



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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Tourism Budget Vote Speech by Minister Derek Hanekom in the Old Assembly Chamber on 17 May 2018

Honourable Chairperson,

Honourable Members,

Deputy Minister Elizabeth Thabethe,

It's good to be back with you, members of the Portfolio Committee, and the dedicated public servants in the National Department of Tourism and at South African Tourism, and it's simply a joy to be working in an industry with so many people who love and promote this country. Working together, we will continue to make tourism grow responsibly, inclusively and sustainably. We have a beautiful country with rich cultural diversity. This gives us a very solid foundation to build on.

We were all inspired by the positive message in President Ramaphosa's first State of the Nation Address. His exact words were: "Tourism is an area which provides our country with incredible opportunities to, quite literally, shine". He went on to identify tourism as one of the three priority sectors and challenged us to double its contribution to the economy by strengthening our marketing and further reducing regulatory barriers.

Tourism is now the world's fastest growing industry with over 1.3 billion people travelling internationally. In South Africa tourism has outpaced other sectors, contributing about 9% to our Gross Domestic Product. With 1.6 million people employed across the value chain, tourism stands out as a beacon of hope for the millions of people who are without jobs and incomes.

Last year 10.3 million tourists visited our country. Overseas arrivals grew year on year by 7.6 % and we are confident that we can do even better if we do the right things. We are determined that this growth will lead to far more new entrants joining the tourism value chain. We want more young people, and more women, especially those living in rural areas, to enjoy the opportunities this exciting sector offers, where they can carve out a career, build a business and forge a fresh future. Our policies and programmes are designed to turn these aspirations into reality.

Our revised National Tourism Sector Strategy was approved by Cabinet last year. It provides a coherent policy framework that helps us to focus our work on all the necessary elements to achieve inclusive growth. Transforming the sector, while growing tourism at every link of the value chain, is at the heart of the revised strategy. It is anchored around the following five pillars:

- Developing and improving our country's tourism assets and infrastructure to enhance the appeal of our country as a preferred tourist destination;
- Offering excellent service and memorable experiences to tourists;
- Marketing our destination effectively;
- Making it easier for tourists to come to South Africa
- And lastly, very importantly, transforming the industry - ensuring that tourism brings meaningful benefits and opportunities to all South Africans.

In fact, these pillars are linked to each other and are interdependent. Good marketing without a good product to sell, without offering a great visitor experience, will at best yield short-term results.

Marketing will have limited success if, in a highly competitive global environment, it is difficult to come to our country because of regulatory barriers or air access challenges.

I'll touch briefly on some of our projects under each of these pillars.

Starting with destination development, it must be stressed that good planning, and cooperation between the three spheres of government and the private sector, are essential to destination development on any significant scale. Destination South Africa is the sum of many different products and services, supported by good infrastructure, which all come together to make for a seamless and memorable tourism experience.

Our destination development budget is largely focused on rural tourist enterprises and enhancing our National Parks, our Botanical Gardens and World Heritage Sites.

In Limpopo, the Department of Tourism is collaborating with the Department of Environmental Affairs to build a new access gate into the Kruger National Park at Shangoni. High game fences separate people living in impoverished rural villages from one of the world's most admired wildlife attractions. When the gate is completed, it will offer opportunities for crafters to produce and sell their work, and for others to offer accommodation and authentic cultural experiences.

At the community-owned Metsi Matsho Lodge in the Free State, small businesses from the local community were contracted to build accommodation and a conference centre. All profits from the operation will be used for community development.

At the Walter Sisulu National Botanical Gardens in Gauteng, we partnered with the South African National Biodiversity Institute to upgrade the facilities to a standard befitting the stature of this great leader, Tata Walter Sisulu. I strongly recommend that you take a short left next time you're in Gauteng and visit this beautiful botanical garden.

This year the Department will upgrade the Goukamma Nature Reserve, an ecotourism destination in the heart of the Garden Route, providing work opportunities for unemployed youth and women from neighbouring communities.

Honourable members, Tourism is for all, including people with disabilities. The Department has partnered with Ezemvelo KZN Wildlife to upgrade facilities at Midmar Dam and at Giant's Castle in the Drakensberg, which includes creating a mountain bike trail and installing universal access facilities at the Main Cave Museum, with its well-preserved San Rock Art.

The themed picnic sites that we developed at Maropeng in the Cradle of Humankind have become a big hit with day visitors to this iconic World Heritage Site.

These are but a few examples of our efforts to enhance the varied products we offer to the world and to our own tourists, stimulating private sector investment in these tourism nodes.

Every investment by private owners in new and improved products adds to the attractiveness of destination South Africa.

Honourable Members, in addition to the quality of our attractions, the experience of tourists is determined by the quality of service they get and the people they interact with. The Department offers a wide range of training courses for the people who are the face of tourism.

We are training chefs, sommeliers and food safety assurers to prepare them for jobs in the hospitality sector, or to start their own businesses.

We are training tourist guides at our World Heritage Sites, enabling them to convey the true significance of these sites accurately.

Increasingly, tourists are seeking authentic cultural experiences through immersing themselves into local communities. In the Northern Cape and North West provinces, we are training Adventure Guides and Culture Site Guides. And so, we empower our people, and diversify the range of experiences on offer.

We also offer some language training to improve the visitor experience. Given that China is the world's biggest outbound market for tourism, it made sense to start there.

Tourist guides and frontline staff were trained in Mandarin and Chinese culture, and they are back in their posts, making the experience of Chinese tourists more pleasant, interesting and welcoming. Muhammad Salie was part of this group. He is a tourist guide on Robben Island, and is here with us today. Feel free to test his Mandarin after this debate!

We have also trained guides to converse with the growing number of tourists from Russia. Thokozile Jili, a guide working in KwaZulu-Natal, was one of the trainees, and she is also here with us today.

Which brings me to marketing. We have the product and we offer the most amazing experiences. We must sell it and we must sell it well. Marketing costs money – just over half of the Department's R2.2 billion budget goes to SA Tourism. Without their efforts, combined with the efforts of our Provincial and City marketing agencies, we would be unlikely to achieve the result of more than 10 million tourists venturing out to a long haul destination like ours, where they spend more than R75 billion a year.

Africa's Travel Indaba, which we held in Durban last week, was a great success. Over 1700 buyers were there, doing business with more than 1200 exhibitors, representing tourism products and services from 22 African countries.

The Department supported the participation of 135 small businesses, including 50 who were there for the very first time. Without this support, these Hidden Gems would not have been there. Their presence at Indaba adds great value to this event, and contributes to our efforts to nurture and grow small, mainly black-owned businesses.

Honourable Members, one of the most effective ways to increase tourist arrivals is to make it easier for people to travel to our country. A simple analysis of the arrival figures for 2017 shows that while visitor numbers from visa exempt countries grew impressively, the opposite is true for visa requiring countries. In 2017, after the decision that visas would no longer be required for Russian tourists, Russian visitors increased by 52%. In sharp contrast to this, after we imposed a visa requirement on New Zealand, the numbers dropped by 24%.

Visitors from North America grew by over 7 % last year. Germany went up by 12% and France by 27%. Brazil grew by no less than 75%!

Disturbingly though, India, which is one of our top 10 source markets, hardly grew at all, and China declined by 17%. If we are serious about doubling our numbers, we will have to find ways to make it easier for travellers to visit our country.

Discussions with my colleague, Minister Gigaba, and the Department of Home Affairs, have been most encouraging. They informed us of their intention to introduce e-visas during this financial year. Meanwhile, they are working hard to have systems in place to recognise the Schengen visa and valid visas for the USA, Canada, the UK and Australia as sufficient for tourists to enter South Africa.

We have also agreed to bring the requirements for travelling minors in line with the practice in the USA, UK and other countries. This will go a long way to boost family travel and end the traumatic experience of travellers being turned away by airlines.

Ease of access includes air links. Direct air links make it easier and cheaper to get to the desired destination in South Africa. The recent announcement of a direct British Airways flight from London to Durban, and the reintroduction of a direct Alitalia flight from Rome to Johannesburg, is good news for tourism. Restoration of a direct flight from Mumbai to South Africa would assist enormously in the Indian market.

The final pillar in our Tourism Strategy is transformation. We continue to weave this into everything we do. We have a history of privilege for a few and exclusion of the majority. The new chapters of the history book we are writing must be chapters of inclusion, of opportunity and positive change.

The Department held a conference on the state of transformation in tourism last year. Delegates urged Government and the private sector to improve access to funding, procurement and markets, and to offer more training.

The Tourism B-BBEE Charter Council's report on the state of transformation indicates that less than 45% of enterprises in the accommodation, hospitality and travel sub-sectors have achieved the 30% target on ownership.

Funding is a major challenge to new entrants and small businesses wanting to expand. In response to this challenge the Department has partnered with the National Empowerment Fund to introduce a Tourism Transformation Fund.

I am extremely pleased to announce that applications are now open, and will remain open from today until 31 August 2018.

This fund will help black investors and communities to invest capital in tourism projects, giving rise to a new generation of youth, women and black-owned tourism enterprises.

At the end of the day, Honourable Members, it is all about us working together to tackle the despair of joblessness and poverty which still grips many communities in our country.

To succeed we need investment in our economy. Our President has been on a campaign to attract investment. We must assist him in this campaign.

The good news is that our tourism sector is growing and attracting significant investment. And we are poised to attract even more.

Investments worth R71 billion were made in tourism developments last year, accounting for over 8% of total investment in South Africa.

The Department has established a dedicated unit to promote and actively seek investment. We are assisting developers to package their projects, and linking proposed developments with investors.

Investment in tourism is expected to reach a staggering R112 billion by 2028. And every investment will make us an even more attractive destination, and bring more tourists, more jobs and more joy in people's lives.

In conclusion, we are celebrating the Mandela Centenary Year. It is a year to reflect on the journey we have travelled in Africa and in South Africa. It is a reminder that the brutality of apartheid, colonial rule and slavery must never be repeated. It is a celebration of the triumph of the human spirit. Our sites of liberation are of special interest to the rest of the world. At Africa's Travel Indaba we launched "Madiba's Journey" – an app showcasing 100 experiences, attractions and destinations around our country that have strong historical and social ties to Madiba's life.

Honourable Members, I would like to thank Deputy Minister Thabethe for her support and my sincere appreciation to the Portfolio Committee, under the very competent leadership of Honourable Makhubela-Mashele, for the seriousness of your engagement and your thoughtful and critical observations. To the Department of Tourism, led by Director General Victor Tharage: what a pleasure it is to work with such dedicated, hard-working public servants who are so passionate about their work.

To the Board Members of SA Tourism, under the leadership of the Chairperson, Dr Tanya Abrahamse: your three-year term is about to come to an end. You have given guidance and direction to our marketing agency and you have served your country well. To the entire SA Tourism team: you are doing great work under the energetic leadership of CEO Sisa Ntshona.

And to the whole industry: it is a pleasure working with you. I look forward to continuing the journey we have embarked on, with full confidence that you are responding positively to President Ramaphosa's compelling call: Thuma Mina! Send Me!

Thank you.