries and cultures celebrate a multiplicity of region-based activities, whether it’s the promotion of special tariffs and/or broadening access to facilities, through mass-based free access to parks, gardens and including various engagements with our stakeholders, such as the lecture being held today.

As will our international counterparts, South Africa, through the Department of Tourism and its subsidiaries, is hosting a number of intra-Provincial events to celebrate Tourism Month, as a vehicle for promoting local tourism, by highlighting the economic benefits of a touring nation, while cultivating the culture of travel. The provincial celebrations will be in observance of and will align with the international theme, of the UNWTO 2017 World Tourism Day, i.e. **“Sustainable Tourism – a tool for development”**, the localised theme for Tourism Month, **“We do Tourism Sustainably through our economic, environmental and social business practices and initiatives”**.

Critically, this year's national celebrations take place in Mpumalanga, largely because of the Province's drive to aggressively promote tourism, through sustainable tourism packages and opportunities, which ultimately contributes towards the national tourism footprint. Our attainment of world acclaim through our various facilities, namely, our parks, our blue flag beaches, the accreditation and declaration of many of our sites as world heritage sites is confirmation that South Africa is a key international tourist destination.

During his address at the opening of Africa's Travel Indaba 2017, President Zuma reminded us that "in this era of the fourth industrial revolution which may threaten traditional jobs, tourism's labour absorption capacity remains a great weapon against unemployment".

The President further contextualised the approach to radical economic transformation as a "programme that seeks to correct the painful history of our country where the black majority was excluded from meaningful participation, ownership and control of our economy". President Zuma also indicated that "for tourism we are looking at 30% black ownership", which is likely to improve domestic investment and therefore foreign direct investment into our economy.

Radical Economic Transformation reinforces the call made by World Economic Forum Africa that Africa's economies should consider diversifying from commodities to services such as tourism in light of the challenges facing traditional industries.

As the economy contracts and shows signs of being unable to sustain the Country's socio- economic conditions, South Africa (as a tourist destination) faces the prospects of growing its transversal tourism sectors, in order to ensure that the massive economic potential is enabled, through the so-called traditional dominant tourism economic sectors, such as:

- Rural tourism;
- Medical tourism;
- Agro tourism; as well as
- Cultural tourism;

As we celebrate 2017 as the International Year of Sustainable Tourism for Development, we welcome the continued development of tourism and recall that with growth comes increased responsibility to ensure tourism can contribute to sustainability in all its three pillars, namely:

- Economic variables,
- Environmental variables, and
- Social variables

Consequently, we support the UNWTO's approach to the question of Sustainable Tourism, when it defines it as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities and traditional leadership". Our view is that this definition addresses the four main elements of sustainability, namely:

- Inclusive & sustainable economic growth;
- Social inclusiveness;
- Employment; and
- Poverty reduction.

Our view is that the success of the tourism product will be determined largely by the level and extent of co-operation between governments, the private sectors and communities. I drew great inspiration from our recent engagements in various parts of the country that we have been part of.

Today we are here in the beautiful province of Mpumalanga. This is the home of Mam'Esther Mahlangu, our internationally acclaimed IsiNdebele painter. We are proud of the incredible works of uMama Mahlangu and we are forever indebted to her, for placing South Africa on the international map, with her blazing artistry. Having already received the Award conferred to her by the Minister of Tourism, namely the Lilizela Tourism Award, she has gone to forge some amazing international partnerships with BMW (interior design), British Airways, Fiat, Belvedere, etc.

We are grateful to partnering with the Department of Economic Development and Tourism, Mpumalanga Tourism

and Parks Agency, the University of Mpumalanga and Tshwane University of Technology for hosting this Lecture today.

We are confident that engagements such as today's, will change the face of tourism in our country. UN declared 2017 as the year of Sustainable Tourism for Development – An initiative to mobilise the tourism industry; its stakeholders; partners from national, provincial and local governments; international organisations and the private sector to work together towards development and promotion of tourism that is economically beneficial, environmentally friendly, socially equitable and culturally responsive.

Tourism is a significant and critical sector in our economy as it contributes positively to the trade balance through foreign exchange receipts, sustains 700 000 (seven hundred thousand) direct jobs and is performing stronger than the other 5 growth sectors.

Globally, we recorded our 7th year of sustained growth despite the economic slow down. In the past year South Africa recorded 13% growth in the international tourist arrivals.

Introduction

The United Nations (UN) General Assembly approved the adoption of 2017 as the International Year of Sustainable Tourism for Development. The resolution, adopted on 4 December 2016, recognizes:

“the importance of international tourism, and particularly of the designation of an international year of sustainable tourism for development, in fostering better understanding among peoples everywhere, in leading to a greater awareness of the rich heritage of various civilizations and in bringing about a better appreciation of the inherent values of different cultures, thereby contributing to the strengthening of peace in the world”.

The UN affirmed that tourism can contribute to all three dimensions of sustainable development – economic, social and environmental – and each of the 17 Sustainable Development Goals (SDGs). Not only does our sector spearhead growth, it also improves the quality of people's lives. It can bolster environmental protection, champion diverse cultural heritage, and strengthen peace in the world.

The International Year on Sustainable Tourism for Development aims at promoting tourism's contribution to five key areas, namely:

- Inclusive and sustainable economic growth;
- Social inclusiveness, employment and poverty reduction;
- Resource efficiency, environmental protection and climate change;
- Cultural values, diversity and heritage; and
- Mutual understanding, peace and security.

In order to underpin the above mentioned areas, relevant stakeholders should among other things, undertake outreach and advocacy activities at international, national, regional and local level; policy making; research and dissemination of findings; capacity building workshops/trainings programmes and awareness raising campaigns. Key to the success of sustainable tourism is collective partnership from all relevant stakeholders as well as a political will in order to obtain buy-in and participation (United Nations World Tourism Organisation, Sustainable Development of Tourism).

In essence, sustainable tourism efforts are expected to contribute to the sustainability of the environment, social resources and the overall socio-economic development (Akama and Kieti 2007).

In South Africa, we have adapted the theme to our environment and the conditions that we are currently faced with. Thus our theme is “we do tourism sustainably through our economic, environmental and social business practices and initiatives”.

We also recognise the linkages between tourism, culture, heritage and the environment. Most importantly we believe that after 23 years of our democracy and the current state of ownership and management control of our economy, as well as the triple challenge of poverty, inequality and unemployment, sustainable tourism must express itself through tackling these challenges.

The draft National Tourism Sector Strategy (draft NTSS, 2017) refers to a number of major trends that have

been identified as impacting on the world tourism economy, which are equally relevant to South Africa. One of these trends is the increasing interest in green, sustainable, responsible and ethical tourism. Increasingly, tourists are choosing to reduce negative environmental, economic and social impacts on the host country and they prefer to choose destinations showing clear benefits flowing to local communities and minimal environmental impact. The new NTSS places inclusive economic growth at the centre of the tourism endeavour as expressed in its vision of a rapidly and inclusively growing tourism economy that leverages advantages in nature, culture and heritage supported by innovative products and service excellence.

The new NTSS also makes a case for tourism as a critical contributor to the jobs targets of the National Development Plan and further highlights tourism nature as one requiring the active support of several other government departments and the private sector. The NTSS 2011 was organised around three themes namely 1) Tourism Growth and the Economy 2) The Visitor Experience and the Brand and 3) Sustainability and Good Governance which resulted in eleven strategic objectives and twenty three areas of focus. The new NTSS has a sharpened focus with 5 strategic pillars.

Tourism growth

South Africa received over 10 million international tourists in 2016, which was an increase of about 13% compared to 2015. These gains provide a solid foundation for the implementation of our 5 in 5 strategy, which aims to increase the number of our tourists by 5 million in the next 5 years. Whilst we celebrate these achievements, we must strengthen our efforts in growing the domestic tourism contribution. Sustainability of the industry rests on a strong domestic tourism consumption as it addresses challenges such as seasonality and geographic spread. On the employment front, we believe that whilst we have significantly contributed to employment in the country at over 700,000 direct jobs and over 1,500,000 direct and indirect, there is certainly a room for more. Only sustainable tourism practices will see us realising our growth prospects as we implement the next phase of the National Tourism Sector Strategy towards 2026.

Travel, Enjoy and Respect

The UNWTO launched the “Travel, Enjoy and Respect” as a consumer-orientated campaign aimed at creating awareness about the contribution of consumers to sustainable tourism. At the heart of this is that destinations must remain authentic in all respects and tourists must enjoy the experience whilst respecting the limits set by the destination.

Pursuit of authenticity of a destination’s offering must be central to the overall sustainability of a tourism destination. It must also be the philosophy that guides and drives integrated and sustainable tourism development for every destination.

Whilst the campaign is targeted at consumers, equally, hosts must also show a degree of sensitivity towards their hosts on matters such as religion, values and culture. There has to be an effort on the part of destinations to understand their visitors so as not to offend. One of the greatest developments in the democratic South Africa has been the Bill of Rights. It is one instrument that clearly gives a sense of direction on matters of respect for human dignity, culture, our environment etc. It gives a sense of assurance to tourists, residents and citizens that South Africa cares. This is what makes for a good host and a clear indication that domestic policies, designed with citizens in mind, are critical to the success of tourism.

Equally, an integrated approach, partnerships and deliberate policy formulation aimed at tourism enhancement is central to sustainable tourism development. As the outgoing UNWTO Secretary-General, Dr Talib Rafai puts it “today more than ever, ensuring that tourism is an enriching experience for visitors and hosts alike demands strong, sustainable tourism policies and practices and the engagement of national as well as local, governments and administrations, private sector companies, local communities and tourists themselves”.

The South African National Minimum Standard for Responsible Tourism (SANS 1162) was completed in September 2011, and it sets the requirements for establishing a common understanding about Responsible Tourism and bases for the harmonisation of tourism sustainability certification in South Africa. The standard covers four themes, which are:

- Sustainable operations and management;
- Economic;
- Social and Cultural; as well as
- Environmental issues.

The standard aligns to sustainable tourism, which is defined by the UNWTO as “Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities. Furthermore, the Tourism Act, No.3 of 2014 has as one of its objectives, the “promotion of responsible tourism”.

The standard further guides some of the interventions that the department is pursuing with various partners across the various themes. These include Enterprise Development, Community based tourism development, Social tourism, Universal accessibility, Rural tourism development, Heritage tourism (including Liberation Heritage), Women in Tourism, Environmental efficiencies programme etc. At a global level, UNWTO member countries have been guided by the Global Code of Ethics. A further step has now been taken with the approval of the Global Framework Convention on Tourism Ethics at the recently held UNWTO General Assembly in Chengdu, China.

Sustainability and Transformation

Central to sustainability of our destination is the collective ability to ensure that the benefits of tourism are realised by all South Africans. It is through the implementation of our Radical Economic Transformation programme that we will be able to reduce the levels of inequality, create employment and reduce poverty. As President Zuma said during the State of the Nation Address, “guided by the National Development Plan (NDP), we are building a South Africa that must be free from poverty, inequality and unemployment”.

The President defined Radical Socio-Economic Transformation as “fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female”.

In pursuit of our transformation agenda, we will be implementing our transformation plan, which was developed under the guidance of the Tourism Broad Based Black Economic Empowerment Charter council. The plan includes but is not limited to:-

- Putting together a framework for maximizing empowerment of black people through concessions in state owned facilities;
- Partnerships to bring in existing black operators to serve as management companies for state owned facilities;
- Partnership with industry to scale up enterprise and supplier development;
- Effective use of state procurement levers in partnership with National Treasury to empower black suppliers of tourism products and services.
- Strengthening market access for black owned enterprises in terms of government driven marketing initiatives.
- Enhanced mechanisms for access to funding for new initiatives and expansion projects.
- Our ultimate goal is to participate in the black Industrialist programme

Our current draft NTSS prioritises the development and growth of the tourism industry, that it should take place at grassroots level and not exclude poor communities. This could be unlocked by the sector working together and looking at priorities that present good growth opportunities, which will ensure inclusive participation of more Black people-especially women, and young entrepreneurs. Furthermore, the draft strategy identifies transformation as critical for social stability, the reduction of inequality and poverty, and for inclusive growth.

Transformation underpins our potential tourism competitiveness, as it relates to the responsibility of the destination in the distribution of economic benefits, and is intrinsic to how tourists will experience the depth of the South African destination offering (and its authenticity). For all of these reasons it is critical that significant progress is made in the inclusion of black South Africans in the tourism economy, at all viable points along the value chain.

Work is required on the overall goals and targets as outlined in the Amended Code, with specific actions implemented at each destination site and along each major supply chain into larger tourism enterprises. Growth of the sector through enhancing more social inclusion through transformation, will ultimately help address the challenges of unemployment, poverty and inequality.

Therefore, transformation is at the heart of sustainability. Through the implementation of the Tourism Broad-Based Black Economic Empowerment (B-BBEE) Codes, compliant enterprises are able to access the lucrative

government travel and hospitality related services market which is estimated by the National Treasury to be worth just over R10 billion. These services include:

- Accommodation
- Events venues
- Professional Conference Organisers
- Shuttle Services
- Travel services (Travel agencies)
- Air transport services
- Car Rental
- Food and beverage

Transformed businesses are also able to access trading opportunities facilitated or enabled by government authority and processes, these include amongst others:

- Casino and other Licenses
- Joint marketing agreements
- Concessions and retail space for restaurants, accommodation, activities, memorabilia etc. in Botanical gardens, Heritage sites, National and Provincial Parks
- Retail and other space at airports (car rental, duty free, taxi, curio stores etc.)
- Even duty free retail space in State Owned Airline

This demonstrates that being transformed is essentially a serious business strategy for growth and not a compliance exercise. Even amongst large operators, those whose businesses are doing well boost significantly better transformation credentials.

However, B-BBEE alone will not bring about Radical Socio-Economic Transformation and the much needed sustainability in the growth of our sector. It is for this reason that we have gone a step further to identify programmes that would assist in the acceleration of this transformation. These include, amongst others, the following.

The value of travel and related services consumed by organs of state annually is estimated at about R10 billion. This presents a transformation lever through state procurement. Furthermore, government controls allocation of other opportunities such as licensing of tour operators, gaming operations (including casinos), duty free stores, car rental parking bays at strategic hubs, accommodation and retail facilities at state owned facilities that are concessioned to operators. These areas further present opportunity for accelerating radical economic transformation and we will work with partner departments to pursue this goal.

Empowerment of women is central to our transformation agenda. We will continue with our Women in Tourism Programme. Women in tourism are mobilized behind representation, recognition/reward and respect. The launch of the 30 in 5 campaign at the Indaba 2017 that lifts 30% women representation target in the scorecard on ownership, Board participation and Executive Management and the advisory body on women interventions will be implemented in the next 5 years. The incentive programme will be redirected to support these initiatives.

The Tourism Transformation Fund

The Tourism Transformation Fund (TTF) will provide a combination of grant funding (capped at R5 million per applicant), debt financing and equity contributions to facilitate capital investment in the tourism sector by prospective black investors and communities. This will prevent the fund from being depleted by one or two large projects and will ensure that the TTF assist a greater number of deserving applicants per annum. The size of the grant component will be determined by a range of factors in order to reduce the funding gap that may still exist, reduce the period to project break-even and to improve return on investment. The total monetary size for the TTF is R360 million over the 2017/18 to 2019/20 medium term expenditure framework (MTEF) period. This fund is closing a gap in the funding of emerging black tourism businesses.

TTF will include minimum general criteria against which all prospective applicants will be assessed including:

- the commercial viability of the project;
- compliance with relevant laws and regulations;

- the extent of operational involvement at managerial and board level by black people;
- minimum percentage black ownership of 50.1% is required; and
- the ability of the project to create a reasonable number of jobs.

The Executive Development Programme (EDP)

A 2011 report on the state of transformation in the tourism sector revealed that although women remain the backbone of the tourism sector in terms of human capital, the vast majority of large tourism enterprises had no black female shareholding while only 4% had achieved the 25% target for black female directorship and shareholding positions in the sector.

To address this challenge, the Department of Tourism in partnership with the industry and the University of South Africa's School of Business Leadership (UNISA-SBL), enrolled 20 black women at the business school to undergo training on a tailor-made Executive Development Programme since July 2016. Its orientation is more about understanding the business side of tourism (beyond the operations) and all participants are coming from industry largely from junior management level. These women will be graduating on 19 October 2017.

Furthermore, four of these young black women have already received offers for middle to senior management positions with various tourism enterprises. The next enrolment, which is done in partnership with industry will take place in January 2018. In this regard, I would like to extend my sincere appreciation to the Tourism Business Council of South Africa and its participating affiliates for their continued commitment to the programme.

The Green Tourism Incentive Programme

The objectives of the Green Tourism Incentive Programme (GTIP) are to:

- entice enterprises to move to cleaner energy source in line with responsible tourism principles;
- address the current market obstacle of high up-front capital requirement and poor market awareness of the cost-benefit of renewable energy solutions;
- facilitate reduction in operational input costs of enterprise (especially smaller enterprises) to counter electricity price increases;
- reduce reliance and pressure on the national electricity grid; and
- focus on localisation of technology development (intellectual property/ design), material and component manufacturing, component and system assembly, installation, commissioning and maintenance that will stimulate local industrialisation and support growth of the green economy through job creation and enterprise development.

Under the Green Tourism Incentive Programme, eligible applicants will be able to qualify for grant funding equal to between 30% and 90% (capped at a maximum of R1 million per applicant) on the cost of approved solutions that will improve the energy efficiency and costs of their tourism operations. Since the grant component will not cover the full cost of the energy efficiency solution, applicants can either fund the remainder of the cost through own resources or approach their preferred funders to fund this balance. Both the Industrial Development Corporation and Small Enterprise Finance Agency as its subsidiary will offer favourable terms for loans in this regard.

Other programmes include but not limited to:

- Creation of opportunities to operate and manage state hospitality facilities of which our research reveals that there are about 700 such properties across the country in provincial and local government but most of which are not fully operational;
- Provision of support to SMMEs through incubation and market access support;
- Creation of supply chain opportunities through localization of supplies such as culinary, textile requirements, furniture etc. These provide opportunities for cooperatives and SMMEs.
- 200% growth in our direct contribution to the 2015 GDP figure of R118 billion to R302 billion in 2026 (Through NTSS).
- President's commitment of 30% black ownership for the tourism sector.
- Working with partner departments to pursue radical economic economic transformation.
- Bilateral agreements with Zambia, Botswana, Malawi
- Work with Local Government to appoint, train and place youth that will serve as data collectors.
- We will also be taking a nodal approach in all identified projects to tackle the entire value chain.

- Establishment of the transformation fund.
- National Conference on transformation in the tourism sector.
- Framework for precinct development.
- Working for Tourism program creating 3347 fulltime jobs.
- Partnership with Cathseta and NDL.
- Implementation of Blue Flag Ambassador Programme.

Sustainable Tourism and Innovation

We live in an ever changing environment. This presents different challenges to the growth and development of tourism sustainably. Disruptive technologies have pushed the boundaries and forced all of us to think and operate differently. From the convenience that comes with the technology, to the disruption that comes with unregulated operations in regulated environments, from the most predictable and comfortable business processes to one person operations with degree of effectiveness and efficiencies. All these point to one direction, we must adapt and also continuously seek to innovate in our space. Adaptation to emerging trends and ability to respond will be essential to achieve sustainability.

Virtually no monopolies will sustain, let alone survive in this era, equally, we need to ensure that the small and at times less educated operator keeps up with the pace of these changes. This calls for knowledge sharing networks that take into account the varying levels of education as well. We must also find ways of resolving challenges in our business, policy and operating environment in a manner that promotes sustainable growth, enhanced experience whilst not losing authenticity.

Sustainable Tourism and Regional Integration

Southern Africa is considered a long-haul destination by the market in the west and the east. This situation dictates that the region must work together in positioning the destination and also in the interactions with travel trade in these markets. It is encouraging that governments across the region, under the leadership of the Southern African Development Community (SADC) have embraced the spirit of working together to promote and grow tourism. During our Chairship of SADC, which ends August 2018, we will work collectively to promote sustainable tourism practices in the region with the aim of strengthening our collective competitiveness and claiming our fair share of the global market.

In recognising the need for cooperation and seamless integration in the offering of the experience within destination Southern Africa, we initiated harmonisation of training of tourist guides with the Republic of Namibia with the assistance of the University of Pretoria. This will enable operators to make referral to their counterpart between the two countries with full understanding that the client would receive no less than what they would have offered.

This training programme was a product of our research agenda, which is reviewed on a regular basis. In the coming years, we will be focusing more on transformational and sustainability issues. Strategic priorities include, amongst others, Radical Economic Transformation, Rural Tourism, Social Tourism, Responsible Tourism, Enterprise Development, Destination Development, Tourism Human Resource Development, Coastal and Marine Tourism, etc.

Conclusion

Sustainable tourism practices are good for business, society and the environment. As an example, the Department of Tourism worked with the Robben Island Museum (an iconic attraction for destination South Africa, which is also a World Heritage site) to introduce an alternative and sustainable source of energy by building a mini solar power plant on the island, thereby minimising the use of diesel generator. This has seen the island reducing the cost of fuel by no less than R17, 000 a day. It has no doubt that it also improved the island's carbon footprint and contributed to cleaner air for the residents.

Sustainable tourism is neither an event nor an accident. It requires commitment and resourcing from all role players. No pillar of sustainable tourism should gain dominance over another as a balanced approach is the very essence of sustainability. I would go as far as saying that without sustainable tourism there is no future for our sector. I therefore call upon all South Africans and our tourists to continue to "DO Tourism Sustainably".

I thank you