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SPECIAL PROJECTS
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Tourism Budget Vote

tourism
Department:
Tourism
REPUBLIC OF SOUTH AFRICA

tourism
broadening horizons

We do Tourism, let us all do Tourism

TOURISM BUDGET HIGHLIGHT 2018/19

Minister Derek Hanekom presented Tourism's 2018/19 budget in Parliament on 17 May, outlining how his department planned to utilise R2.2 billion to grow the industry.

Tourism's budget vote took place afoot the successful hosting of Africa's Travel Indaba in Durban from 08 to 10 May. Themed Africa's Stories - Your Success, the show attracted more than 1700 buyers, and 1200 exhibitors representing tourism products and services from 22 African countries.

Africa's Travel Indaba is the third largest travel exhibition in the world, and yet there are very few small, medium and micro-enterprises (SMMEs) that can afford to showcase their tourism offerings at such an event.

This year's Indaba showcased one hundred and thirty five (135) South African SMMEs at the Hidden Gems pavilion. The SMMEs participation was made possible under the department's Tourism Incentives Programme designed to assist and facilitate access to international markets to for emerging tourism enterprises.

With a record 10.3 million international tourists visiting the country in 2017, Hanekom is optimistic about growing these numbers and laying solid foundations for a globally competitive industry that yields sustainable and long-term results.

"Our beautiful country offers amazing and authentic tourism experiences. South African Tourism (SAT) has done a great job in marketing our offerings to draw visitors to our shores. We have allocated more than half of our budget to R1.2 billion to market country."

"We are confident that SAT, with the assistance of our Provincial tourism authorities, will fine-tune its marketing efforts to build on the success of our 2017 tourist arrival numbers," said Minister Hanekom.

Despite the positive 2017 tourist arrival numbers, failure to address issues surrounding visas and the requirements for travelling with minors have the potential to impede travel to South Africa for tourists.

The visa requirements imposed on New Zealand resulted in a 24% decline in tourist arrivals and a 17% decline from the Chinese market in 2017.

If the recent engagements between Minister Hanekom and Home Affairs Minister Malusi Gigaba are anything to go by, agreements reached by the two departments could herald a positive trajectory for the future growth of tourist arrivals to SA – in lieu of SAT's marketing efforts.

Discussions with Minister Gigaba have been fruitful, said Hanekom. "We have agreed to bring the requirements for travelling minors in line with practices in the USA, UK and other countries."

"The introduction of e-visas and the recognition of the Schengen and other valid visas for the USA, Canada, the UK and Australia will facilitate ease of travel for tourists and boost tourism to our country."

The Tourism Incentive Programme in one of a number of initiatives the department is embarking on to increase the number of new entrants into the industry, and to kick-start the process of transforming the sector and making it inclusive.

According to the Tourism B-BBEE Charter Council's 2016/17 baseline report on the state of transformation, less than 45% of enterprises in the accommodation, hospitality and travel sub-sectors have achieved the 30% target on ownership.

The absence of thriving black-owned tourism enterprises is attributed to a lack of adequate funding and business support structures. Tourism's Transformation Fund is poised to address these challenges by providing a dedicated capital investment mechanism that will support black investors and communities to develop and expand tourism related projects.

The Tourism Transformation Fund is a collaborative effort between the Department of Tourism and the National Empowerment Fund. Tourism will invest R120 million towards the fund over the next three years that will be utilised as grant funding. The grant will reduce funding gaps between the investor's own contribution and the approved loan/equity contribution by the NEF, which will be capped at a maximum of R5 million for each successful applicant.

"Tourism in South Africa is on the rise, and the growth we are achieving must become inclusive," said Hanekom.

"Through the fund, we will drive transformation that will result in a new generation of black-owned youth, women and community based tourism enterprises that will elevate our industry to new heights."

The success and sustainability of tourism is heavily reliant on the strength of its domestic market. However, unfavourable economic conditions resulted in a sharp 29.3% drop in South Africa's domestic tourist volumes from 24.3million to 17.2 million in 2017.

In light of the reduced domestic travel figures, tourism was able to contribute 9% to the Gross Domestic Product, and support 1.6 million jobs across the value chain.

In his first State of the Nation Address, President Cyril Ramaphosa identified tourism as one of the three priority sectors with the potential to create opportunities that could contribute to the growth the economy. The President also challenged Tourism to double its contribution to GDP by strengthening its marketing and further reducing regulatory barriers.

In response to the President's challenge, the department has adopted a nodal approach in advancing domestic tourism. Equipped with a recently revised Nation Tourism Sector Strategy (NTSS), the focus will be on driving transformation in the rural parts of the country, whilst creating an inclusive environment that will facilitate the growth of new entrants into the industry and employment opportunities.

The department will utilise R1.1 billion of its budget to support initiatives in the Working for Tourism sub-programme through the expanded public works programme (EPWP).

Working for Tourism facilitates the development of tourism infrastructure that leads to job creation, particularly for SMMEs, and accredited training and skills development programmes for youth and women. It is anticipated that the programme will create an estimated 13 475 full-time equivalent jobs by 2020/21.

The working for tourism sub-programmes are firmly anchored on the five pillars of the NTSS namely: Effective Marketing, Facilitating Ease of Access, Visitor Experience, Destination Management and Broad-based Benefits.

The successful implementation of the programmes aligned to the NTSS will result in an inclusive tourism economy that leverages on South Africa's competitive edge in nature, culture, and heritage, underpinned by Ubuntu and supported by innovation and service excellence.

KEY PROGRAMMES FOR THE 2018/19 FINANCIAL YEAR

The South African destination experience relies on the diverse offerings of many enterprises. While large enterprises play an important role in the economy, SMMEs form the largest number of businesses that operate in tourism.

Tourism Enterprise Development

In the 2018/19 financial year, SMMEs and new entrants can look forward to continued business support facilitated through the Department's Tourism Enterprise Development Programme. The programme offers a combination of support instruments through its business incubator initiative, entrepreneur skills training, and exposure to international market access platforms.

SMMEs can access business support services at the four incubators established in Phalaborwa (Limpopo Province); Skhukhuza (Mpumalanga Province), Pilanesberg (North West Province), and the Mier (Northern Cape Province).

Tourism Incentive Initiatives

The department's Tourism Incentive Programme (TIP) assists tourism establishments to be graded, facilitates exposure of SMMEs to new markets, and encouraging establishments to retrofit with renewable energy sources to enhance and improve overall destination competitiveness.

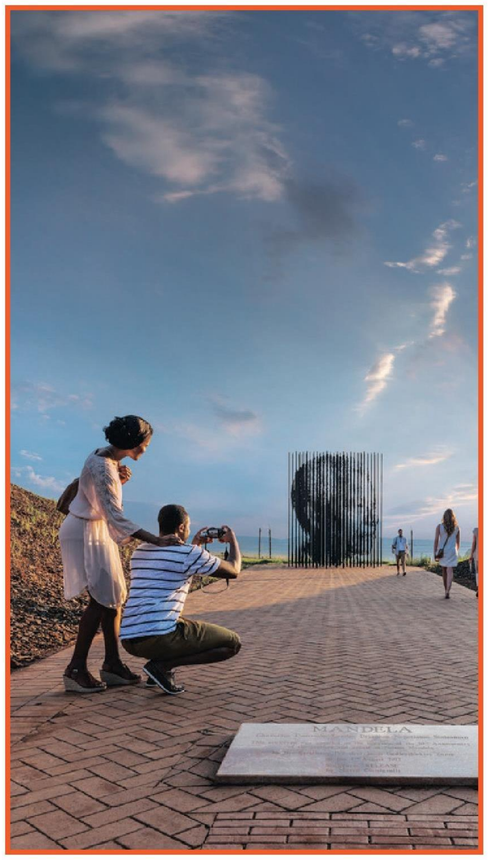
Tourism Grading Support Programme has been introduced to reduce the cost burden on small tourism enterprises and encourage greater conformity to quality standards in tourism. In January 2017, 1 529 accommodation and meeting establishments applied for and benefitted from 80% to 90% discounts on their grading assessment fees. This year, our target is to double the number of graded establishments.

SMMEs seeking to link up with international trade markets can apply for support under the TIP's International Market Access Support Programme. Since its inception in 2015, the programme has assisted 584 small tourism enterprises to participate in international and domestic trade platforms under the Hidden Gems banner.

The Green Tourism Incentive (GTIP) is an energy efficiency initiative aimed at encouraging private sector tourism enterprises to move towards cleaner and renewable energy sources. The implementation of renewable energy solutions will assist tourism enterprises to reduce input costs and facilitate increased competitiveness and operational sustainability.

The Tourism B-BBEE Portal

The department developed a Tourism B-BBEE portal to accelerate SMME empowerment in the tourism sector. The portal provides market access to black owned enterprises and facilitate partnership arrangements between large and small enterprises. The system helps to facilitate new black entrants into the market and support existing tourism enterprises to accelerate the empowerment of SMMEs in the tourism sector. More than a thousand enterprises are registered on the portal. The portal is accessible on: www.tourism.gov.za under B-BBEE.



DESTINATION DEVELOPMENT

Destination Development strategy will target rural tourist enterprises, and will seek to enhance the facilities at National Parks, Botanical Gardens and World Heritage Sites.

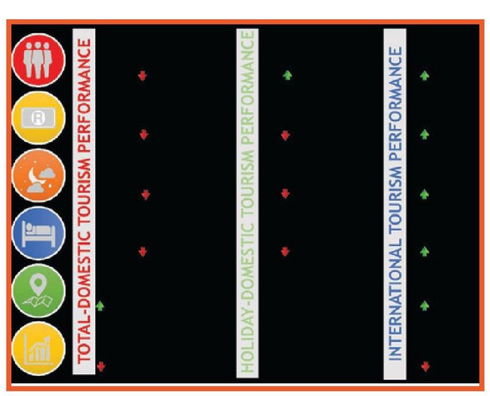
The Department has collaborated with the South African National Biodiversity Institute to upgrade the facilities at the Walter Sisulu National Botanical Gardens in Gauteng.

In Limpopo, the Department of Tourism is working with the Department of Environmental Affairs to build a new access gate into the Kruger National Park at Shangoni. The gateway will offer opportunities for the local community to produce and sell their craft, and offer authentic cultural experiences.

At the community-owned Metsi Matsho Lodge in the Free State, small businesses from the local community have been contracted to build accommodation and conference centre facilities. It is envisioned that the profits generated from the operation will be utilised for community development.

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.

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.



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