



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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**Remarks by the Minister of Tourism, Hon Minister Mmamoloko Kubayi-Ngubane, at
the Real Estate Development Summit, Sandton**

25 July 2019

Thank you Chairperson Neale Peterson
Gaetan Siew, Special Envoy Republic of Mauritius - CPR chez UN-Habitat (United Nations Human Settlements Programme)
Andrew McLachlan, Senior Vice President Development, Sub Saharan Africa -
Radisson Hotel Group
Malcolm Horne, Group CEO, Broll Property Group
Kim Irmeler, Development Director Sub-Saharan Africa, Accor Hotels
Shiree Darley, Managing Director, Darley Interior Architectural Design
Vere Shaba, Founder & Director, Shaba Green Building Solutions
Tim Harlech-Jones, Business Development Director, Bentel Associates International
Xoliswa Daku, CEO & Founder, DCI Holdings and Daku Group of Companies

Distinguished guests

Ladies and gentlemen

I would like to extend a warm welcome to all those who have travelled from various countries in the African continent and beyond. Welcome to our country. As the Minister of Tourism, I now call myself the number one salesperson of my country, I cannot let this opportunity pass without asking that you visit the rest of the country and enjoy all that we have to offer.

President Ramaphosa initiated an investment drive to raise R1.2 trillion in new investments into the economy. The real estate development sector is very important in this regard.

As you are gathered here today, I would like to suggest that, part of your deliberation in this summit should be to answer the question: What is it that you are going to do as sector to respond to the investment call made by the president. In 2018, the finance, real estate and business services industry was a strong supporter of South Africa's overall GDP growth. This is evidence of how important the sector is to our economy and the deliberations that you will have and decisions that you take in these two days can determine our economic performance.

Some of you are from multinational businesses that have invested in multiple countries and there is, at times, a temptation to opt for limiting your investments in our country only to management services as opposed fixed capital investments. We call on you to make investments that will contribute to the expansion of South Africa's gross fixed capital formation. This kind of investment will go a long way towards generating growth, creating employment and ensuring that the growth we experience is inclusive.

The tourism sector is one of the key demand drivers for real estate development. A prosperous tourism sector goes together with a vibrant property market. Growing the tourism sector will trigger an expansion in real estate development. This is because there will be a rising number of people who will become tenants, home buyers and property investors. Accordingly, there will be growing opportunities for South Africans to create new businesses and jobs that result in increased local demand for both commercial and residential real estate.

The tourism sector in our country has been growing even in the face of overall economic decline. In 2018, the contribution of the tourism sector in South Africa, directly accounted for 2.8% of real GDP, which amounts to R139 billion and this is projected to grow to R145, 3 billion for 2019. It has been a source of jobs for our economy and for this reason we believe that it is one of the sectors that will help us to tackle our triple challenges of poverty, unemployment and inequality. For this to happen the

growth in this sector must be inclusive. This means that the new opportunities the sector generates must also be realised by those who have been previously excluded.

South Africa is endowed with magnificent landscapes, diverse cultures, wild animals and great heritage sites that are spread throughout the country. However, because of our unfortunate history, spatial development has tended to favour big cities and urban centres in general and as such real estate in small towns and rural areas is not developed. This poses great challenges for the supply side of our tourist industry in terms of providing the necessary facilities for tourists to access all the tourist attractions without hinderance. This is a great opportunity for real estate developers to invest and partner with communities to stimulate inclusive growth and development throughout South Africa. Tourism in South Africa has been growing steadily since the onset of democracy. We will put measures such partnership with retail and banking sector in place to ensure that the growth forecast for the tourism sector for 2019 is achieved and ensure that this growth is sustained in the long run.

In his recent budget speech in parliament, the Minister of Home Affairs, Dr Aron Motsoaledi, announced an addition to our visa-free countries and these include Qatar, United Arab Emirates, New Zealand, Saudi Arabia, Cuba, Ghana and Sao Tome and Principe. In adding these countries to the other 75 countries that already enjoy this status, our government is doing all it can to remove all obstacles for visitors destined for our country.

In addition, we are also encouraged with the commitment made by the department of Home Affairs, that South Africa's new e-visa system is expected to launch within this financial year. This will also go a long way in easing travel to our shores.

We are at an advanced stage of developing the National Tourism Safety strategy working with the SAPS, provinces, local government and members of the sector. This in response to the concern that has been raised by those who want to visit our country that they would like the issue of safety to be given attention.

We are investing in the development of skills for both commercial and residential real estate management. This will ensure that we make your industry sustainable whilst creating jobs for our youths.

All these efforts are aimed at ensuring that we increase the number of international tourist arrivals into South Africa. And more importantly, to ensure that the tourists that choose to make South Africa a destination of their choice have the most enriched experience in any tourist attraction of their choice. We are also mindful that our commitment and effort to create an enabling environment for you as investors might sometimes be misguided. There are areas in which you might have more information as industry players than us as government, and these are areas in which we will need your guidance.

Our door is always open for suggestions and criticisms that will help us to build a prosperous South Africa. We are simply saying let us work together in a mutually beneficial relationship. Failure to work together to respond to the challenges of our country will have very dire consequences for the stability of our country.

I wish you well in your deliberations during the summit.

I thank you

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