

**Keynote address by the Deputy Minister of Tourism Fish Mahlalela, on the occasion of
the TBCSA Tourism Leadership Conference held at Sun City Resort, North West
Province, Thursday 15th September 2022
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Programme director, (Thami Nkadimeng)
Minister in the Presidency, Mr Mondli Gungubele,
Honourable Chairpersons and Honourable Members of the Portfolio Committee and Select Committee of
Tourism,
TBCSA Board Chairman Mr Blacky Komani and Members of the TBCSA Board,
Director General Victor Tharage and senior management of the Department of Tourism,
Acting CE of SA Tourism and Executive Management of South African Tourism
TBCSA CEO Mr Tshifhiwa Tshivhengwa
Industry leaders
Members of the media
Ladies and Gentlemen

It gives me great pleasure to address you on the occasion of the Tourism Business Council of South Africa (TBCSA) inaugural Tourism Leadership Conference.

I would like to start by acknowledging all stakeholders here today, represented by over three hundred delegates to map the way forward for the sector.

At the outset, one must applaud the tourism sector's resilience during the difficult time of Covid-19. The fact that we are gathering here in person is a testament to the undying spirit of our people, including you, the women and men in the tourism sector value chain. I am glad to say we pulled together and survived. Now we are poised for unparalleled growth, to *live again* as it were.

While we navigate this year of recovery and plan together for a prosperous year ahead, we must acknowledge the achievements that emerged from this crisis, and these include:

- The collective efforts, diplomatic and otherwise leading to removal of South Africa from the various red lists and in particular UK's Red List.
- The private sector's continued collaboration with government in changing Covid regulations so that these delivered a balance between saving lives and livelihoods, in the true spirit of the risk adjusted strategy as adopted by the National Coronavirus Command Council (the NCCC).
- The support for Government's vaccination drive through such initiatives as Jab4Tourism.
- The ongoing initiative by private sector bodies and companies across the country to promote South Africa as a preferred tourism destination.
- The marketing campaigns that were run not only to shine a spotlight on tourism and its potential for South Africa's economy, but also to keep our sector hopeful when times were particularly tough.

The tourism sector is a critical economic sector for South Africa and we are gathering here at Sun City, a fine example of our tourism offerings, to focus on repositioning South Africa's tourism sector as an engine of growth.

Domestic Tourism

Numbers don't lie! Between January and June 2022, 15,2 million domestic tourism trips were taken. This is a significant win for the tourism sector, as this is higher than pre-pandemic levels, indicating that South Africa's domestic tourism sector also experienced the 'revenge' travel trend.

The biggest driver of domestic travel in the first six months of 2022 was the easing of Covid-19 travel restrictions. Thus, it is opportune to send our gratitude to all South Africans who heeded the call and travelled within our own country when the world imposed travel bans and restrictions on South Africa. Domestic tourism continues to be the backbone of our sector, bread and butter if you insist. We have just

concluded the hugely successful Sho't left Travel Week. This campaign performed well, with many South Africans taking advantage of the great deals designed to ensure that travel is accessible to all locals.

The buoyance of the domestic tourism market augurs well for the sector as a whole.

According to Statistics SA, by June this year, we had received nearly 2.28 million international visitors; this is a phenomenal growth spurt. We are on track to matching and surpassing last year's full-year total tourist arrival statistics of just over 2.3 million. The Total Foreign Direct Spend from January to June 2022 was R21.5 billion.

The target to reach 21 million tourist arrivals by 2030 still stands, and we are working with all the stakeholders in the sector to attain this. This is thanks to the extraordinary work being done across the sector, both public and private and across all the sub- sectors.

Marketing SA

Massive efforts are underway to market South Africa as an attractive destination and grow domestic travel and international arrivals. Early this year, we launched our global campaign, *Live Again*; we received incredible feedback; the numbers also tell a very positive story!

Earlier this month, we launched Tourism Month, celebrated annually in September, to highlight and bring to the fore the importance of the tourism sector. The purpose of highlighting Tourism Month is to create awareness about planned domestic tourism activities and enthuse South Africans to travel within their country. Tourism's contribution to the South African economy and its potential to transform the trajectory of our economy and the country's prosperity cannot be underestimated.

Tourism – the Engine of Growth

Programme director, the theme of this inaugural conference, Tourism – the Engine of Growth for South Africa, is timely and relevant.

According to Stats SA data for 2019, one in every 21 working South Africans was employed in the tourism industry. We can double this figure by 2030.

For this sector to expand, a working partnership between the private and public sectors and all spheres of government to create an enabling environment for exponential growth must be nurtured by all. For us to continue to be an anchor for employment and economic growth, we have to work together and this conference must indeed drive this very sentiment and spirit.

As tourism sector leaders, the Minister and I remain committed to making the conditions favourable for the private sector to thrive and contribute its fair share of jobs, taxes and innovation. Such favourable conditions must extend to areas that may not always attract sufficient market participation by introducing the necessary support mechanisms. Undoubtedly, this sector must benefit our people in urban and rural areas of our vast and beautiful country. Transformation in the industry is not the periphery but the core to the tourism sector reaching its full potential.

Tourism Policy Consultations towards an Inclusivity

The National Department of Tourism have played a significant role in ensuring that the public sector supports the sector at large in promoting South Africa as the number one tourist destination.

The Department is reviewing the 1996 Tourism White Paper, which is expected to guide the sector to the next phase of tourism development.

The Ministry and the Department will be commencing on consultations on the policy document and would want full participation from the sector so that we can define our marching orders for the next couple of years with the intent to strengthen our ability to grow this sector, to transform this sector, so that it is an inclusive sector, where young people, women and black people feel "accommodated" and belong and are an equal part of – as owners and tourists.

We are open to suggestions and it will be good for us to hear what are these fundamental things that are going to move the needle on growth, inclusivity and sustainability.

I am confident that from this conference, we will continue to see alignment of private and public sector endeavours around the tourism rebound focus and galvanise action for development. Evidence from Asia, Latin America and the rest of Africa show how private sector contributions stimulate economic growth and can help implement the Sustainable Development Goals (SDG) agenda.

Growing the Tourism Engine

Tourism, according to the World Travel & Tourism Council (WTTC), directly contributes 3,2% in 2021 to South Africa's GDP, more than agriculture, utilities and construction. Travel and Tourism are crucial drivers for job creation globally, as 1 in 11 jobs (289 million jobs) were created in the industry in 2021.

New data by the WTTC shows the South African Travel & Tourism sector is forecasted to grow at an average rate of 7.6% annually over the next decade, meaning that this sector will outstrip the projected 1.8% growth rate of the country's overall economy. As a sector, we must be well-equipped to make this forecast a reality. As the South African government, we are committed to unlocking barriers in the sector. I hope the outcome of our discussions here will not only be a recognition that we must synthesise our collaboration between the private and public sectors, which we know is key to the industry's success, but that we spur into action and do so!

Lifting the Barriers to tourism

As we know, the rest of the African continent remains our most significant source market leader. Still, our continent is constrained and continues to struggle with numerous barriers to tourism growth, including limited airlift and stringent immigration regulations.

We are acutely aware of the potential revenue opportunities lost due to these barriers and are engaging with related sister departments to address these challenges as we work towards our sector's recovery. In granting approval of the Tourism Sector Recovery Plan, Cabinet was clear that the whole of government is behind the recovery of the sector. This is further demonstrated by the presence of both DHA and DoT at this gathering, who will also share updates on the progress that we have made as government in these areas. But I am encouraged by the progress reports we have been getting on both e-visas and the tour operators matters.

Further notable work has been the engagements with airlines to rebuild and strengthen various routes to South Africa. Tremendous work has also been done by the provincial Air Access Committees where they have brought international airlines to South Africa with the support of South African Tourism through its air access initiatives.

Call to Private Sector

We encourage the private sector to lead the way in investing in experiences and in creating and packaging deals that are attractive to tourists with varying preferences, and these include heritage and cultural tourism, so that we are able to bring more value to SA's offerings. South Africa is renowned for its quality assured establishments and high service excellence - now more than ever, we must continue to maintain this enviable reputation.

Meanwhile, we are pleased that South African Airways (SAA) marks 12 months back in the air this month after experiencing turbulence in recent times. It is already taking to the African skies, "bringing the world to Africa and taking Africa to the world". SAA already flies to Windhoek (Namibia), Blantyre (Malawi), Dar es Salaam (Tanzania), Accra (Ghana), Lagos (Nigeria), Kinshasa (DRC), Harare (Zimbabwe) and the Island of Mauritius to name but a few. We believe the various continental strategic engagements it's been pursuing will enhance intra-continental connectivity.

We welcome the recent (14 September) signing of a deal that sees the Brussels-based Air Belgium launching two routes to South Africa with up to three weekly flights simultaneously to Cape Town and Johannesburg. It is a vote of confidence in our country, especially in the tourism sector.

We have to do more in our continent to solve the airlift problem. We need more direct routes to re-ignite intra-African travel to reduce travel time and cost. According to former SAA Chief Commercial Officer Simon Newton-Smith, we have a 4% airlift but 18% of the population, that is not sustainable and certainly leads to value leakages. This makes us the only continent that offers big aviation growth opportunities and we must seize it.

Sadly the demise of Comair is hitting the sector hard, and its liquidation contributes greatly to increased demand leading to price hikes. The rise in fuel prices is also a major factor. Thankfully, the Competition Commission held meetings with FlySafair, Lift, Airlink and SAA recently to discuss rate increases and try to prevent possible price gouging. The commission warned that it would monitor airline prices and investigate if fares became suspiciously high. This, we must also acknowledge is happening in a difficult trading environment with increased inflation due to factors beyond destination just South Africa.

As we know, crime impedes tourism by significantly damaging our country's image. Thus, the prerequisite for sector growth is to be judged by its reputation of how it protects those within its borders, both citizen and visitors alike.

Tourism safety has been consistently identified across several studies, media and crime reports as a challenge threatening tourism growth and, therefore, foreign direct investment, visitor spending and employment. In response, we are ramping up the National Tourism Safety Strategy implementation. The strategy delineates each stakeholder's role in the tourism value chain to enhance the safety of tourists. As a result, we call upon all visitors and local travellers to partner with us in ensuring safety and security while visiting our beautiful landscapes. I must also add that the Department of Tourism has deployed tourism safety monitors across and the programme is implemented with the support of SAPS.

Programme director, as the government with our partners, we are tasked with fully implementing the Tourism Sector Recovery Plan (TSRP). The Plan is a product of a collaborative effort with key stakeholders from the government, the private sector and other social partners. We designed this Plan in 2020 to facilitate the sector recovery to preserve jobs and livelihoods, facilitate new job opportunities, match demand and supply, and strengthen transformation.

As we sit here today, I am happy to say we are poised for a rebound and growth, judging by the delegates' enthusiasm and recent half-yearly performance figures in the sector. My cautious optimism is grounded in reality.

The country's premier economic plan, the *Economic Reconstruction and Recovery Plan*, identifies tourism as one of the priority areas of intervention. The Tourism Recovery Plan has three strategic themes: Re-igniting Demand, Rejuvenating Supply and Strengthening Enabling Capability. With the total rescind of all Covid-19 restrictions, we have already stimulated demand both in the domestic and international markets, as numbers of our sector's first half-year performance report show. The Strategic Interventions are supported by catalytic programmes with specific actions, time-frames and an indication of those responsible for implementing each strategic intervention.

The successful implementation of the Recovery Plan will partly depend on enablers whose mandate is beyond the Department of Tourism and the tourism industry in general, such as the implementation of e-visas, tourist safety, airlift capacity etc. We are confident that the sister departments responsible for these areas have demonstrated that indeed tourism is whole of government business and these partnership must continue.

Way Forward

We face a challenging global economic environment that will put additional pressure on our recovery: a surge in oil prices, conflict in Ukraine, increase in inflation, potential rise in interest rates, high debt volumes and the continued disruption in supply chains.

That said, our role players confirm the incredible pent up demand has translated into a strong foundation that will take us into what we hope will be a bumper 2022/2023 summer season. This is even more likely with the increased airlift, particularly from our traditional source markets, which will improve access for travellers wishing to visit and reconnect with South Africa.

However, to harness this potential we have to work together. The only way to achieve success and unprecedented tourism growth, and job creation, is by coming together, capitalising on each other's strengths and working as one. After all, we still have to get back to our 2019 performance level, which we hope to reach by 2024.

I would like to encourage all stakeholders in the room and indeed the tourism industry to see this conference as the start of concrete actions that will deliver the catalytic growth that the sector, and indeed South Africa's economy needs.

Tourism retains its rich potential to create jobs as SA's third-highest GDP earner and by the very nature of its geographic distribution and low barriers to entry, tourism also generates economic activity, SME opportunities and employment for low- and semi-skilled workers in rural and remote areas with the greatest need.

Tourism has a deep and wide value chain, which offers many SME opportunities, pursuit of localisation of supply by industry players will go a long way in contributing to employment and poverty alleviation. I call on the industry to consider this and even make a pledge in this regard.

What needs to be done is clear – to execute the how, Minister Sisulu and myself see structured engagement, through the establishment of public-private teams that address the challenges and devise innovative, but practical solutions that deliver swift change.

Conclusion

South Africa is a vibrant destination and is the perfect place to host significant business events and conferences as the country has top-quality infrastructure. Our Global Advocacy Programme is our strategic way of ensuring that as partners, our collective endeavour must remain to re-ignite the industry for faster growth, job creation and innovation.

I look forward to engaging further with our partners at home and abroad as we work without ceasing towards our rebound strategy and contribute positively to our country's economic growth.

I thank you