



**MINISTRY OF TOURISM  
REPUBLIC OF SOUTH AFRICA**

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**Speech delivered by the Deputy Minister of Tourism, Tokozile Xasa, at the occasion of the Tourism Trade Show - Indonesia**

**20 August 2015**

- Programme Director,
- Honourable Guests,
- Ladies and gentlemen.

Indonesia has a heritage as a trading region since before the 7th century, and as such international relations must be second-nature to the people of this diverse nation. It is little wonder then that we have found such a warm reception to our proposal for engagements between our two countries on the topic of tourism growth.

May I say that it is a privilege for me to be able to address you today, and to give you some insight into the reasons why we as the South African government have prioritised this tourism trade roadshow to South East Asia.

When you think of Tourism, you have visions of lazy days in exotic locations, adventures exploring new cultures, or spending quality time making new memories with family and friends.

But governments all around the world realise that tourism is big business, and a very significant revenue stream. The World Travel and Tourism Council estimate that the sector contributed 7.6 trillion US Dollars to the global economy in 2014, and supported 277 million jobs. This 10% contribution to global GDP is a resource that cannot be overlooked.

This is no different in South Africa, where the tourism sector is regarded as a boom industry for our economy, in a climate where many of the other sectors are experiencing challenges. According to our national statistics agency, tourism made a direct contribution of R103,6 billion to the GDP in 2013, rising from R93,5 billion in 2012.

Domestic visitors contributed 57% of total tourism spend in 2013, while international visitors contributed 43 %. The tourism industry employs 655 609 people directly and 1.5 million both directly and indirectly. One in every ten jobs in our country is supported by tourism.

Although we have seen a slight slowdown in the growth of tourism in the last year, the excitement around the ability of this key sector to contribute to the transformation of our young democracy is still significant.

You will understand then, that our department has a major role to play in ensuring that the potential of the tourism sector is unlocked and continues to progress towards maturity.

As a department, we are still in our infancy, and continue to learn and grow. Five years ago, National Tourism was created as a stand-alone Department with its own Ministry in South Africa's government, having previously been a sub-section of the Department of Environmental Affairs. This move has seen a renewed focus on the growth of the industry as a key economic driver in the country.

The sector is valued due to the fact that it has very few barriers to entry for new businesses, especially when compared to other industries such as mining. In addition, the sector is less capital intensive than most others while also being more reliant on human capital. This means a huge potential for job creation.

The South African Government's National Development Plan prioritises Small and Medium Enterprises as an important strategic driver of growth. Significant resources are being made available across a variety of departments to grow small businesses, stimulate a mindset of entrepreneurship and ease barriers to entry for our already enterprising South Africans.

While we focus our efforts on the growth of small tourism businesses, we are also at the same time mindful of the law of supply and demand.

In order to create an appetite for the products and services that these potential small businesses can supply, we are constantly refining our destination marketing strategy. The consistent increase in tourism arrivals over the past few years is a testament to the success of a variety of initiatives from the side of government and in partnership with business.

The days when South Africa was seen as a bush and safari destination are long gone. As a sector we continue to think innovatively about new and exciting ways to attract visitors. This is exciting news for budding entrepreneurs and the youth of the country, as innovation is very often the cornerstone of what sets one business apart from the next and allows new start-ups an opportunity to gain market access.

Especially in our townships and rural areas, cultural tourism is a niche that continues to offer opportunities. We are partnering with business owners in the sector to leverage off the unique heritage of the country, especially in terms of our liberation struggle history. The target is to open up Liberation routes for tourists to follow in the footsteps of our great heroes like Nelson Mandela. Sports tourism is another niche in the sector that has the potential for rapid growth, as South Africa is renowned as one of the great sporting nations of the world.

Because of our work in marketing South Africa as a destination, more and more tourists are realising the vast range of leisure, recreation and hospitality opportunities that already exist in the country. As we stimulate the interest of the customer, the opportunities for new business owners will also increase.

The developing countries of South East Asia, such as Indonesia, have experienced consistent growth over the past few years. Estimates by the OECD Development Centre show that between 2015 and 2019 Indonesia is expected to achieve a phenomenal 6% GDP growth.

Your tourism sector continues to make significant strides in contributing to the economy. According to the World Travel and Trade Council, direct contribution to GDP by the sector stood at 8.5% in 2014. This contribution to GDP is higher than the South African tourism contribution to GDP.

Arrivals from Indonesia to South Africa have been fluctuating over the past five years. 2014 marked the lowest with 3 102 arrivals, and 2012 the highest with 6 319.

Since the establishment of full diplomatic relations between our countries in 1993, we have seen a very good relationship develop between our two nations. This is because we have so much in common as developing countries striving for the prosperity of our people.

The tourism sectors in Malaysia and South Africa will face similar challenges in the years to come affecting our ability to continue increasing revenue growth. Volatility of various world currencies and fluctuations in oil prices will affect the tourism trade. New travel destinations will continue to impact on the size of our respective portion of tourist arrivals.

It is our hope that this travel trade roadshow to your country will be beneficial for both our countries in unblocking bottlenecks that affect our tourism trade; educating the tourism trade and consumers about South Africa as a travel destination; establishing and strengthening bilateral relations with stakeholders; and sharing best practises with each other.

May we have many fruitful interactions together during our time here, and may this initiative be a catalyst for growth in our tourism industries.

Ladies and gentlemen, I thank you for your attention.