



Speech by Deputy Minister of Tourism, Hon Fish Mahlalela, MP, on the occasion of Hotel Africa Show and Exhibition, Gallagher Estates, Midrand, South Africa, 23 June 2019

The Broad EMG Events

The Acting CEO of SA Tourism, Ms Sthembiso Dlamini

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Ladies and Gentlemen

Good Morning

It is indeed a privilege and an honour to welcome and address you on the occasion of the 3rd edition of Africa Hotel Show, taking place from today until Wednesday.

This important event incorporates three (3) leading exhibitions across Retail, Hospitality, Food and Beverage, and Wholesale industries of the Tourism sector.

I take cognisance that I am supposed to be welcoming you and giving a keynote address. However, with just less than a month in the job, having been tasked by President Ramaphosa for the exciting yet challenging job of Deputy Minister of Tourism, I honestly think I should be asking

you to rather give me a keynote induction, than me attempting the opposite.

Having said that, I however remain of the believe that I can confidently convey the message not only of our government but of the millions of South Africans and Africans whose hopes hinges on the tourism sector in taking them out of the economic doldrums, through a path of growth and recovery to a prosperous and society they aspire for.

I am confident because, I have the assurance that our government continues to possess the political will and we are tirelessly refining our national policies and initiating new programmes to deliver responsible, inclusive and sustainable tourism experiences.

This overall commitment and will is espoused in our National Tourism Sector Strategy (NTSS) and other supplementary strategies and action plans, aimed at propelling the sector to new heights.

Once again, it is indeed momentous to be afforded the opportunity to address you on the occasion of grand opening of this African calabash of the tourism, travel and hospitality industry - The Africa Hotel Show

Ladies and Gentlemen

This event, which brings together international industry professionals from 53 countries and over 500 exhibitors from more than 40 countries for 3 days of business negotiations, networking, market research and knowledge sharing, is taking place during a historic month in the political life of our country, the Youth Month.

We should remember that 43 years ago, young people of our country made untold sacrifices so that we could be free. Most of them gave up the relative comfort of their homes and went to foreign lands, not to enjoy the scenic beauty and tourism attractions of those countries, but for a painful mission to liberate their people, while others ended up languishing in prisons as a result of an unending pursuit of political, social and economic freedom in our country.

Most of these unsung heroes and heroines are not with us today as we enjoy the fruits of their bloodshed and make efforts to continue where they left off during the painful struggles of their times.

The struggle for a better life to consolidate our 25 years of social justice and freedom must continue into this democratic era. Working together, we can grow South Africa and the African continent at large.

Programme Director

What gives this occasion special significance is the presence of many industry partners, movers and shakers from across African countries, reaffirming our commitment to co-operate with and within the rest of the continent in developing our tourism industry.

With the hundreds of industry influencers and decision makers billed to participate at this year's event as speakers and panellists during the comprehensive three-day programme, I am certain, that we are indeed destined for greatness.

We are moved by this and are proud to welcome you to our country, which we naturally believe is the most beautiful in the world.

The warmth with which our 25-year democracy has been embraced by the world is reflected in the countries represented here, and a reassurance that as we set out to rebuild our tourism industry, we can draw from the continent's wealth of experience.

### **Trends in tourism and a rapidly changing world**

Tourism continues to perform strongly and forecast for the future is very optimistic.

More travellers are discovering our continent and country and they see value in our country as an exceptional destination for holiday, leisure and events.

According to World Travel and Tourism Council, Tourism in SA is one of the fastest growing sector and contributes about 9% into GDP. It employed about 17 million people in 2017.

The most important dividend for tourism in South Africa is tourism's contribution to the quality of human life in our cities and provinces. We are committed in nurturing the tourism economy so that it promotes inclusive growth, so that those who were previously disadvantaged are empowered in a meaningful way which includes unlocking the potential of SMMEs.

All industries are experiencing rapid change, disrupted by advancing technologies and shifting consumer expectations.

A new generation of tourist is emerging and the hospitality and tourism sector is undergoing fundamental shifts in the way it operates, affected from changing global economies and regional government policies to operational efficiencies, from the need for seamless technology to delivering a flawless guest experience.

Technology has shaped how travelers plan their trips because mobile phones are now a one stop shop for travelers and service providers within the travel industry. According to technology surveys, 74 % of travelers plan their trips on the internet.

To adapt to constant change, industries are looking to adopt strategies to future- proof their business and be able to navigate rapidly changing technological and political landscapes

I therefore urge you to take in-depth look into the trends and forecasts influencing travel patterns, how different segments are performing and how you can take advantage of the opportunities they bring, as an Africans in the business of tourism.

### **Tourism potential in Africa**

This influx of tourists means more money coming into the continent. In 2014, Africa recorded US \$43.6 billion in revenue. According to the UK's World Travel and Tourism Council (WTTC), the international tourism sector now accounts for 8.1% of Africa's total GDP.

Across the continent, there are around 20 million people working directly or indirectly for the tourism industry. This means that the sector accounts for 7.1% of all jobs in Africa. Jobs supported by the sector include guides, hotel staff, interpreters, aviation staff and small businesses. Yet the economic impact of tourism extends beyond job creation.

Transport infrastructure and services is one of the key constraints limiting growth of the tourism sector. As the report indicates, "Journeys in the African continent are not always seamless". In fact, it is more difficult – and more expensive – to travel across Africa than to get to most of African countries from Europe, America or the Middle East.

Other barriers to tourism sector development in Africa, include a lack of dedicated incentive policies, the need for closer regional cooperation, weaknesses in infrastructure and security problems.

Security issues have posed a particular problem for the sector since 2013, especially in North Africa, Mali and coastal regions of Kenya. The report indicates that, of the 80 countries for which travel warnings were issued by the US State Department, 30 were located in Africa.

Moreover, although the 2013-2014 Ebola virus outbreak only affected West Africa, it created a climate of fear that spread to many other countries on the continent – even those far from the source of the outbreak.

Although international tourism is on the rise in Africa, the continent currently accounts for just 5.8% of the world's incoming tourists and 3.5% of global revenue in the sector. As such, the sector still has vast untapped potential – potential that, if exploited, could kick-start rapid economic growth.

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. Indeed, our cultural diversity is increasingly, I am told, becoming one of our major tourist attractions.

Tourism can contribute substantially to developing the people of our country as it is a highly labour intensive industry accommodating a wide spectrum of skilled and semi-skilled labour.

Unfortunately, the tourism industry has been regarded by the vast majority of our people as an elitist activity, reserved for a privileged few. The South African tourism industry must do more to educate our disadvantaged communities on the prospects of this exciting and important economic sector. It must rise to the challenge of changing this image.

Honourable guests, Ladies and Gentlemen

Our economy is not growing at a pace and rate we want, in order for it to create necessary jobs so much desired by our people.

It is for this reason that our President, his Excellency President Cyril Ramaphosa has identified Tourism as an anchor and apex priority to contribute into the GDP and grow the economy.

We need to make decisive necessary efforts to ensure the strength of Tourism industry. It is therefore important to put customers and consumers of tourism service at the centre of everything we do.

Customer Centricity is an inherent African value – From the market place to the overnight traveller, those who have interacted with our hospitality and services – should without doubt always be able to bear testimony to this assertion.

Among the lessons that we have learnt is that, in order to reap the full benefit of the increased international interest in South Africa as a destination, we cannot rely merely on our natural and cultural heritage.

Investments into customer service and people will yield more enhanced results because while other sectors sell products, tourism sell experience. We therefore need to strive to ensure that tourists should experience excellent services within the value chain.

We also need as a nation to make concerted effort to continually increase the levels of hospitality and friendliness, and the general level of service. The international tourist market places a very high premium on these aspects. I want to challenge not only the tourism industry, but all service enterprises, to make 2019 a year of all-round improvement of our service standards, ethos and practices.

The Department of Tourism is committed to improving service standards in the tourism sector in order to ensure that South Africa is a destination of choice for both local and international tourists.

Coming to the core theme of this year's shows - "Striving towards excellence in customer centricity"

I would like to share with you some of my views and policy perspective of our government and of many consumers and stakeholders.

As South Africa, and many in our continent we have not only led policy dialogue, on service excellence, but are at the fore front of defining new pathways for service excellence in the industry.

Our actions should be aimed at ensuring that customer centricity is at the core of all our tourism services and throughout the life cycle of every tourist activity. The Department has developed a strategy that comprises of five pillars, namely:

- Research and Information;
- Upskilling Service Delivery;
- Public Awareness;

- Measuring and Monitoring Service Standards; and
- Consumer Feedback Systems.

The aim of the five pillared approach is to gradually introduce a service-orientated culture and to maintain it through various interventions in collaboration with the various institutions and yourselves operating in the sector.

Ladies and Gentlemen

From a tourism point of view I would like to raise four service standards expectations

Firstly, There is an expectation that accurate and reliable systems are in place to make it easy for tourists to visit and consume services, this happens at the planning stages of a tourism activity.

Secondly, there is an expectation that on arrival and at entry to the country by tourists, the process will be easy and efficient, and this may range from signage, to immigration services, to land in-destination connectivity (transport).

Thirdly, Tourists must be exposed to reliable, efficient, acceptable quality of services that will create a memorable

experience from Transport, accommodation, Banking facilities, health facilities amongst others.

And finally there is an expectation that departing will be easy and efficient for tourist going back to their countries.

Our department of Tourism facilitates the handling of tourism-related complaints, in case where services provided do not meet the expected standard, and this is done through a complaint mechanisms through email or call centre.

### **Job creation: A priority for government**

Ladies and Gentlemen, Honoured Guests

In South Arica, 1.5 million jobs were supported by travel and tourism in 2017, which is 9.5% of the total employment in the country. The total contribution of travel and tourism to SA's GDP was R412.5bn (8.9% of GDP) and is forecast to rise by 2.9% in 2018.

We must pledge mutual support for each other's tourism ventures and we should deepen cooperation on all fronts of human development anchored in the common commitment to meet our global development goals

We have committed to continue to nurture the sector and drive increasingly impactful and collaborative strategies and programmes for sustained, inclusive growth into the future.

We reaffirm that public-private cooperation in the area of tourism is an important lever of foreign policy and an instrument of economic diplomacy in strengthening the broader continental relations.

The importance of the relationship between government and business in the tourism industry can never be overemphasized. For tourism to thrive, governments need to forge a stronger collaboration with the industry.

We must however admit that the efforts towards tourism development and socio-economic emancipation of our people have not been without challenges. As government we therefore reaffirms our readiness to contribute to this important sector of the economy of any country.

We have heard the issues raised by both the consumers and the industry itself, and stand ready with an open door policy, to do what is expected of us as the servants of the people

In South Africa and the globe, Small, Medium and Macro enterprises' involvement in entrepreneurial development programmes is an important pillar and contributor to national development and economic growth.

Stats SA report that:

"The food and beverage serving industry is the second biggest employer, followed by accommodation. Together, these three industries contributed almost 70% to total tourism employment.

I'm mentioning this particular fact, because you ladies and gentlemen, captains of industries in the tourism sector present here, are the major job creators in the entire tourism value chain.

### **Transformation of the industry**

The Tourism B-BBEE Charter Council, whose mandate is to monitor and evaluate transformation in the tourism sector has in the past revealed a worrying outcomes of its base-line study on the level of transformation within the sector.

The study, was conducted with specific purpose to gain insight into transformation in the sector but also to set a baseline for the amended Code, provide recommendation and also to benchmark the Council's strategy to advance the course of transformation in the sector.

The report in 2017 stated that "Sector specific challenges with regard to tourism transformation included that the vast majority of tourism enterprises had no black female shareholding. There was also still a very low level of black female absorption at directorship level of tourism enterprises. The recruitment and retention of black skilled staff presented a challenge in meeting employment equity targets particularly for large enterprises where more specialised skills were required. Access to funding was a major challenge for small businesses. Awareness of the Tourism B-BBEE Sector Code as compared to the Department of Trade and Industry's generic code was low"

As you may all be aware, government would naturally be concerned with a slow pace of transformation in any industry. It is its mandatory responsibility to provide a

conducive environment for transformation to happen, But It is also the responsibility of the industry as well, to take advantage of such prevailing conducive environment provided by government, to transform itself and reflect a true nature of a rainbow nation.

We should contribute to the policy imperative of transformation, with reference to the ownership landscape of the industry.

The opportunities that exist in this industry are interlinked as a value chain, from Tour Guiding, Tour Operations, Transport, to Retail and hospitality services just to mention a few. What is of critical importance is to integrate all tourism development efforts in such a manner that these opportunities are created for the consumers.

Our long-term goal is to establish South Africa as a globally competitive service economy and the world's destination of choice in terms of excellent customer service. In the short term, ours as government is to encourage the tourism industry to deliver positive and unforgettable service experience to all visitors by embracing the highest standards of service excellence.

I'm aware that you have had a very profound and good relationship with former Minister Derek Hanekom and Deputy Minister Elizabeth Thabethe during the 5th Administration.

### **In conclusion**

If you look at SA, it is becoming destination of choice for events, and just the best place to visit.

This therefore means that as a country and as a destinations we need to emphasis and make sure service excellence is everyone's business, we need to work together to make sure that tourist touchpoints are maintained and sustained.

“Ultimately Service excellence, must not be an exception, but a habit”

It is people like yourselves who make all this possible and I am here to thank you for your support and contribution to our country over the last 25 years of not only rebuilding our brand and our destination, but our country to what its forefathers had aspired it to be.

It is my believe and hope that business relationships will continue to be equally conducted in the letter and spirit of our commitment to grow the tourism sector throughout the whole continent – or as the popular saying states, from Cape to Cairo.

I look forward to consolidate on that relationship. As I have said before, and I'm sure I speak for Minister Mamoloko Kubayi-Ngubane as well, that our doors are open. We stand ready work with you, have a fantastic travel and tourism experience together, and grow our economy for the benefit of our people.

As Africans we are renowned for our hospitality, let us therefore continue to enhance this wonderful experience for our tourists.

Many of you have succeeded in this industry as professionals, entrepreneurs and role models working towards the creation of a better South Africa and the African continent for all.

Some of you still continue to contribute to the wellbeing of other emerging industry role players in various ways through voluntary work and other means. I sincerely comment you for being selfless Captains of this industry for the good of our beautiful Mother Africa.

Let me conclude by wishing the show a great success, and declare the 2019 Africa Hotel Show officially open.

Let the business begin!

I Thank You