



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Minister of Tourism, Ms Tokozile Xasa delivers keynote address at the Inaugural Tourism Transformation Summit, held at Kopanong Conferences and Meetings, 30 – 31 October 2017

“Tourism for all - radically transform, grow and sustain”.

30 October 2017

As we celebrate the centenary of OR Tambo, who would have turned 100 years old on 27 October 2017, we must remind ourselves that his struggle for equality must never be in vain. Yes, we have fought and achieved liberation of our people from the Apartheid oppression, but a lot more still needs to be done to achieve economic freedom. Thus we must all pursue the all-important Radical Economic Transformation. I wish to emphasise at the very beginning that transformation of our economy and indeed our sector is a task for of all of us, i.e. public sector, private sector and communities. It is for this reason that we have selected the theme for this summit as “tourism for all – radically transform, grow and sustain”.

This is also the year of sustainable Tourism for Development, which is an initiative to mobilise the tourism industry, its stakeholders and partners from all spheres of government, international organisations and the private sector towards the development of tourism that is economically beneficial, environmentally friendly, socially equitable and culturally responsive.

With yourselves as part of the leadership of this sector, we want to have this conversation on radical economic transformation, popular or unpopular in order to translate our discussions into practical action to achieve socio-economic transformation.

Economic transformation needs to be the actual regeneration and re-engineering of the net national social and economic agendas, in significant and meaningful ways that influence the structure of the economy to influence the new and engendered economic relationship between the old-order and the new social leadership class. Economic transformation is the active campaign and agenda to radically shift the terms of economic engagement, to empower the poor majority and the previously economically marginalised.

Radical Economic Transformation is with one end in mind – **INCLUSIVE GROWTH**; with a conscious bias towards the inclusion of women, youth and people living with disabilities. Most importantly it is an attempt to reduce minority dominance of the economy by imposing limits on certain services and market access. Looking at the faces and the profile of this conference, I get excited because the issues which I am raising are the matters that this conference collective must reflect on, as it relates to the creation of the broader socio-economic system.

Programme Director, before we can even begin with our conversation on how we will radically transform the tourism economy, it is important to take a moment and reflect on where we are:

In 2016/17 financial year, the department together with the Tourism B-BBEE Council embarked on a new baseline study project to establish the current state of transformation in the tourism sector.

The findings of the study show that generally, the tourism sector whilst having strides is still performing poorly on transformation, particularly around the priority elements such as Ownership, Skills Development and Enterprise and Supplier Development of the Tourism B-BBEE Codes.

The report highlights that the majority of tourism enterprises do not comply with the set ownership targets. The study further indicates that the accommodation and travel-related sub-sectors still have a lot of work to do to meet the targets. It further indicates that there are some encouraging signs of progress in the Hospitality sub-sector.

Under management control, it is evident from the study that tourism enterprises within the hospitality and travel related sub-sectors are performing better in terms of board, senior and middle management representation. However, the accommodation sector is still lagging behind in this element. It is also clear that Black Women are still the least represented at senior and executive management. Furthermore the study indicates that we collectively still have a lot of work to do when it comes to enterprise and supplier development.

The triple challenges of poverty, inequality and unemployment would only be defeated if we stand together and consciously address the reality of what we are faced with as a sector. It for this reason that as government we are accelerating our efforts to support rapid transformation in our sector and across the value chain.

The Sector growth that we have enjoyed for six consecutive years, will be meaningless if it is not based on principles of inclusivity. It is for this reason that we are accelerating implementation of Radical Economic Transformation in our sector. In this regard, the Department, working with sector stakeholders has put in place a number of tools in line with our vision of “Leading sustainable tourism for inclusive economic growth in South Africa”, which would enable our contribution to the country’s National Development Plan (NDP) – vision 2030. Central to this approach is our pursuit to effective contribution to amongst others the following:-

- Improvement of the quality of life and wellbeing of South Africans through employment creation, reduced poverty and inequality.
- Contribution to growth of inclusive tourism economy with broad based participation of black South Africans including those in the townships and rural areas but not excluding black people from participating in already thriving tourism economies within our strategic economic hubs.
- Women and Youth Empowerment through opportunities in capacity and enterprise development support.
- Meaningful community participation including linkages to the supply and value chains for community cooperatives.
- Broaden the market opportunities including in the continent and other new markets such as the African Diaspora market and the Middle East with the view to empower emerging operators.
- Increased local sourcing of inputs, to reduce leakages and increase linkages including industrialisation.
- Increase funding opportunities for new initiatives and expansions of small tourism businesses.
- Broaden the product base with more value chain opportunities, increasing domestic tourism offering, enhanced visitor experience and affordability within the domestic market.
- Strengthen partnerships with Industry and across all spheres of government with direct contribution by all partners.

As government, we do have some levers to drive transformation. These are but not limited to:

- Operations and management opportunities through concessions in government owned facilities;
- Operating licenses in areas such as gaming, tour operators etc.;
- State purchasing power, estimated by National Treasury to be worth R10 billion per annum.

These must be effectively used to drive transformation, as they are within the public sector’s control.

Government cannot achieve transformation by itself, the private sector has a significant role to play and contribution to make. This includes but is not limited to direct empowerment through implementation of the codes. Such would result in more enterprise and supplier development

opportunities and Inclusivity through ownership and management control. In this regard, we welcome visible efforts of some of the enterprises and we hope that their commitment to transformation will serve as an inspiration to others.

Gone are the days when transformation could be treated as mere compliance, Transformation is central to any successful business strategy. It is for this reason that those who front and purport to be transformed will regret their unethical and deplorable conduct when the long arm of the law catches up with them. It is just a matter of time.

One of the critical success factors for our transformation agenda, is access to strategic land parcels, be they at local government level or within communal properties. I welcome the presence of both the COGTA Minister and Amakhosi present as key role players as we engage in this very important if not all important discussion. As we work together with the communities, we must strengthen our monitoring and evaluation mechanisms and take interest in the investments we make to ensure sustainability. We believe that long-term leases for the use of strategic land parcels would significantly assist in getting black enterprises into the business of tourism particularly in strategic tourism hubs. In the same vein, we believe that traditional leaders and their constituencies could leverage their strategic land through partnerships with government and industry for community beneficiation.

Economic transformation is not simply the mimicking of the status quo by the new social class leadership. It should not appear to be an act of seeking affirmation by the new social class leadership from those who previously occupied and held the levers of power. Transformation should be about responding to hard questions, having constructive conversations, agreeing on impactful resolutions – but most importantly ACTION.

We must deal with the issue of how we understand the role of capital in an economic system. How do we ensure that there is a causal relationship between the economy, capital and transformation in ways that allow this relationship to play a facilitative role in terms of inclusive socio-economic growth?

I would like this summit to engage sharply on the following:

- reflect on and direct the state of transformation in the tourism sector;
- share the research findings on the current state of transformation in the tourism sector – across all provinces, sub-sectors and elements;
- address transformation challenges in the tourism sector – both public and private sector;
- promote business linkages and share transformative investment opportunities;
- share empowerment case studies across sub-sectors in rural and urban areas;
- outline and assess funding mechanisms available to SMMEs and black owned entities in the tourism sector.

Economic transformation through B-BBEE as a priority in the tourism sector is reflected in the Tourism Act (Act no 3 of 2014), the National Tourism Sector Strategy and the Tourism B-BBEE Sector Code amended in 2015.

The Department of Tourism has already made a number of interventions to promote transformation and encourage compliance with the provisions of the B-BBEE Act. In partnership with the Tourism Council we have developed and implemented various initiatives to drive transformation in the tourism sector namely the:

- *Amended Tourism B-BBEE Codes*
- *B-BBEE monitoring body for the tourism sector, the council*
- *Executive Development Programme for Women Tourism, in partnership with the UNISA Graduate School of Business Leadership*
- *B-BBEE Portal in partnership with industry to facilitate match making.*
- *Tourism Transformation Fund*
- *Enterprise development programme (including the hidden gems and SMMEs incubators)*
- *Facilitation of market access through the tourism incentive programme*
- *Skills development programme which has produced Chefs, Sommeliers, and food safety assures, again in partnership with the industry.*

- *Development of community owned facilities and enterprises*

There are two things that we wish to formalise in order to respond to the broader needs of the industry and assist the various players in the industry to follow the developmental growth trajectory, as you engage with how transformation should be infused into the workings of the industry, in general, namely.

- Sharing findings on the national state of transformation in the industry;
- Launching the Tourism B-BBEE Portal for Black-owned enterprises;

In the sessions to follow, the Department will focus on the technical nature of the interventions that I have mentioned above, safe to say that the intention is really to create ease of access for black enterprises **TO DO THE BUSINESS OF TOURISM**. I do want to point out quite critically that the outcomes of the latest industry assessment, looking at the state of transformation of the tourism sector have left those of us who drive transformation feeling concerned.

It is against this background that I have convened this Tourism Transformation Summit, in order to create a platform for a robust and frank engagement on how black people should also derive meaningful benefits in the tourism sector.

Through some of the departmental initiatives including the establishment of the Tourism Transformation Fund (TTF), which I will be launching in the not so distant future, the Department will address and directly contribute to two elements of the Government's 9-Point Plan, namely:

- To encourage private sector investment and
- To unlock the potential of small, medium and micro-enterprises, cooperatives and township enterprises.

The National Development Plan highlights tourism as a sector where millions of jobs can be created, small businesses can be developed, and spin-off investments can take place as more and more tourists visit South Africa. I would therefore like to challenge black tourism enterprises, particularly women, youth as well as cooperatives to participate in the tourism value chain, as suppliers across the tourism value chain. As your government we have the responsibility to create the enabling environment, it is up to you to be creative, to work hard and to seize the opportunities.

Tourism in South Africa is on the rise. We cannot however, grow it without our communities. Let's all be part of that growth.

Let's all *Do Tourism!*

I thank you.

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