



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Speech by the Minister of Tourism, Tokozile Xasa, at the SANPARKS Tourism Investment Summit, Maslow Hotel, Sandton

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The Tourism Sector's Contribution to the National Priorities of the Republic of South Africa

Tourism is a significant and critical component of the South Africa and global economy. The growth in this sector has been so steady, yet silently churning in the background while the rest of the economy has been volatile. Subsequently, it has been identified as one of the six key growth sectors in the New Growth Path. This is evidenced by its contribution to the GDP which measures 3.9% - more than most labour-intensive sectors.

To give expression to the National Development Plan, our focus is on inclusive economic growth and job creation. Indeed, Tourism has been identified as a vehicle for accelerated and sustained economic growth. The National Department of Tourism, together with its sector partners has made transformation an imperative. Through its robust programmes, it is committed to redressing past inequalities.

The Department has also heeded to the clarion call of the President in this year's State of the Nation address to effect radical socio-economic transformation. Economic development is not possible without people development. By empowering our people, we give them the tools with which to participate in the economy in a meaningful way and take advantage of what South Africa has to offer. This in turn translates into skills and knowledge transfer and ultimately, poverty alleviation and job creation. Let us take a look at how we are doing this.

Tourism has enormous potential to stimulate economic growth. First, let's look at the global picture. Around the world, tourism accounts for about 10% of the world's GDP, and one in every 10 jobs. In 2015, tourism also accounted for 7% of the world's exports in goods and services. Tourism is growing. The success of this sector is evident in the growing numbers of international tourists who want to come to South Africa to enjoy the most amazing experiences at the incredible value for money that we offer: over 10 million last year, with 18% growth in overseas tourist arrivals. Success in domestic tourism will spread the economic and social benefits of the entire tourism value chain across geographic regions of our country and throughout the year, creating more jobs and bringing meaningful benefits for local communities. faster than many other sectors. In 2000, 670 million international tourists travelled the world. That was 17 years ago. Last year, more than 1.2 billion tourists left their homes and travelled to explore another country. Annual growth is forecast to be 3.8% until 2020.

Emerging economies are not being left behind in this growth. The market share of tourism in emerging economies has improved from 30% in 1980 to 45% in 2015. It is forecast to grow to 57% by 2030. Let's now turn to South Africa. Last year more than 10 million international tourists arrived in our country, and overseas arrivals grew by 18% over 2015.

This performance means that tourism is making a significant contribution to our national economy. Last year, the direct contribution to our Gross Domestic Product was R 123 Billion. The total direct

and indirect contribution was R387 Billion. Tourism supported 730 000 jobs directly and over 1.5 million jobs directly and indirectly.

The impact of growth in tourism spreads to many sectors of our economy. This includes agriculture, transport, construction, financial services, entertainment, and many products and services that can be sourced from local communities. This forms part of the tourism value chain.

Tourism is packed with opportunities: growth in international and domestic tourism means more opportunities for local suppliers and providers of services to tourists, more opportunities for small businesses, for entrepreneurs and innovators, and for people from local communities to become actively involved in the tourism.

The Department has embarked on a process of reviewing the National Tourism Sector Strategy. This is a mid-term review aimed at ensuring that the department responds to current tourism trends. This strategy will be a strong driver for transformation and inclusive growth.

The National Department of Tourism is working its stakeholders to leverage South Africa's globally competitive natural and cultural advantages. This work is supported by the five pillars of the National Tourism Sector Strategy: improving the visitor experience; facilitating ease of access; effective marketing; enhancing destination management practices and bringing broad-based benefits to more of our people.

For Domestic Tourism, Statistics South Africa reported recently that domestic trips declined between 2013 and 2015 with day trips decreasing from 54.4 million in 2013 to 48 million in 2014 and 44 million in 2015. More work needs to be done address this decline. The NTSS is looking to grow these numbers through various programmes. Over the past year, South African Tourism has bolstered its efforts in highlighting domestic tourism.

To demonstrate the commitment to growing tourism, government recently allocated an additional amount of R494 million to promote tourism over the next three years. We have the following programmes in place:

It is estimated that the Oceans Economy has the potential to contribute R 177 billion to the GDP by 2033 compared to the R24 billion in 2010 and create one million jobs compared to the 360 000 in 2010. As part of Operation Phakisa, Tourism is responsible for Marine and Coastal Tourism and we have already identified the relevant stakeholders that we will be focussing on. The Department will implement the Oceans Economy initiative looking at enhancing the tourism potential of our beaches. Furthermore, the department has the Blue Flag Tourism project as a contribution to the Nine Point Plan 09 and the Oceans Economy. The approved budget is R40 million over three years, 2016/17 – 2018/19, covering 50 beaches and employing 200 unemployed youth. The youth will be trained in beach safety (first aid, life-saving, beach security), environmental management and environmental education of the natural plant life, animals, the dynamics of the ocean and the beach, as being guides to visitors, checking on the quality of the sea water and cleanliness of the beach so that it complies with the international Blue Flag standards. Further initiatives in this space include Beach Resort Development, Beach Front Esplanades, Waterfront Development, Recreational Water Activities (such as recreational boating, boat based whale watching and shark cage diving). Our inland waterways also present greater opportunities for investment in accommodation and recreational activities. The opportunities in tourism are broader than infrastructure investment. They extend to travel and tour operations, experience development - adventure and food tourism as examples and curio operations.

Our Tourism Incentive Programme aims to stimulate the growth of enterprises, create jobs, and enhance the visitor experience. A key component includes enhancing iconic attractions such as World Heritage Sites, National Parks, Botanical Gardens and other iconic attractions. These investments add to the destination appeal resulting in increased visitation. It is our aim that this would bring about the necessary investment to support this growing market.

In collaboration with SANParks, the department has identified projects based on their ability to improve our competitiveness. We are working together on a number of projects to develop complementary facilities, attractions and activities for tourists visiting the Parks. This will include specific initiatives to facilitate skills development and create employment amongst rural communities

in the area. All of these investments have been made based on the commercial business case of these projects and shared value proposition.

As a social unifier, this sector birthed many niche markets which is indicative of social inclusion and cohesion. These markets include township tourism, culture and heritage tourism, sport tourism and social tourism. All these attractions contribute significantly to domestic tourism – which is the backbone of this industry. This serves to enhance South Africa and to position it as a destination of choice and in turn increase visitor numbers and hence boosting the economy.

The annual Pan African Tourism Indaba brings together a showcase of Southern African tourism products and services for the international travel trade. Exhibitors include provincial authorities, provincial products and African countries. It further includes exhibitor categories include accommodation, tour operators, game lodges, transport, online travel, media publications and industry associations. Outdoor exhibitors include transport, camping and safari companies. This platform seeks to position South Africa as a destination of choice – both for leisure and business.

Another major contributor to the economy is our dynamic business and events industry. Through our National Conventions Bureau (SANCB), we market our country as a top Business and Events Tourism. The SANCB is targeting 81 500 Convention delegates and 130 Association meetings annually by 2020, which equates to a 5.3% annual growth rate. Goal 3 of SA's Business Events Strategy is: Broad recognition in South Africa of the business events industry as a major driver of job creation, skills development and transformation of the nation's knowledge and creative economy.

Let me share an example:

- An impact study showed that with the Mining Indaba that took place in SA:
 - An annual conference and exhibition hosted in Cape Town in February.
 - Legacy: 20 Years Of Establishment
 - Investment: 1,800 international companies represented in the 2013 delegation
 - Value Adding: BILLIONS OF US DOLLARS of foreign investment have been channelled into the African mining value chain throughout the last 19 years of the annual Mining Indaba.
 - Economic Impact: R336 MILLION in revenue has flowed directly to the local Cape economy throughout the last 5 years of Mining Indaba (2006-2012). This revenue includes hotels, tourism, shopping, golf and more
 - Job Creation: 3,000 direct and indirect jobs have been created throughout the last five years (2006-2012)
 - 20,000 hotel room nights sold across 40 hotels in the local Cape area for the 2013 Mining Indaba

Tourism 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 by 2020. The National Department of Tourism believes in an integrated approach, thereby encouraging the growth of the industry which directly supports the tourism sector and hence the economy of the market.

I thank you

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