



**MINISTRY OF TOURISM  
REPUBLIC OF SOUTH AFRICA**

Private Bag X424, Pretoria, 0001, South Africa. Tel. (+27 12) 444 6780, Fax (+27 12) 444 7027  
Private Bag X9154, Cape Town, 8000, South Africa. Tel. (+27 21) 469 5800, Fax: (+27 21) 465 3216

**Tourism NCOP Budget Vote 33 speech by Minister of Tourism, Ms Tokozile Xasa**

**24 May 2017**

*Theme: Sustainable Tourism for Development*

Honourable Speaker  
Honourable Members

Good Afternoon

On the eve of Africa Day, we just come from a very successful rebranded Tourism Indaba 2017, Africa's Travel Show. A Pan African show that brings the world together to experience at a one-stop-shop the best of what Africa offers. Congratulations to SA tourism for staging such a spectacular home-grown event in partnership with the City of eThekweni and the Province of KwaZulu-Natal. We further congratulate KwaZulu-Natal, City of eThekweni to be the home of this Africa's Premier Leisure Travel Show for the next five years.

The President's opening of this event gave impetus and demonstrated South African Government Leadership in Tourism development and its commitment to support and appreciate the role tourism plays in the Economy of the country. He outlined how critical it is in the 4th Industrial revolution which may threaten traditional jobs, tourism's labour absorptions and capacity remains a greater weapon against unemployment. Tourism has become a sector of hope and opportunity for our people and a true instrument of social cohesion that assist us to value and understand one another, 21 African countries had a one stop shop to showcase a diversity of exquisite offerings to hosted world buyers.

A platform created for 90 SMME's to be part of a network that exposed them to international markets a world on their doorstep was the highlight. Tourism in SA is on the rise! Our approach to grow tourism is informed by the drive for inclusive growth. Growth and resilience of this sector, presents a changer to the lives of our people for the better.

President Zuma contextualised our approach to Radical Economic Transformation at the opening of Africa's Travel Indaba 2017, as a programme that seeks to correct the painful history of our country where black majority was excluded from meaningful participation, ownership and control of our economy.

Moving from a positive 13 percent in international visitors increase in 2016, though February 2017 showed a slight decline, we are presented with an opportunity to integrate as government, industry and communities to take advantage for we continue to be the sought - after destination of the world, SA and Africa as a whole. We need robust and effective mechanisms to tap on the R1.2 billion global tourist arrivals. As Africa we are still at 5 percent of global tourists arrivals which translates to 58 Million.

As we present our R2.1 billion budget 2017, we are reviewing the National Tourism Sector Strategy. The new draft enhances efforts for inclusive growth through radical economic transformation. Its 5 pillars are:

- Effective Marketing
- Facilitating Ease of Access
- Visitor Experience
- Destination Management Practices

- Broad Based Benefits

The process is out for public consultation, our target is to finalise and present to Cabinet by July 2017.

Growth in Tourism means that prospects for growth and transforming our economy are significantly enhanced. This presents a greater opportunity for integration with the 9-point plan identified sub-sectors such as, Agriculture, Manufacturing, SMME's etc, in opening a space for broader participation by our people. To build on this growth the new strategy aims to achieve 200 percent growth in our direct contribution to the 2015 figure of R118 billion to R302 billion in 2026. The indirect contribution will be just under a billion rands at R941 billion from the 2015 figure of R375 billion. We will also add three Hundred thousand more jobs to bring direct employment to 1 million from 2015 figure of seven hundred thousand, this will bring indirect employment to tourism figures to about R2.26 million. The potential is there, Africa presents the greatest platform, as reiterated at the WEF Africa in Durban that 'Africa's economies should consider diversifying from commodities to services such as tourism in the light of challenges facing traditional industries'.

We want to utilise this budget to ensure tourism rises and that people of SA rise with it (Inclusive growth). This is in line with the UN declaration of 2017 as the year for sustainable tourism development. It calls for the mobilisation of the tourism industry, its stakeholders, partners, from National, Provincial and local government, International organisations and the private sector to work together towards the development and promotion of tourism that is economically beneficial, environmentally friendly, socially equitable and culturally responsive. Our targeted broad areas of activity to promote leisure and business tourism is further enhanced by bringing in and highlighting culture and heritage into selling points for our offerings. This brings to the fore people-to-people relations and UNWTO principle: 'Travel, Enjoy, and Respect'.

Our provinces continue to offer unique experiences and are a haven of new attractions located in rural, township, urban, cultural/heritage, coastal, tourism potential that needs a targeted approach on development. These would constitute niches around which our interventions are earmarked. Additional will be nodes aligned with other sectors development plans like – SKA, Cultural Festivals, International events, oceans economy nodes, hosted in the country, with a view to spread growth and support to develop SMME's and attract investment into the respective areas. Our department's restructuring is poised to monitor and continuously assess if we meet our set targets. The modest budget we have will be spent on areas that continue to assist in the growth we need through effective implantation of plans tabled, while interventions will be made to ensure we have maximum immediate impact in others.

Our growth angles, targets first the value of travel and related services consumed by organs of state, annually estimated at about R10 billion. This presents a transformation lever through state procurement we wish to unleash. Furthermore government controls allocation of other opportunities such as licensing of tour operators, gaming operations, and duty free stores, car rentals parking bays at strategic hubs, accommodation, and rental facilities at state owned facilities that are concessioned to operators. We will work with partner departments to unlock this opportunity for participation by our SMME's. We are targeting 30 percent black ownership as directed by the President.

53 percent of our budget of R1.1billion is allocated to South African Tourism (SAT). It is our strategic intent to drive government imperatives through our entity. These include contribution to job creation and inclusive growth. We are pleased that their growth strategy (5in5) focusses on growing further our existing markets that continue to be key source markets like, Europe, US, China, Africa, while also coming up with new markets like, Middle East, Asia and Iran. The new markets are earmarked to allow and support our new entrants to enter and grow.

For the 9 provinces, as part of the Radical Economic Transformation, new experiences will be unleashed building on new products like the Hidden gems at Indaba 2017, to new establishments. Township tourism, homestays, urban tourism, rural tourism, social, and community tourism, and business across the value chain products and experiences constitute the approach we are to follow, these products include budget resort products.

To deal with issues of seasonality, a broad approach to source markets that will be targeted flow into our space e.g. Monsoon season in India to lure and attract travellers to SA during this time. The hidden gems should graduate to the fore and a clear growth path will be charted for them including others that participate in other exhibitions worldwide.

Similar space is also provided in business events, we appreciate in both the role industry plays in coaching and mentorship, but that can further grow to open the supply chain within their space for the small players. The work of the BBEE, Charter Council will be critical to assist implementation of the action plan which includes;

- Putting together a framework for maximising empowerment of black people through concessions in state owned facilities,
- Partnerships to bring existing black operators to serve as management companies for state owned facilities,
- Partnerships with industry to scale up enterprise and supplier development,
- Effective use of state procurement levers in partnership with National Treasury (NT) to empower black suppliers of tourism products and services,
- Strengthening market access for black owned enterprises in terms of government driven initiatives
- Enhanced mechanism for access of funding for new initiatives and expansion projects.

We are targeting youth and women and key interventions on youth will be outlined by the DM; while the women ones were launched at the Indaba 2017.

Chairperson, access to funding for small medium and macro enterprises is often a challenge. This retards growth, expansion of 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 NT we have entered into partnership with National Empowerment Fund (NEF) to establish a Transformation Fund. A combination of grant funding will be used to drive sector transformation and unlock capital investment in tourism. The fund is currently capitalised to an amount of R120million with the aim of building it to R360million in the medium term. Every rand from the department is matched by 2 rand from NEF, the fund includes NEF Equity, Debt, and NDT Grant funding. The funding will be capped at R5million. It will be accessible in the 2nd quarter of 2017/18 financial year.

We will host a national conference on transformation in the 3rd quarter of this year intended to improve compliance and commitment to an inclusive tourism economy. Our Business tourism continues to grow and contribute meaningfully in our tourism growth. Currently events are around ICC's and Metro's, we applaud SAT's approach and support that these extend to smaller cities to expand the impact.

The work of the Tourism Grading Council of South Africa (TBCSA) will have to be proactive and reach to other experiences in the value chain. Our domestic tourism strategy with the ringfenced R100 million for 3 years is poised to extend to strategic use of events as anchors to drive mobility. We are confident this will ignite a lot of these as each province hosts both local and international events. We also have identified to elevate several events that will bring all role players from all spheres, private sector, communities, eg the Isingqisethu, Amarula, east 3-route, Maloti Drakensberg, tourism month activities to mention a few. Focus on these will expand to issues of access, cost of travel, skills and other value chain products.

Deputy Minister will elaborate on the exiting side of SMME development as well as youth skills development programs. We will align all our new interventions to sustainable interventions that will contribute meaningfully to decent jobs, sustainable business, that will grow the GDP. Our regional and continental collaboration, our competing while cooperating as all role players, will build partnerships, collaboration, service excellence, innovation and that will drive us together.

Our campaign "WE DO TOURISM" is a glue to us working together.

We want to move South Africa Forward to a better Africa and a Better world.

I Thank you