



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Speech by the Deputy Minister of Tourism, Tokozile Xasa, at the 6th edition Hotelier Summit Africa

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Thank you very much for inviting me to the 6th Hotelier Summit -Africa 2016. The choice of hosting it in our beautiful, world class destination South Africa, and no1 business destination in Africa and Middle East is much appreciated.

- South Africa a competitive business and investment destination.
- The country has climbed seven places to take spot in the top 50 out of 140 countries in WEFs Global Competitiveness Index - standing at number 49.
- South Africa is an exceptionally capable, infrastructure rich, experienced, cost effective, welcoming, and globally competitive business events and leisure destination.

Your purpose of the summit said 'to reinforce the activities related to planning, design, development, and operations of the hospitality industry, thereby encouraging the growth of the industry which directly supports the tourism sector and hence the economy' will further enhance on our goals. Tourism in South Africa has been identified as One of 6 key economic growth sectors and job creator. Our contribution to the GDP to datejobs, 680817 in 2014. The South African Government's commitment is to move towards more value-added activities, and the business industry events help South Africa to achieve this ambition by fueling the knowledge economy. Our targets and positioning South Africa as open for business; that Africa is the next best place to bring your next business event meeting or conference we say Africa's business events capabilities are still underutilized and hold much potential with unique experiences. We also host Meetings Africa beginning of every year as another platform to initiate better and more inclusive continental partnerships that will work to realise the untapped potential of the continent as a business events destination.

Tourism and hospitality is a people driven and people-centred industry and we as a Department aim to create an environment for sustainable employment and economic growth. The significance of tourism as an important economic sector is recognised globally. In collaboration with Industry, we seek to create 225 000 new jobs. This is evident in our industry and particularly in the hospitality sub-sector where hotels form an intrinsic part of the tourism value chain.

According to the PricewaterhouseCoopers Hospitality Outlook: 2015-2019 report, the accommodation market in South Africa enjoyed its third consecutive year of strong growth in 2014. The report further states that with the market now improving, there is renewed activity in the hotel industry as major hotel chains upgrade current facilities, renovate their properties or make plans to expand and open new hotels. For example in 2014 there were 11 hotel projects in the pipeline in Cape Town alone which will add 2000 rooms to Cape Town in the next 4 years. Some of the leading investments into South Africa's Hospitality sector since 2008 include investments by Lonrho, the Rezidor Group, Intercontinental hotels, Marriot, Africa Sun and International Financial advisors.

One thing that is certain is that we cannot achieve successful results in the tourism industry, if we continue to work in isolation as individual countries and as subsectors. We have to start pursuing joint strategies in order to accelerate growth in this sector. Tourism is an instrument of social cohesion, and a unifier on the African continent. We are keen proponents of the African Agenda 2063 with the focus on "MAKE AFRICA THE PREFERRED DESTINATION FOR TOURISM". Now we need to work on the right strategies that will enable us to reach that desired goal. Fortunately, we already have the AU-NEPAD Tourism Action Plan, which was adopted in July 2004. The Action Plan has comprehensively outlined the situation, challenges and strategies for the tourism sector in Africa. The Regional Tourism

Organization of Southern Africa (RETOSA) is a Southern African Development Community (SADC) institution responsible for tourism growth and development. In part, the aims of RETOSA are to increase tourist arrivals to the region through sustainable development initiatives, improved regional competitiveness, and effective destination marketing. Therefore as we grow the numbers we must understand what each other is doing within the value chain, support each other to realise our goals.

So how is Africa faring in this space? The UNWTO indicated that in 2015, Africa experienced a 3% decline in international arrivals. Africa welcomed 53 million international tourists in 2015 which equates to 5% of the World's total.

According to the Ernst & Young Global Limited (EY) 2015 Africa Attractiveness Survey, EY believes that, tourism, spurred by foreign direct investment, has evolved into a key economic driver for many destinations, promoting income growth and job creation in local economies. The hospitality and tourism sectors have emerged as key value drivers and differentiators in a competitive economy, including in emerging economies, where growth has shifted away from goods and products toward services, with tourism and hospitality accounting for a significant portion.

EY indicates that two trends are defining Africa's future growth path which include rising urbanization and a growing consumer class. In line with these trends, FDI data reveals strong inflows into real estate, hospitality and construction (RHC) in 2014. Investment in the RHC sector is gaining traction. Growing urban populations travel more and require hotels and restaurants to serve to cater for this and also serve an increase in business travellers and tourists. International hotel chains are also striving to meet burgeoning demand in Africa, where supply of hotels in all categories is often inadequate.

Furthermore, the Hospitality Group's survey on international hotel chains' development in Africa in 2015 indicates that there are 191 hotels that are in development in Sub Saharan Africa. This includes construction of 31 150 rooms. This is a good indicator of the increasing demand for hotel accommodation in SSA and the Continent.

Yes, there are challenges that we are facing within this industry but it is not insurmountable and we are working towards alleviating this. The challenges inherent in creating internationally renowned and top quality business hotels in Africa are include local climate; building conditions; economic trends; a potential lack of local skills; scarcity of readily available material; and demanding legislative requirements.

The Department of Tourism is actively boosting this sub-sector through giving expression to its National Tourism Sector Strategy (NTSS) which is underpinned by one of its strategic objectives under the following theme -Tourism Growth and the Economy, addressing strategic objectives including growing the sector's absolute contribution to the economy and excellent people development. This is what we are doing to boost the occupancy rate.

An increase in tourism's economic contribution is driven by an increase in domestic and international tourist arrivals as well as an increase in tourist spend. Along with its partners, the Department must create an environment conducive to this increase by ensuring a quality and diverse tourism offering as well as by developing sector capacity. Destination development plans have been developed for identified tourism sites to enhance destination competitiveness. This will ultimately position us favorably as a destination of choice.

The Department has various programmes aimed at capacitating especially young people to be absorbed into the hospitality industry. These include Food Safety, Tourism Buddies, Chefs and Sommeliers. . Our investment in skills development and training is essential to create a solid base of young, well qualified black people who will be equipped with the necessary skills to both advance into management positions (which is an essential part of the transformation of the industry), and to be better prepared to be the business owners and entrepreneurs of the future. All these programmes add significant value to the hotel experience while at the same time contributing to job creation and social cohesion.

Africa also positions itself as an innovative and technology 'switched on' continent. Filled with innovative solutions, from making life just a little bit easier in rural areas, to actually saving lives in the most dire of situations through science.

Through our National Conventions Bureau, we attract lucrative meetings and events to SA as host country and promoting return events and visits to delegates through activations and onsite events, as part of support services it provides to its clients. We hope to work out our partnership through SANBC in your future events.

We are also encouraging increased investment in the tourism arena, where there is huge scope for growth. This is done through partnerships between government and industry. From government side, tourism is one of six core pillars of economic growth and key part of the National Development Plan, which captures our vision for 2030 - to reduce poverty and inequality. We are looking at a partnership approach that recognises that this is a creative industry that should not be stunted through government regulation. However, we also expect the kind of industry partnerships that help us to transform our economy by creating jobs, alleviating poverty and reducing inequalities. We participate in a number of international tradeshows which gives us the platform to sell our destination and engage in Joint Marketing Agreements.

Tourists are attracted to destinations by experiences and offerings. South Africa has a diverse product range: natural beauty, heritage, culture, city life, etc which can be packaged for various markets. There are still underdeveloped opportunities in the product range available in and around mega attractions. Visitors' experience impacts on the destination's reputation. The experience is a factor of quality in both offerings and services. Effective quality management is therefore essential for competitiveness. This includes issues of accessibility, resource efficiency and general visitor experience. We will also ensure service excellence that will ensure we get many return visitors.

As the gateway to Africa, we are committed to boosting this sector as a growth catalyst both economically and socially. We will continue the enhancement of regional tourism integration in our goal to forward the African agenda. Look for more industry initiatives that we can partner on. Together we can do more

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