



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Tourism Budget Vote Speech 2017 by the Minister of Tourism, Ms Tokozile Xasa at Parliament, in Cape Town

23 May 2017

Good afternoon

The theme of our budget vote today is – Sustainable Tourism for Development

UN declared 2017 as the year of Sustainable Tourism for Development – An initiative to mobilise the tourism industry; its stakeholders; partners from national, provincial and local governments; international organisations and the private sector to work together towards development and promotion of tourism that is economically beneficial, environmentally friendly, socially equitable and culturally responsive.

Tourism is a significant and critical sector in our economy as it contributes positively to the trade balance through foreign exchange receipts, sustains 700 000 (seven hundred thousand) direct jobs and is performing stronger than the other 5 growth sectors.

Globally, we recorded our 7th year of sustained growth despite the economic slow down. In the past year South Africa recorded 13% growth in the international tourist arrivals.

This sector deserves more support and recognition in our country because it provides more opportunities and has lower barriers to entry.

The sector is already contributing to our economy by supporting over 1.5 million jobs in total and bringing in about 9% to our Gross Domestic Product (GDP). Growth in tourism means that the prospects for growing and transforming our economy are significantly enhanced, not only for the tourism sector but for the entire value chain that is supported by tourism. This presents a greater opportunity for integration with other 9 point plan sectors such as agriculture, manufacturing and transport amongst others. We recognise this potential and are working with our partners to maximise the social and economic benefits of tourism beyond just the sector.

To build on this growth, we have revised our 2020 strategy after a review in 2015. The new strategy which is out for public comments has its foundation on inclusive and sustainable tourism growth.

Through National Tourism Sector Strategy (the NTSS), we aim to achieve over 200% growth in our direct contribution to the 2015 GDP figure of R118 billion to R302 Billion in 2026. The indirect contribution to GDP will be just under a trillion rands at R941 billion from the 2015 figure of R375 billion. We will also add 300,000 more jobs to bring direct employment to 1 million from the 2015 figure of 700,000. This will bring the indirect employment to tourism figures to about 2,26 million.

In his address at the opening of Africa's Travel Indaba 2017, President Zuma reminded us that "in this era of the fourth industrial revolution which may threaten traditional jobs, tourism's labour absorption capacity remains a great weapon against unemployment".

This reinforces the call made by World Economic Forum Africa which was hosted in Durban three weeks ago, that Africa's economies should consider diversifying from commodities to services such as tourism in light of the challenges facing traditional industries.

The President also contextualised our approach to radical economic transformation as a “programme that seeks to correct the painful history of our country where the black majority was excluded from meaningful participation, ownership and control of our economy”. He further indicated that “for tourism we are looking at 30% black ownership”

Chairperson, the value of travel and related services consumed by organs of state annually is estimated at about R10 billion. This presents a transformation lever through state procurement. Furthermore, government controls allocation of other opportunities such as licensing of tour operators, gaming operations (including casinos), duty free stores, car rental parking bays at strategic hubs, accommodation and retail facilities at state owned facilities that are concessioned to operators. These areas further present opportunity for accelerating radical economic transformation and we will work with partner departments to pursue this goal.

Tourism in South Africa is on the rise. The Department of Tourism is using its budget of R2.1 billion to ensure that, as tourism rises, the people of South Africa rise with it. We will deploy this modest budget to pursue the following strategic areas for tourism growth. Marketing takes the largest component of this budget at 53% or R1.1 billion. The remaining R1 billion is largely distributed amongst Tourism Incentives, Expand Public Works Programme (including skills development), Destination Development and Enterprise Development.

With SA Tourism’s budget at 53%, it is our strategic intent to drive government imperatives through our entity. These include contribution to job creation and radical economic transformation. A targeted approach to positioning black enterprises in SA Tourism marketing efforts is a critical part of fulfilment of that mandate. As the President said at the opening of Africa Travel Indaba 2017, quote “Black Entrepreneurs will be targeted to be the leaders in growing new markets in Asia, Iran and the Middle East, through various programmes run by SA Tourism, Including participating in international trade shows and expos, as part of our country’s radical economic transformation programme” close quote.

This R1.1 billion will be deployed towards increasing our global market share and growing the domestic tourism market in a manner that promotes inclusive growth. Our goal is to attract five million additional tourists to South Africa within the next five years. Simply put, the 5 in 5 strategy, brings four million additional international tourist arrivals and one million additional domestic holiday trips. The growth in the international market will be driven through establishment of a “Bidding Fund” to a tune of R90 million over the medium term period, strengthening our marketing and conversion mechanisms in traditional markets, expanding to new markets which include Asia; Iran; the Middle East; the African continent and its diaspora. R110 million is allocated for attracting more businesses and delegates to South Africa and R224 million for infrastructure investment.

Chairperson, the SAT Board has also decided on the Inkosi Albert Luthuli International Convention Centre in Durban, Kwa-Zulu Natal as the home for Africa’s Travel Indaba for the next five years.

It is our approach moving forward that all our strategic events should find their respective homes, which would allow the host city, provincial and industry partners to plan their investments with greater levels of certainty.

This year’s Indaba, rebranded Africa’s Travel Indaba was attended by exhibitors from 20 African countries. We also hosted the Indaba Ministerial session that endorsed the rebranded Indaba and further called for strengthening interaction platforms for engagements on emerging trends in tourism, challenges and unity of the continent. Other issues that were discussed in this session include legislative imperatives, strengthening of country to country relations, connectivity, air access, visa/immigration issues and emerging technology innovations. This is in line with our pursuit of the implementation of Agenda 2063. It is within the same spirit that we will also be signing Bilateral Cooperation Agreements in the field of tourism with Zambia, Botswana, Malawi, Senegal and Namibia during the 2017/18 financial year.

South Africa will take over the Chair of SADC from Swaziland until August 2018. During this period, we will host the SADC Tourism Ministers’ meeting. One of the main tasks of the tourism Sector in SADC will be the establishment of a Tourism Policy unit within the SADC Secretariat, which will serve as a think tank for policy development and analysis in the region.

Whilst we have registered phenomenal growth, I wish to remind all of us that tourism is a vulnerable sector as we witnessed in the -3.5% decline experience for the month of February 2017 compared to February 2016, specifically from SADC region, China and India. This was clear that tourism responds to the external shocks a lot faster than other sectors. In particular, concerns about personal safety and

violent crimes are at the top of the mind when all of us make travel decisions, and this is no different when it comes to international tourists. We need to work together as South Africans to build the confidence of tourists in our destination. Marketing alone is not enough, our own actions as South Africans will determine how our message is received by our targeted markets. The recent Ebola incidents reported from the DRC, require urgent collective attention as what happens in one part of the continent will always be perceived as occurring across the continent.

We will work with all strategic partners to give confidence to the tourism markets that we are a MUST visit destination. To this end, the President launched our new “WE DO TOURISM” campaign at the Africa’s Travel Indaba last week. The President was also emphatic that “tourism is everybody’s business and that growing the industry is everybody’s business”.

Following the establishment of the Inter Ministerial Committee (IMC) on Immigration Regulations, which was tasked with finding a balance between ease of travel facilitation for tourists and security needs; I am pleased to report that significant progress was made in implementing the Cabinet decisions. These include long-term multiple entry visas for frequent business travellers, use of Accredited Travel Companies to apply for their client’s visas, visa waivers in some cases and expansion of the network of Visa Facilitation Centres (VFC). We are confident that outstanding matters would soon be concluded. It is only through continuous strategic and constructive dialogue between the public and private sectors that we will be able to achieve meaningful results. In the end South Africa must remain the winner.

Research, Policy and Regulations

During the 2016/17 financial year, we developed Regulations to guide the lodgement of complaints through the Tourism Complaints Officer. During the current financial year, we will embark on the development of amendments to the Tourism Act, of 2014 with the view to create an enabling environment for inclusive growth. We will also work with industry stakeholders and other partner departments in determining the proper policy framework to take into account the impact of the sharing economy and the disruptive technologies in the hospitality sector.

Chairperson, inclusive growth of the sector requires clear insights and relevant statistical information. In this regard, we will strengthen our capacity for insights and analytics for both marketing and development of the sector. We will also work with Local Government across the country to appoint, train and place youth that will serve as data collectors about tourism products, attractions and services within the various localities. This will enhance the national tourism information management system and improve our decision making capacity.

Marine and Coastal Tourism

Our approach in the implementation of the Marine and Coastal Tourism seeks to promote the integration of associated industries such as agriculture, fisheries, creative arts, environmental management, small harbours development, cruise terminal development etc. We are also taking a nodal approach in all identified projects to tackle the entire value chain and product development. The plan will also seek to integrate coastal developments with existing inland experiences with the view to maximize participation opportunities. This plan, which has been developed with other relevant stakeholders, will soon be tabled before Cabinet for approval and implementation. It will form a greater part of our destination development efforts. South Africa plays a strategic role as 1 of 7 founding members of the Indian Ocean RIM Association (IORA), this opens opportunities beyond our South African coastal marine and tourism and extends opportunities to 1/3 of the world’s coastline.

Transformation

In pursuit of our transformation agenda, we will be implementing our transformation plan, which was developed under the guidance of the Tourism Broad Based Black Economic Empowerment Charter council. The plan includes but is not limited to:-

- Putting together a framework for maximizing empowerment of black people through concessions in state owned facilities;
- Partnerships to bring in existing black operators to serve as management companies for state owned facilities;
- Partnership with industry to scale up enterprise and supplier development;
- Effective use of state procurement levers in partnership with National Treasury to empower black suppliers of tourism products and services.

- Strengthening market access for black owned enterprises in terms of government driven marketing initiatives.
- Enhanced mechanisms for access to funding for new initiatives and expansion projects.
- Our ultimate goal is to participate in the black Industrialist programme

To this end I would like to thank the Council Chairperson, Dr Vuyo Mahlati and members of the Council for their work.

Empowerment of women is central to our transformation agenda. We will continue with our Women in Tourism Programme. Women in tourism are mobilized behind representation, recognition/reward and respect

The launch of the 30 in 5 campaign at the Indaba 2017 that lifts 30% women representation target in the scorecard on ownership, Board participation and Executive Management and the advisory body on women interventions will be implemented in the next 5 years. The incentive programme will be redirected to support these initiatives.

Chairperson, access to funding for small and medium enterprises in the tourism space has been a challenge for some time. This restricts growth of small enterprises, expansions of their existing products and participation by communities as it is difficult to obtain operational finance. In recognition of this challenge and with the support of the National Treasury, we have entered into a partnership with the National Empowerment Fund (NEF) to establish a Transformation Fund. A combination of grant funding and debt financing will be used to drive sector transformation and unlock capital investment in tourism. The fund is currently capitalised to an amount of R120 million with the aim of building it to R360 million in the medium term. Every Rand from the Department is matched by 2 Rand from the NEF. The fund includes NEF equity, Debt and NDT grant funding. The grant funding will be capped at R5 million. It will be accessible in the 2nd Quarter of 2017/18 financial year. Deputy Minister will elaborate on our approach to enterprise development.

We will host a national conference on transformation in tourism in the third quarter of the 2017/18 financial year. It is intended to improve compliance and commitment to an inclusive tourism economy. Destination Development

We are developing a framework for precinct development, with emphasis on township and rural tourism. Initial efforts will be focused on Vilakazi Street in Soweto with a view to replicate the model in other viable townships across the country. Chairperson, a combination of Vilakazi street residents' entrepreneurship spirit and the uniqueness of this very special place, once a home to two Nobel Peace Laureates and one of the kind in the world, has created a vibrant and globally sort after tourism attract. This amplifies the need for a targeted approach to precinct development.

Working for Tourism

Through the implementation of the Working for Tourism programme the department will create 3347 fulltime equivalent jobs through both infrastructure and skills development programmes. Based on our experiences, we have put in place systems and capacity for effective implementation and future commercial sustainability of our product based expanded public works projects. We have also adopted a zero-tolerance stance on poor performance by contractors with consequence management in such cases.

We will also pursue partnerships with other government institutions to scale up the intake of our skills development programmes. This includes but is not limited to working with CATHSETA and Department of Labour to increase the numbers of trainees in areas such as chefs, assistant chefs, specialised guides, events coordinators and travels services consultants.

We are implementing the Blue Flag Ambassador Programme to improve the experience and safety of beachgoers.

Conclusion

Chairperson, in conclusion, I am confident that the Department of Tourism's budget is being effectively deployed to develop and grow tourism in a manner that addresses the fundamental challenges of our time.

We are acutely aware of the structural and systemic shifts that will be required for successful radical economic transformation.

Increasingly, we will be developing and supporting community-based projects, we will reach out into communities and involve them inclusively in tourism, and we will ensure that tourism benefits communities directly, especially those in our rural areas, where the potential to develop cultural tourism products is great.

We look forward to continuing to work with our partners in the industry, our sister departments, other spheres of government and communities whom we expect to play a bigger role in bringing about greater inclusivity and in building the capacity of our people and our sector.

We are grateful for the additional resources that Treasury has provided to the Department of Tourism over the medium-term period, and we will ensure that these resources are deployed to enhance the development and growth of tourism for the benefit of our people.

My appreciation goes to the South African Tourism Board, under the leadership of Dr Tanya Abrahamse and the entire team led by the CEO, Mr Sisa Ntshona.

I wish to thank members of the Portfolio Committee on Tourism for their oversight.

I thank all our employees in the Department of Tourism for their efforts and dedication, which made us the best performing department in the country during 2016.

I appreciate the leadership and commitment to sound administration by the entire executive team, led by Director-General Victor Tharage.

WE DO TOURISM!

I thank you