DEPARTMENT OF TOURISM

NO. 404 **05 MAY 2017**

PUBLICATION OF THE FINAL DRAFT NATIONAL TOURISM SECTOR STRATEGY (NTSS) FOR PUBLIC COMMENT

I, Tokozile Xasa, Minister of Tourism, hereby publish the Final Draft National Tourism Sector Strategy, 2017, in terms of section 4(3) (b) of the Tourism Act, 2014 for public comment.

Interested parties and organisations are invited to submit to the Director-General: Department of Tourism, within sixty (60) days of publication of this notice in the Gazette, written representations or comments of the Final Draft NTSS at the following addresses:

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Any enquiries in connection with the Final Draft National Tourism Sector Strategy can be directed to Ms Bahupileng Peege at 012 444 6324.

Comments received after the closing date may not be considered.

Tokozile Xasa
Minister: Tourism

FINAL DRAFT - NATIONAL TOURISM SECTOR STRATEGY

MARCH
2017

“Ditau tša hloka seboka di šia ke nare e hlotša”

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LIST OF ACRONYMS

ACRONYM	FULL REFERENCE
AASA	Airlines Association of Southern Africa
ACSA	Airports Company of South Africa
ASATA	Association of South African Travel Agents
ATCP	Accredited Tourism Company Programme
BARSA	Board of Airline Representatives South Africa
B-BBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
CAGR	Compound Annual Growth Rate
CATHSSETA	Culture, Arts, Tourism Hospitality, Sports Sector Education and Training Authority
DAC	Department of Arts and Culture
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DEA	Department of Environmental Affairs
DFI	Development Finance Institution
DIRCO	Department of International Relations and Cooperation
DRC	Democratic Republic of Congo
DRDLR	Department of Rural Development and Land Affairs
DTI	Department of Trade and Industry
DTS	Domestic Tourism Survey
EME	Exempted Micro Enterprise
FDI	Foreign Direct Investment
FEDHASA	Federated Hospitality Association of South Africa
GDP	Gross Domestic Product
IAB	Immigration Advisory Board
IATA	International Air Transport Association

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ACRONYM	FULL REFERENCE
IDC	Industrial Development Corporation
ILO	International Labour Organisation
IPAP	Industrial Policy Action Plan
LED	Local Economic Development
LSM	Living Standards Measure
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NDT	National Department of Tourism
NGP	New Growth Path
NTSS	National Tourism Sector Strategy
PIC	Public Investment Corporation
PPP	Public Private Partnership
QSE	Qualifying Small Enterprise
RETOSA	Regional Tourism Organisation of Southern Africa
SABOA	Southern African Bus Operators Association
SABS	South African Bureau of Standards
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SALGA	South African Local Government Association
SARB	South African Reserve Bank
SATSA	South African Tourism Services Association
SAVRALA	Southern African Vehicle Rental Association
SETA	Sector Education and Training Authority
SMME	Small, Medium and Micro Enterprise
TBCSA	Tourism Business Council of South Africa
TEP	Tourism Enterprise Partnership
TGCSA	Tourism Grading Council of South Africa
THRDS	Tourism Human Resources Development Strategy

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ACRONYM	FULL REFERENCE
TIP	Tourism Incentive Programme
UK	United Kingdom
UN	United Nations
UNWTO	United Nations World Tourism Organisation
US	United States (of America)
VFR	Visiting Friends and Relatives
WEF	World Economic Forum
WHS	World Heritage Site
WTTC	World Travel and Tourism Council

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PART A: BACKGROUND

1. INTRODUCTION

The first National Tourism Sector Strategy (NTSS) for South Africa was published in 2011 as a ten-year strategy, with targets from 2010 to 2020. It has recently been the subject of a review to determine what adjustments, if any, need to be made given the changing domestic and international environment and in light of lessons learned from the implementation process.

The review has taken into account the emergence of important trends in global markets, as well as South Africa's competitive strengths and weaknesses. An essential part of the exercise was an assessment of the potential and the identification of pathways for the South African tourism economy to play an enhanced role in the growth of the overall economy. The process has culminated in a second iteration of the NTSS.

The NTSS focusses on inclusive growth, which must fundamentally be based on domestic and international tourist market growth and expenditure increases. While the national tourism marketing agency, South African Tourism (SA Tourism) has a detailed methodology for identifying priority markets, the NTSS further links the marketing plans to broader development imperatives, including addressing barriers to growth and the building of a transformed and inclusive tourism economy. This growth will, by the values that drive South Africa as a developmental state, be inclusive, responsible and sustainable. It will also be underpinned by an awareness of the imperative of the wise use of scarce resources.

Tourism is a partnership between the public and private sectors. The NTSS focuses on harnessing the strengths of the public and private sectors to ensure alignment, the sensible use of resources, as well as drawing on pragmatic planning and prioritisation.

While many areas warranting focus and enhancements exist within the tourism economy, the strategy identifies priority actions for implementation in the short, medium and long term. The pillars, strategic objectives and prioritised actions of the NTSS are provided in Part B of this document.

2. POLICY ENVIRONMENT

Tourism is recognised for its immense potential and its significant contribution to the economy. The 1996 White Paper on the Development and Promotion of Tourism confirmed South Africa's approach to tourism as one which is "government led, private sector driven and community based", and grounded in cooperation and close partnerships between all stakeholders. This sets the scene and is still relevant today.

Government's recognition of the critical importance of tourism in the economy is evident in the sector's inclusion as one of the priority areas in the initial Industrial Policy Action Plan (IPAP, 2007), the New Growth Path (NGP, 2010) and the National Development Plan (NDP, 2013). The sector is expected to make the requisite contribution to job creation and the continued growth of the economy. A stand-alone Ministry of Tourism was established in 2009 and the Tourism Act of 2014 was promulgated.

The NDP is the national framework for the development of the South African economy. In that plan tourism is identified as a highly labour intensive industry which stimulates the development of small businesses and which generates foreign direct investment and significant export earnings. Emphasis is placed on increasing the numbers of tourists entering South Africa and the amount spent; the availability of tourism infrastructure; positioning South Africa as a regional shopping and business centre; and ease of access by air and travel facilitation through favourable visa regimes. These themes are addressed as part of the proposed pillars and actions of the NTSS.

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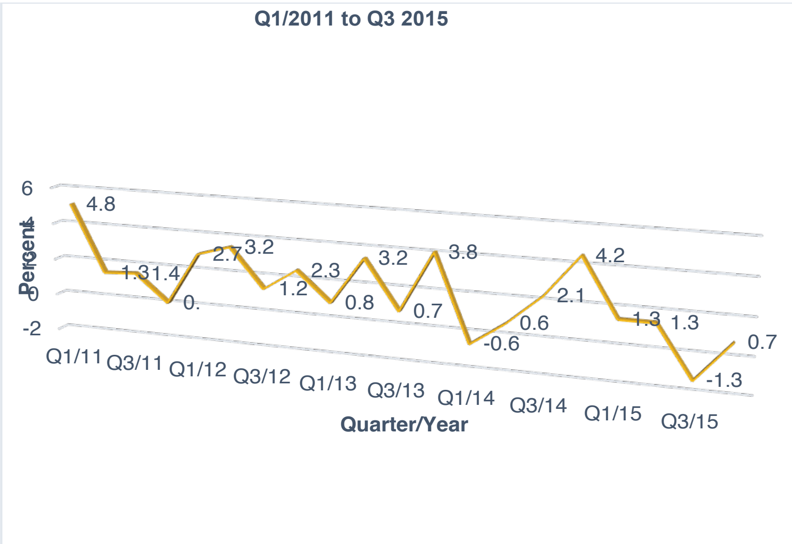
3. ENVIRONMENTAL OVERVIEW

3.1 The Domestic Economy

South African domestic tourism is affected by overall economic conditions in the country. The domestic economy is under strain, and the situation is projected to persist for the near term, as South Africa moves out of the negative effects of a severe drought, the aftermath of the global financial crisis, issues with the supply and cost of energy, the reduction in demand for South African commodities and the concomitant impact on the national industrial economy. Continued low economic growth is forecast for the next four years. In the short term (2016/17) further moderation in household consumption expenditure growth can be expected.

FIGURE 1 – SOUTH AFRICAN GDP GROWTH RATES



Source: South African Reserve Bank (2016)

While reduced consumer spending may mean a reduction in local tourism spend from certain domestic segments, a weak Rand may also have a positive effect as those South Africans who might have travelled internationally may now choose to holiday locally. Positive growth forecasts for domestic tourist holiday trips take into consideration these displaced international trips by South Africans and the new and significantly resourced Domestic Marketing Strategy of SA Tourism. Together, it is expected that these will assist in driving up domestic holiday trip numbers.

3.2 International Tourism Trends

International tourism globally has been growing by over 4 percent per annum from 2010, and reached 4.4 percent in 2015 (although there are wide regional variances). Both the United Nations World Tourism Organisation (UNWTO) and World Travel and Tourism Council (WTTC) projections suggest that this average global growth rate of around 4 percent, is likely to continue as emerging economies such as China continue to grow. Lower growth rates are however projected for developed economies such as the United Kingdom (UK), France and the United States (US) with higher growth in some developing economies such as China and certain South-East Asian economies.

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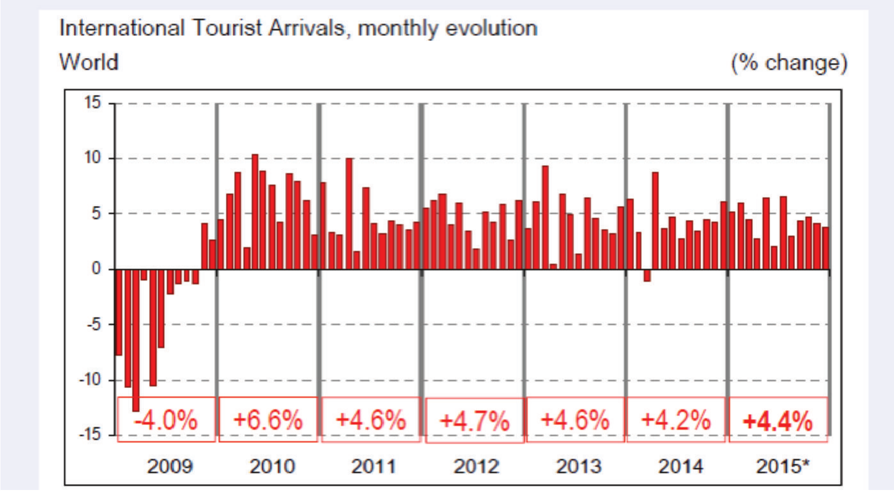
FIGURE 2 – GLOBAL GROWTH IN INTERNATIONAL TOURISM



Source : World Tourism Organisation (WTO) 2016

A number of major trends have been identified as impacting on the world tourism economy, and are equally relevant to South Africa. These are:

(a) *Consistent and increasing growth globally in international* tourist numbers (1.184 billion international visits in 2015)

(b) *Shift in tourism demographics*: China and some other emerging source markets growing at double digit levels, an increase in the numbers of older tourists travelling, an increase in the number of under 35s travelling, but with differences in requirements for both groups. Also noted is an increase in the number of family groups travelling, possibly due to increased numbers of tourists from Asian source countries.

(c) *Ubiquitous mobile digital technology:* resulting in an expectation of permanent quality connectivity availability, changed patterns in information seeking and hence advertising and information provision, and changes in buying behaviour. Similarly, digital mobile technology requires the agility to be able to respond quickly to any perceived negative event in destination countries. Over 95 percent of people seeking information about destinations and travel use the internet. This has also resulted in a *disruption* of the classic tourism activity chain with its many agencies and mediated services. This digitisation of the tourism activity chain has significant impact on the nature of jobs and occupations in the industry, as well as the profitability of specific areas.

(d) *Disruptive technologies:* The evolution of technology has brought about platforms such as Uber, Airbnb and Lyft, with consequences for conventional operators of tourism transport and accommodation services.

(e) *Personal safety and security issues* are high profile - the reputation of destinations for violent crime, terrorism (random attacks on civilians) and exposure to disease has significant influence on tourist decisions. Mobile digital technology allows for immediate cancellation of bookings in real time in the case of any event indicating that tourist safety may potentially be compromised.

(f) *Increased accessibility and increased ease of access*: More countries are entering into bilateral, regional and international "Open Skies" agreements to facilitate travel, and more countries are implementing easier visa requirements or, in certain circumstances, removing the visa requirement entirely. Case studies indicate significant increases in international tourist visits results in both cases, with the concomitant positive impacts on the host country economy.

(g) *Increasing interest in "green" "sustainable", "responsible" and "ethical" tourism*: Increasingly tourists are choosing to reduce negative environmental, economic and social impacts on the host country. They prefer to choose destinations showing clear benefits flowing to local communities and minimal environmental impact. The United Nations has declared 2017 as the International Year of Sustainable Tourism for Development.

The South African tourism effort must therefore take into account these and other international trends to be able to identify and take advantage of the relevant opportunities.

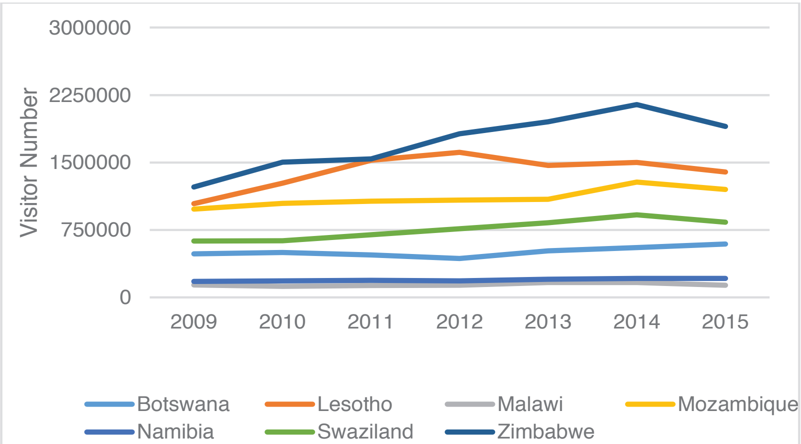
3.3 Tourism Performance in South Africa

For many countries, the tourism economy is growing faster than most other economic sectors. From a trend perspective this is certainly the case for South Africa. However, despite a growth of 6.6 percent in international tourists in 2014, South Africa experienced a decline in international tourists in 2015 of 6.8 percent. This was mainly attributable to the effects of the Ebola epidemic in West Africa and perceptions linked to this in certain source markets, and the implementation of new visa regulations, which created greater obstacles to travel to South Africa. The spectre of Ebola and perceptions associated with it are now historical, and in October 2015 Cabinet announced a range of changes to the visa regulations, in a deliberate attempt to facilitate travel. The implementation of these visa regulation changes has begun and will go far in addressing visa related barriers to travel.

Of the 6.8 percent decline in 2015, 7 percent was recorded for African tourists, compared to 8.1 percent growth in 2014. Regionally, the Southern African Development Community (SADC) markets are important 'volume' source markets for South Africa with 74.3 percent of all tourists arriving in South Africa coming from the SADC region. When comparing travel trends from leading SADC markets, the number of tourists in 2015 had decreased from all SADC countries except Botswana and Namibia. African markets (including certain SADC markets) that are also important in terms of high spend (or value) from tourists and their potential for growth include Nigeria, Angola and Democratic Republic of Congo (DRC).

Similarly, there was a significant decline in the first nine months of 2015 in arrivals from China, of 19.7 percent. India declined by 12.3 percent for the same period. These two overseas markets represent a significant opportunity for growth as they have large middle classes with a propensity to travel abroad. Arrivals from South Africa's main overseas source markets of US, Germany and France combined declined by 2.5 percent in 2015 but there was a small increase in international arrivals from the UK.

FIGURE 3- SELECT SADC TOURISM ARRIVALS BY YEAR



Source: SAT (2016)

However, in a clear indication that there has been a turnaround, more than 10 million international tourists arrived in South Africa in 2016, representing a 13% growth compared to 2015 (8.9 million international tourist arrivals). All regions recorded positive growth in 2016 with Asia (30.3%), North America (14.9%), Europe (15.8%), Australasia (10.9%), Africa land markets (11.4%) and Africa air markets (5.3%). This major rebound has put tourism in South Africa firmly back on track for a strong recovery.

The average length of stay for international leisure tourists increased from 8.6 nights in 2014, to 9.5 in 2015. International tourist spend increased from R68.1 billion in 2015 to R75.5 billion in 2016. VFR continued to surpass holiday as the primary purpose of visit to South Africa.

In terms of domestic tourism, SA Tourism data derived from its annual domestic tourism survey indicates a decline in the number of domestic tourism trips from 29, 7 million in 2010, to 28 million in 2014. This is largely attributable to reduced consumer disposable income and is likely to be a direct consequence of slow growth in the domestic economy. Travel is for the most part discretionary and when income is constrained, travel patterns are affected.

The SA Tourism Domestic Survey of 2015 found the top five responses to the question 'why have you not travelled over the past three years' to be: a) could not afford to travel, b) no reason to take a trip, c) time constraints, d) unemployed/no income, and e) disliked travelling. The survey indicated that approximately 48 percent of the adult population of South Africa cannot afford to travel, are unemployed or have no income.

The research indicates the need to promote a culture of travel amongst all South Africans and to ensure that industry players, as well as SA Tourism, together with provinces, municipalities, invest more effort and resources towards unlocking and encouraging domestic travel.

3.4 Tourism Recovery Strategy

A highly focused recovery strategy is under implementation and this NTSS strategy contains certain of these actions, particularly those that extend beyond the immediate time period. Immediate actions already under implementation include exploiting targeted tactical marketing opportunities in priority markets, using the value for money presented by South Africa as a destination given the Rand's weakness relative to other currencies. Unfortunately, at the same time, the Rand's devaluation significantly reduces the spending power of the national tourism budget when buying marketing and advertising services in hard currencies.

3.5 Tourism's Economic Contribution and Global Competitiveness

According to the WTTC (2016) the tourism economy contributed R375 billion (9.4 percent) to South African Gross Domestic Product (GDP) in 2015 and the WEF (2015) confirmed that the South African tourism economy is the most competitive in sub-Saharan Africa.

FIGURE 4- TOTAL AND DIRECT CONTRIBUTION OF TOURISM TO GDP – ACTUAL AND PROJECTED (R BILLION)

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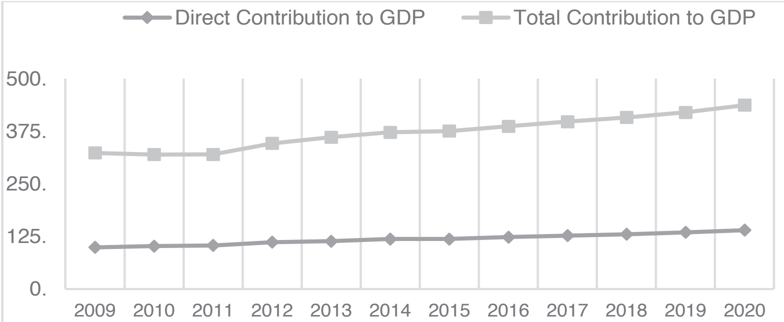
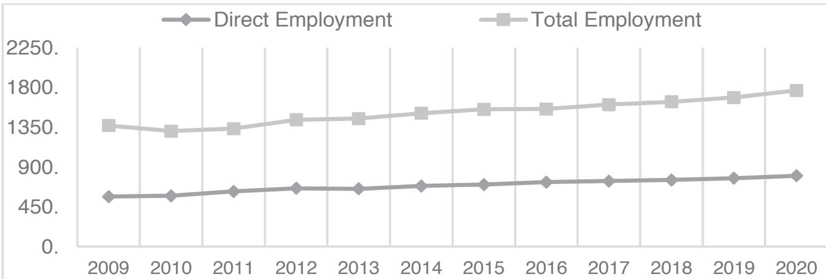


Source: WTTC (2016)

The South African tourism industry was also responsible for 702 824 direct jobs in 2015. However, when indirect and induced jobs are taken into account, a total of over 1.5 million jobs are linked to the tourism industry, representing 9.9 percent of all employment in South Africa in 2015.

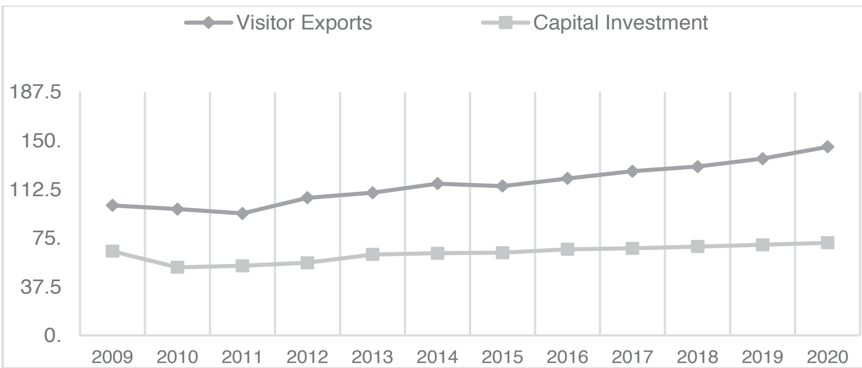
FIGURE 5 – TOURISM JOBS – ACTUAL AND PROJECTED



Source: WTTC (2016)

Capital investment in tourism in real terms has remained relatively constant while visitor export earnings increased in real terms from just under R100 billion to R145 billion over the period. This has a significant impact on the country's export earnings and balance of payments.

FIGURE 6- VISITOR EXPORTS & CAPITAL INVESTMENT IN TOURISM – ACTUAL AND PROJECTED (R BILLION)



Source: WTTC (2016)

From a competitiveness perspective, South Africa is ranked 48th out of 141 countries on the United Nations World Economic Forum International Tourism Competitive Index. South Africa is ranked the top tourism destination in sub-Saharan Africa, and the second most popular destination in Africa, after Morocco, based on international tourist numbers. Of particular interest is that South Africa ranks in 20th place for its cultural resources, 22nd for its natural resources, 15th for its positive business environment, 25th for wildlife and 15th for its World Heritage Sites. South Africa also ranks 24th overall in online searches for nature related activities. However, we were ranked only 67th for ease of visa access. Areas of improvement include security, health, labour market. Although South Africa is doing relatively well in the number of Blue Flag Accredited beaches, there is still a need for further protection of our coastline.

South Africa's natural environment is one of its greatest tourism resources, and, therefore, the tourism industry needs to be actively involved in conserving and protecting it.

4. THE CASE FOR TOURISM IN SOUTH AFRICA

The South African tourism economy is one of the best performing economic sectors in South Africa. It has the potential to increase jobs, and foreign exchange earnings in the short, medium and long term. This supports the National Development Plan (NDP) goals of 11 million jobs by 2030, the provision of economic opportunity for young people, and for rural areas, and the development of a strong Small, Medium and Micro Enterprise (SMME) base in the economy.

FIGURE 7- WHY TOURISM MATTERS TO SOUTH AFRICA

Source: WTTC data, March 2016

There is enormous potential to attract significantly more tourists from South Africa's priority tourist markets as the current percentage share received in South Africa is only about 2% of market size. Of importance too is that the South African tourism economy offers many real opportunities for transformation at various points along the value chain, at a reasonable cost of entry and within a short to medium time frame.

Tourism is outperforming many of the traditional South African sectors in growth terms under current economic conditions, and is able to replace jobs lost with new permanent jobs as well as stimulate enterprise creation. This is important for South Africa currently, so that the economy can sustain itself under difficult global economic circumstances. Tourism also makes a significant contribution to the country's export earnings (at R124 billion in 2015) and balance of payments. It is one of the sectors in South Africa placed at an advantage by a weakening exchange rate, as the destination now offers better value for money to international and regional tourists. In sum, tourism can grow jobs and earnings in South Africa within a very short time, if all stakeholders work together towards a shared goal of inclusive growth, and shared targets and actions for that growth.

The National Development Plan's economic policy proposal advocates for a more diversified economy with a higher global share of dynamic products, and greater depth and breadth of domestic linkages. Due to its multiple linkages into the other sectors of the economy, tourism presents the ideal opportunity to facilitate the diversification of the economy beyond the current reliance on traditional commodities and non-tradable services. According to the World Trade Organisation (WTO) and the UNWTO, tourism has significant indirect impacts that are generated when tourism spending flows into the non-tourism sectors in the local economy, for instance, through purchases of textiles when hotels and lodges source their linen locally thereby stimulating and benefiting the manufacturing sector, local sourcing of furniture and food by hotels, thus supporting the agricultural sector, and also the construction sector through the development/ expansion of tourism facilities. Overall therefore, the tourism sector has the ability to stimulate demand in other sectors of the economy and generate significant multiplier effects.

Tourism is not only regarded as an important economic activity, but is also recognised as an essential tool to promote mutual understanding and tolerance through the interactions that take places between tourists and host communities which enable participants to learn about each other's culture. In the context of the history of our country, domestic tourism has the potential to foster social cohesion, as citizens travel to explore their own country and interact with their fellow citizens in the process.

4.1 Players in the Tourism Economy

Tourism is a complex industry which involves a wide range of businesses working together at different levels to provide a service for individuals or a group of people travelling away from home for purposes of either leisure, business or visiting friends and relatives (VFR). Participants include air, road, sea and rail transporters; accommodation providers such as hotels, backpackers, lodges, homestays, vacation rentals, caravanning and camping, and bed and breakfast establishments; all forms of entertainment, events and attractions (such as parks, and heritage sites); tour guiding services; restaurants and less formal food service companies; travel agents, tour operators and other intermediary services such as meetings professionals; casinos, and shopping centres. A multitude of "indirect" goods and service providers support the tourism economy, such as those providing food supplies, security, laundry, marketing and other services to the tourism industry

Tourism is misunderstood by many to only mean holiday travel. It is also about business and trade travel, medical and religious travel, and Visiting Friends and Relatives (VFR) (which accounts for most domestic travel). Special interest tourism (niche tourism), accounts for many particular motivators of leisure and purpose travel, including birding, food and wine tourism, medical tourism, eco- tourism and cruise tourism.

Furthermore, the system is supported by multiple relations and connections that the sector has with other sector departments, which are essential and have a high degree of influence on the delivery of a complete tourist experience. Examples include interaction with the Department of Home Affairs around immigration policies, interaction with customs officials at ports of entry; the securing of a free and safe environment which is a competency of the South African Police Service (SAPS); the Department of Transport (DoT) on aviation and road infrastructure development; the Department of Cooperative Governance and Traditional Affairs (COGTA) in relation to support for local government/municipalities, and other government departments such as the Department of Arts & Culture (DAC), the Department of Sport & Recreation (DSR), and the Department of Environmental Affairs (DEA), all of which play a crucial role to support tourism.

These relationships are further illustrated by the schema depicted below.

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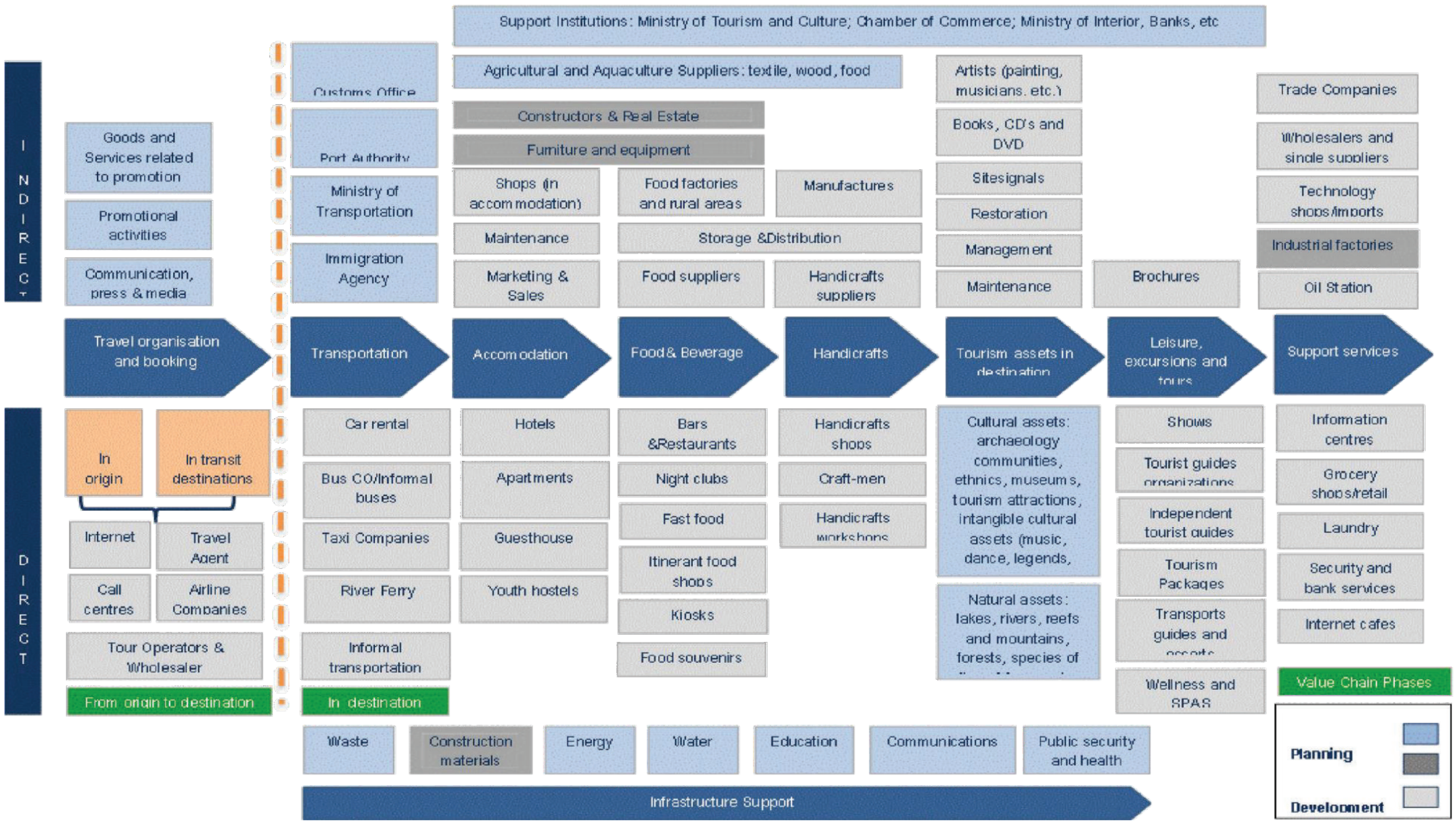
FIGURE 8: TOURISM VALUE CHAIN



Source: OECD/UNWTO/WTO 2013

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Figure 8 illustrates the complexity of a typical tourism value chain. To the left, the figure illustrates activities that take place in the outbound country (i.e. the tourists' country of residence) and to the right those taking place in the inbound country (i.e. the tourists' destination country). The bottom half of the figure represents activities that are a direct part of the tourism sector, while those indirectly linked to the tourism sector are represented in the upper segment. The development potential of tourism is maximized in countries that manage to exploit the indirect linkages in an optimal way and the figure illustrates that a broad range of activities can be considered relevant in order to achieve this.

4.2 Collaboration and Cooperation in Tourism

Tourism is fundamentally a collaborative endeavour for destination businesses in the sense that tourists experience a destination in its entirety – and the success of their experience depends on all parts of the value chain working together seamlessly. A highly competitive tourism destination is one in which all of the linked and integrated services and inputs combine together to provide a positive experience. This requires all stakeholders to work together to plan, execute, assess and constantly improve the tourism offer.

Tourism is also one of the most dynamic economic systems globally and constant attention to competitive options and new product and market development is required for destinations to stay relevant and desirable.

5. PERFORMANCE AGAINST NTSS 2011 TARGETS

The NTSS, while published in 2011, was developed in 2009 and accordingly sets its baseline year as 2009. A range of indicators were chosen and targets were set for 2015 and 2020. Certain indicators were without baseline data and remain without data sources. For this reason, the analysis of performance against targets in this NTSS only considers performance against the key economic and tourist indicators. These are:

- (a) Direct contribution to GDP and jobs;
- (b) Overall contribution to GDP and jobs, taking direct, indirect and induced impacts;
- (c) Capital investment levels in tourism;
- (d) International arrivals and international tourists; and
- (e) Domestic holiday trips.

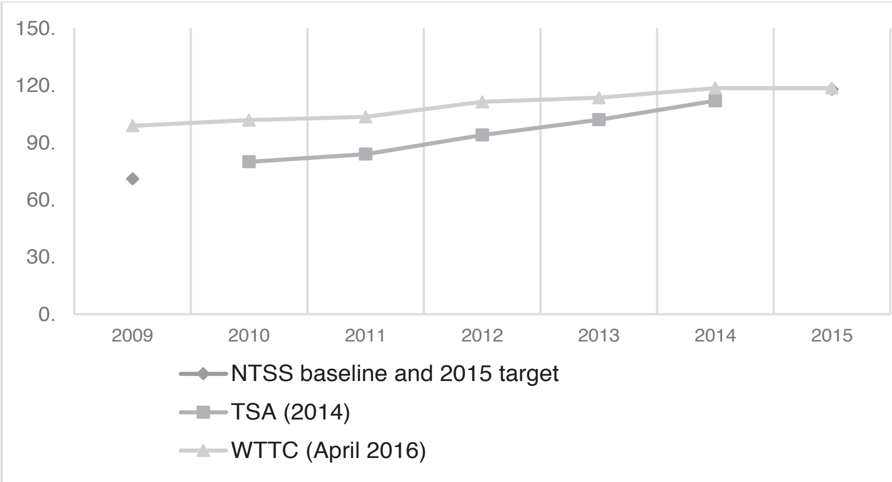
A range of data sources were used to establish 2015 performance against these targets as there is no single source of time series data other than the WTTC. The sources used are the Tourism Satellite Account (TSA), WTTC, and South African Tourism.

5.1 Direct GDP Contribution and Jobs from Tourism

For direct economic impacts, the TSA for South Africa has been used from 2010 to 2014 (with the 2013 and 2014 data as forecast); as well as the WTTC's model as published in January 2016, in order to provide a comparison. SA Tourism's data has been used for the international tourist numbers and domestic holiday trips. SA Tourism's international tourism data is derived from Statistics South Africa (StatsSA) data. The analysis provides a consideration of performance against targets, as outlined below.

The direct contribution of tourism to national GDP has increased. Tourism was estimated to contribute R71 billion in 2009 in the original NTSS with a target of R118 billion by 2015 – this is a CAGR of 8,8 percent for the period. The TSA data show actual performance close to this at a CAGR of 8.77 percent (for 2009 to 2014), but the WTTC model (2016) shows a CAGR of only 3 percent.

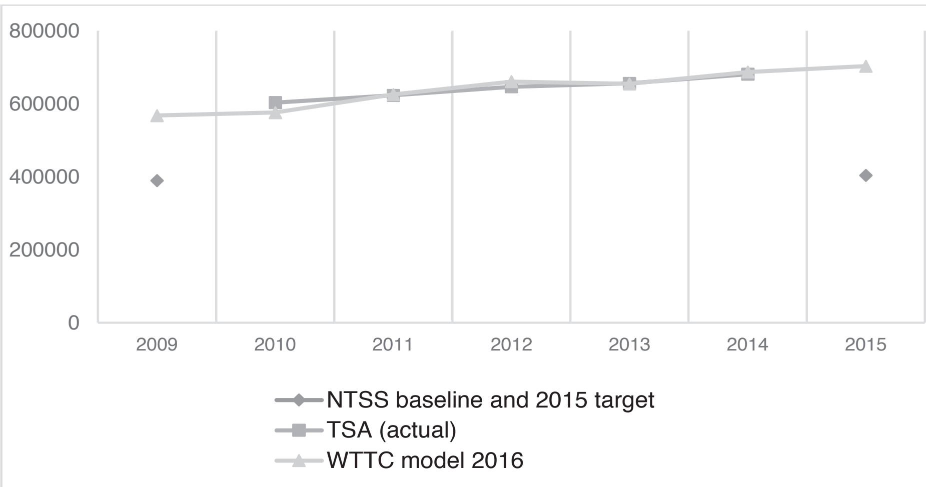
FIGURE 9- TOURISM DIRECT CONTRIBUTION TO GDP (R BILLION)



Source: WTTC (2016), TSA (2014), NTSS (2009, 2015)

Direct jobs provided by Tourism have increased. The NTSS 2011 estimated a baseline of 389 100 jobs in 2009 and a target of 403 900 jobs in 2015 – representing a Compound Annual Growth Rate (CAGR) of only 0.6 percent for the period. Both the TSA (2014) and WTTC (2016) data have higher estimates of direct jobs in 2010 and 2009 respectively – closer to 600 000. The TSA indicates 680 817 direct jobs from tourism in 2014 and the WTTC, some 702 824 by 2015. The CAGR for the TSA estimated direct jobs between 2010 and 2014 was 3,1 percent while the WTTC CAGR was 3,6 percent between 2009 and 2015. Performance accordingly exceeded targets both in actual numbers (which appear to have been underestimated) and CAGRs.

FIGURE 10- TOURISM DIRECT JOBS



Source: WTTC (2016), TSA (2014), NTSS (2009, 2015)

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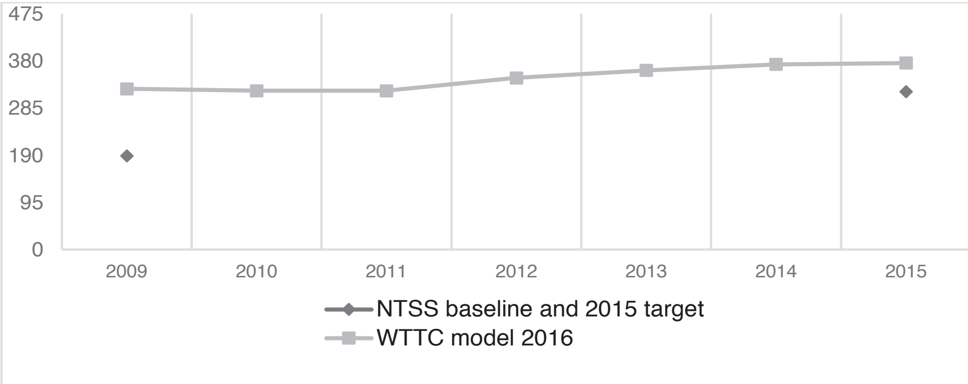
5.2 Overall GDP Contribution and Jobs from the Tourism Economy

The TSA does not measure indirect and induced effects - the WTTC is the only data source to measure performance against broader tourism economy impacts on GDP and jobs.

The total contribution of tourism to GDP has increased. The WTTC data estimates a higher total tourism economy contribution to GDP than does the NTSS in 2009 (at R324 billion compared with R189 billion) and 2015 (at R376 billion compared with R318 billion). The trend is similar to the performance against direct GDP contribution in that in real terms growth was around 2,5 percent per annum in the tourism economy on a CAGR basis according to the WTTC's 2016 data, far less than the 9 percent growth that the NTSS 2011 targeted.

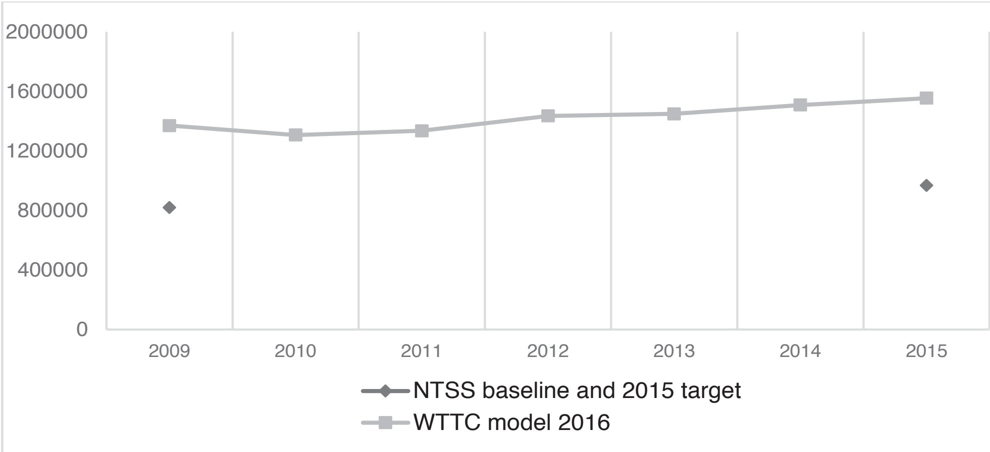
FIGURE 11- TOURISM TOTAL CONTRIBUTION TO GDP (R BILLION)



Source: WTTC (2016), NTSS (2009, 2015)

Total direct, indirect and induced jobs provided by tourism have increased. This is the case even though there are wide variances in the data sets. The original NTTS estimate in 2009, and the target for 2015, are both significantly lower than the WTTC's modelled estimations (like in the case of direct jobs). According to the WTTC model, jobs in the tourism economy grew from 1,37 million in 2009 to 1,55 million in 2015. WTTC data indicates a contraction in jobs between 2009 and 2010, and then growth thereafter resulting in a CAGR of around 2,1 percent per annum over the six-year period. This is slightly less than the 2,7 percent CAGR estimated in the original NTSS targets for the period, for growth from 819 800 jobs to 968 300.

FIGURE 12- TOURISM TOTAL JOBS

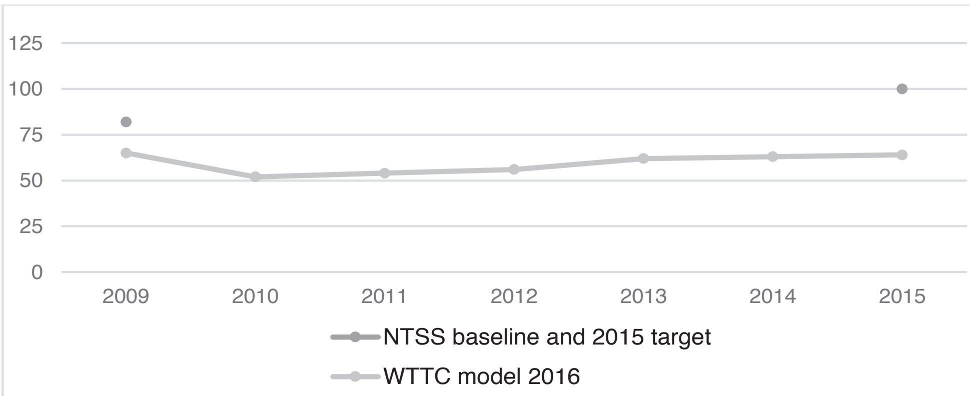


Source: WTTC (2016), NTSS (2009, 2015)

5.3 Capital Investment Levels

Investment in tourism has recovered the strong levels experienced leading up to the FIFA 2010 World Cup. The NTSS 2011 targets public sector and private sector investment levels, while noting that disaggregated data does not exist to provide an accurate assessment and this is still the case. A baseline of R 82 billion was indicated in the NTSS for 2009, targeted to increase to R100 billion by 2015 (in nominal terms). In real terms, the WTTC indicated a lower amount of R65 billion in 2009, which initially declined in 2010 and then grew slowly again to reach R64 billion per annum in 2015. According to the WTTC model, capital investment levels are now back where they were in 2009, having recovered from a drop after the strong capital investment growth up to 2010. The NTSS assumed higher levels of capital investment each year, but, importantly, this was in nominal terms and forecast little real growth for the period.

FIGURE 13-TOURISM CAPITAL INVESTMENT (R BILLION)



Source: WTTC (2016), NTSS (2009, 2015)

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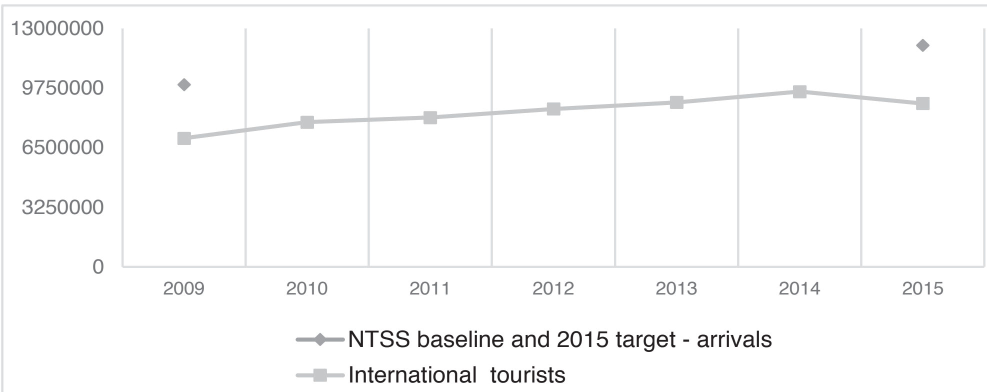
5.4 International Tourists and Domestic Trips

International tourists have increased. The NTSS 2011 set an indicator of international arrivals, owing to StatsSA measuring arrivals rather than tourists at the time. This has since been rectified but renders the analysis of performance problematic. For this reason, the growth rate assumed for international arrivals has been used to consider performance trends, rather than the absolute number. While the NTSS only targeted a CAGR in international arrivals of 3,3 percent the actual achieved CAGR in international tourist numbers for the period was 4,1 percent up to 2015. Removing 2015 from the equation due to the decline experienced in that year shows that between 2009 and 2014 the CAGR was even higher at 6,4 percent. This is well above average annual growth rates in international tourist numbers.

Though South Africa experienced a decline in 2015, tourist arrivals in 2016 grew by 12,8% to 10 million compared to 8.9 million recorded for the same period in 2015 which was above the global average growth rate for the period. It is estimated that about 1.2 billion international tourists travelled the world in 2016, representing growth of 3.9% on 2015.

FIGURE 14- INTERNATIONAL TOURISTS & ARRIVALS

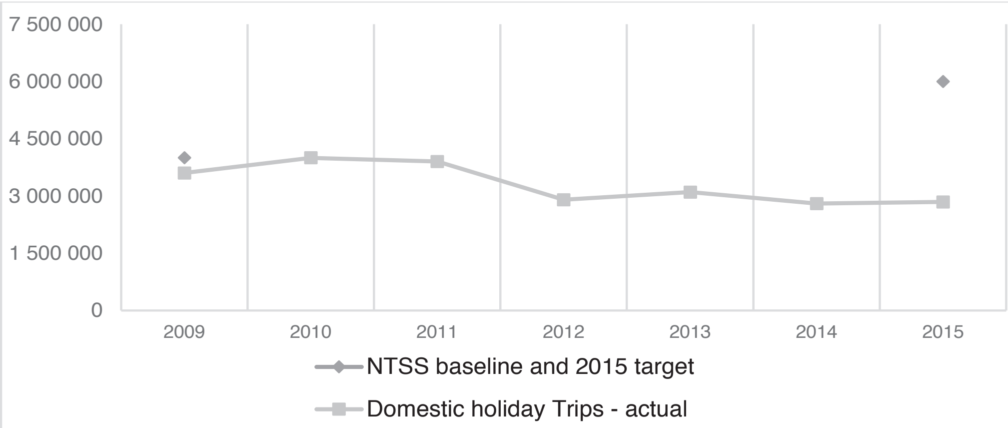


Source: WTTC (2016), NTSS (2009, 2015), SA Tourism (2016)

Domestic holiday trips have declined. Domestic holiday trips are a key measure in tourism as it relates to discretionary travel. This is also the indicator used by SA Tourism to measure its performance on domestic tourism. Domestic holiday trips have shown serious declines over the period. The NTSS baseline was 4 million domestic holiday trips in 2009, growing to 6 million in 2015. SA Tourism indicates that the number in 2009 was 3,6 million, and this declined to 2, 84 million in 2015.

Domestic economic conditions are the main factor contributing to lacklustre domestic tourism growth and spend, although market awareness and product offerings play some part. Domestic holiday numbers affect the economic impacts of tourism and with improved domestic tourist performance the economic impacts would have undoubtedly been more positive. The relatively recent (from 2015) extra budget deployed for domestic tourism marketing should positively impact on performance in this important area.

FIGURE 15- DOMESTIC HOLIDAY TRIPS



Source: WTTC (2016), NTSS (2009, 2015), SA Tourism (2016)

PART B: NTSS

6. VISION, MISSION AND VALUES

The changed domestic and global environment has led to the formulation of a new vision for the Strategy. It is one that is less externally focused on global rankings. Rather, it indicates what is aspirational for South Africa in terms of the country's own developmental priorities, and tourism's role in realising these. The mission is also adjusted, and two new values have been added.

The vision indicates aspirations regarding the quality (inclusive) and rate (rapid) of growth for the tourism economy of South Africa. It also indicates the intention to better utilise the country's unique destination assets – nature, culture, heritage – to grow the tourism economy, as well as the excellent services and products that must underpin the visitor experience. Innovation is an aspiration relating to the constant upgrading of experiences and offerings. This is in line with the rapidly changing preferences of travellers.

The NTSS Vision is:

"*A rapidly and inclusively growing tourism economy that leverages South Africa's competitive advantages in nature, culture, and heritage, supported by innovative products and service excellence*."

The mission indicates how the vision will be attained through an increased growth in Tourism GDP contribution, based on the latest available WTTC data.

The NTSS mission is:

"To increase the direct contribution of tourism to the economy through collaborative planning, and the implementation of agreed priority actions".

The guiding principles and values of the NTSS are:

(a) Trust – The multiple partnership relationships shall be built on trust; all parties should have mutual trust that they are all aiming for the same vision and goals.

(b) Accountability – All players shall accept responsibility to deliver on the actions and objectives on which they embark.
(c) Respect for our culture and heritage – All tourism development and activities shall respect all aspects of South Africa's diverse heritage and culture.
(d) Responsible tourism – All tourism development and activities shall deliver on the triple bottom-line, namely economic, social and environmental sustainability.
(e) Transparency and integrity – All stakeholders in the industry shall act with the utmost integrity in their dealings with each other, with other role players in South Africa and elsewhere, and with tourists and visitors.
(f) Service excellence – The entire industry, including the non-tourism service providers such as retail and Home Affairs, shall continually strive for service excellence towards all our tourists.
(g) Upholding the values of our Constitution – Human dignity and equality shall be respected.
(h) A commitment to transformation – The entire industry shall understand and unequivocally support the moral need for transformation.
(i) Flexibility and adapting to change – As a sector, we shall be responsive, and ready and willing to change and adapt as changing circumstances require.
(j) *Collaboration and cooperation between all key stakeholders, in particular in the areas of destination marketing; and*
(k) *A commitment to accurate, reliable, useful, timely data and market intelligence to guide tourism planning and monitoring*.

7. MEASUREMENTS AND TARGETS

The current forecasts are based on the WTTC, which provides macro-economic forecasts on a 10 year basis. The projections will be updated on an annual basis up to 2030.

TABLE 1: MEASUREMENTS AND TARGETS

Indicators/Measure of Performance	2015 Baseline	2026 Target
Increase direct contribution to National Gross Domestic Product	R118 billion	R302 billion
Increase total(direct and indirect) contribution to National Gross Domestic Product	R375 billion	R941 billion
Increase the number of direct jobs supported by the sector	702 824	1 million
Increase the number of total (direct and indirect) jobs supported by the sector	1 551 200	2.2 billion
Increase tourism export earnings	R115 billion	R359 billion
Increase in capital investment	R 64 billion	R148 billion

Source: WTTC: November 2016

TABLE 2: MACRO-ECONOMIC INDICATORS FOR INCLUSIVE GROWTH OF THE TOURISM INDUSTRY IN SOUTH AFRICA

Indictor	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Direct Contribution to GDP	118.638	128.519	138.354	149.157	161.358	175.469	189.984	207.284	227.816	250.68	275.018	302.241
Total Contribution to GDP	375.502	403.161	433.459	467.154	503.81	548.499	592.45	644.409	707.723	778.988	857.876	941.222
Direct Employment	702.824	729.551	743.167	754.356	774.748	802.526	826.006	853.385	889.132	924.92	961.271	1001.06
Total Employment	1554.2	1557.08	1606.82	1638.38	1687.57	1766.97	1826.1	1891.68	1977.61	2069.02	2165.62	2260.38
Visitor Exports	114.957	125.933	137.665	148.806	163.214	182.185	201.33	224.929	252.916	285.522	320.178	358.793
Capital Investment	63.6617	69.047	72.9407	78.3085	83.5782	89.4564	95.108	101.812	111.204	121.591	135.159	148.681

Source: WTTC [1](2016)

Whilst these indicators and forecasts are useful in terms of understanding the contribution of the tourism economy to the overall economy, direct tourism performance measures are needed on an ongoing basis to more precisely measure performance.

Critical measures of performance against goals for South Africa include:

(a) Growth in the number of overseas tourist arrivals and increase in their direct spend;
(b) Growth in the number of regional (African) tourist arrivals, and increase in their direct spend;
(c) Growth in domestic tourist trips and increase in their direct spend.

8. THE STRATEGIC PILLARS

The five pillars of the NTSS are organised to respond to both domestic and international tourism markets and are:

(i) Effective Marketing;
(ii) Facilitating Ease of Access;
(iii) The Visitor Experience;
(iv) Destination Management Practices; and
(v) Broad-based Benefits.

Given the importance of domestic tourism as the backbone of the tourism industry and the opportunities to grow the market in the context of the low number of South Africans who partake in domestic tourism activities, the pillars of the NTSS encompass key elements that will drive the development and growth of the domestic market.

[1] Updated November 2016

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FIGURE 16- GOAL AND PILLARS OF THE NTSS STRATEGY

9. ACTION PLANS

These actions are the most critical areas requiring priority, focus and energy to support the rapid inclusive growth of the tourism economy. The prioritisation of interventions is based on changes in the environment (technology and trend changes for example) as well as lessons learned from implementation.

9.1 Pillar One - Effective Marketing

Effective international marketing requires winning campaigns to attract tourists from prioritised markets and segments, as well as enhanced brand management. Critical here is improved collaboration between industry and SA Tourism as well as improved stakeholder involvement at large – including improvements in coordination between local, provincial and national bodies responsible for tourism marketing, as well as with natural, cultural and heritage institutions.

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TABLE 3: SA TOURISM SOURCE MARKET PORTFOLIO

Market Type	REGION			
	Africa	Americas	Asia & Australasia	Europe & UK
Core Markets	Domestic Angola Kenya Mozambique Nigeria Tanzania	Brazil USA	Australia China India	France Germany Netherlands UK
Investment Markets	Botswana DRC Ghana Lesotho Uganda Zimbabwe	Canada	Japan South Korea	Italy Russia
Tactical Markets	Namibia UAE Zambia		Singapore	Switzerland
Watch-list Markets	Ethiopia Malawi Swaziland	Argentina	New Zealand	Austria Belgium Denmark Finland Norway Spain Sweden Turkey

Source: SAT (2014)

The Table above indicates the current portfolio of priority source markets. SA Tourism is currently revising and enhancing its Tourism Growth Strategy (Enhanced Strategy for Growth) including its market and segmentation prioritisation model. The outcome of Phase 1 of the process is the overarching goal of attracting 5 million additional tourist within the next five years (informally referred to as "(5-in-5-by-5") - increase international trips(4 million) and domestic holiday trips(1 million) by five million tourists and trips over a period of five years using five strategic thrust). SA Tourism will be investing its marketing budget in strategically important regions that will deliver the maximum return on investment.

Also leverage on the role played by DIRCO and its diplomatic and Consular missions through the development of a coherent International Tourism Relations Plan. The Plan will articulate amongst others South Africa's alignment to the African Union Agenda 2063, United Nations' Sustainable Development Goals, exploring opportunities presented by missions based in South Africa and South African missions based abroad. The Plan could also include dedicated campaigns to lobby expatriates to communicate positive messages about South Africa.

Improved brand management requires effective partnerships for alignment with Brand South Africa and the Department of International Relations and Cooperation (DIRCO) in order to ensure speedy reaction to any potentially negative perceptions that may arise and which require the reassurance of international tourist markets. A clear framework or protocol will be developed to be agreed between DIRCO, Brand South Africa and SA Tourism which will determine how pro-active branding and speedy responses to negative external events are to be managed.

Effective domestic tourism marketing will involve the application of greater resources for expanded marketing campaigns and greater sophistication in choosing priority segments, as well as targeted activities to unlock travel for these segments. A significantly expanded domestic tourism marketing budget has been allocated to SA Tourism to support this far greater focus on domestic tourism. Effective tourism marketing will also require an assessment of the skills capabilities for marketing of tourism at all levels in government and the private sector. These needs will need to be aligned with priorities identified in strategies to promote skills in the industry as outlined in the revised Tourism Human Resource Development Strategy for South Africa. In conjunction with this, the National Department of

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Tourism (NDT) is revising the overall Domestic Tourism Growth Strategy and will be including a programme to expand access to tourist sites for South Africans who do not readily access these important sites due to cost, travel accessibility and other factors. This programme will include encouraging a culture of travel amongst South Africans. Activities will involve improved access to key heritage (natural and cultural) sites through travel facilitation, as well as improved accessibility of other tourism offerings to targeted domestic market segments.

South Africa is fast becoming a notable global competitor as an attractive destination for events (business, sporting and lifestyle) and has experienced the benefits of hosting a number of large events over the last few years. In addition to the economic spin-offs, the hosting of major events could be used as an effective tool to help promote, position, and brand a destination. Events can improve the geographic and seasonal benefits of tourism, and encourage, in particular, domestic travel. A set of proposals will be developed on how best to encourage the hosting of events in South Africa.

TABLE 4: PILLAR 1 - EFFECTIVE MARKETING

OBJECTIVE	ACTIONS	PARTNERS	KEY DELIVERABLE
Improve market and segment prioritisation	Institute an improved priority tourism market identification tool.	SA Tourism with industry, other stakeholders	• Updated and enhanced Tourism Growth strategy with clear portfolio focus communicated to all stakeholders. • Quarterly reporting on numbers achieved.
Enhance effectiveness of international marketing	Introduce a comprehensive set of marketing campaigns for priority markets with collaboration from industry.	SA Tourism with industry and other stakeholders	• Marketing campaigns that are targeted and which leverage industry resources and support.
	Develop and implement an International Tourism Relations Plan to leverage on Diplomatic relations.	NDT, DIRCO, DEA, SA Tourism, Brand SA and private sector	• International Tourism Relations Plan developed and implemented. • Biannual reports on the implementation of the plan.
Establish effective Brand Management of the South African Tourism brand	Confirm and implement brand management protocol including specific crisis protocol.	SA Tourism, NDT, Brand SA, GCIS and DIRCO	• A signed protocol to guide communications in the event of fast response required in order to manage unexpected negative perceptions. • Clear brand values and branding guidelines made available to all stakeholders.

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Expand and improve domestic marketing activities and travel facilitation programmes	Implement a substantially enhanced and expanded Domestic Tourism Marketing Strategy.	SA Tourism in collaboration with trade and product, provincial and local (particularly cities) government	• A new domestic marketing strategy with a range of collaborative initiatives with industry, provinces and municipalities.
	Implement the revised Domestic Tourism Growth Strategy based on new consumer insights and update to align with the expanded SA Tourism marketing strategy and the Domestic Travel Facilitation Programme.	NDT and SA Tourism with attractions, educational, environmental, heritage institutions, transport providers	• Implementation of the Domestic Tourism Growth Strategy.
Use the hosting of events (business, sporting and lifestyle) to improve seasonal and regional spread of tourism benefits.	Analyse the current calendar of major events and their impacts. Develop a strategy with reference to excellent global and local practice to support events that can improve regional and seasonal spread of tourism, particularly domestic tourism.	SA Tourism, NDT, Provinces, Department of Sports and Recreation and other relevant Departments, Cities and Industry	• A comprehensive plan, with clear guidelines and resourcing estimates, for stimulating and supporting events that can improve geographic and seasonal spread.

9.2 Pillar Two – Facilitate Ease of Access

This pillar specifically focuses on removing barriers that limit the ability of potential international tourists to travel to South Africa. Even with the best branding, marketing and product, the growth of the sector will be impacted if restrictive conditions are maintained in the regulatory environment. If there is improved ease of access, tourism numbers will increase.

A particular focus relates to ensuring the facilitation of travel through best practice access management for international visitors, including visa regulations, passenger and airport data as well as movement systems.

Full implementation of the changes to visa regulations approved by Cabinet in October 2015 will significantly ease travel access. Measures already in place have resulted in a rapid positive response in visitor numbers. While the role for industry partners is largely confined to ensuring visa requirements are correctly communicated to all travel partners to facilitate travel, it also involves monitoring and communicating problems in respect of visa processing capacities and turn-around times. The design and implementation of an Accredited Tourism Company Programme (ATCP) for particular markets is a further part of this pillar. The industry, together with the NDT will ensure that the system to accredit such companies is well understood, supported and that there is proper compliance.

The second major area in this pillar relates to airlift. South Africa is a long haul destination for the main overseas tourist markets and the facilitation of air connectivity with these markets must remain a top priority. Presently the cost of air transport (which is in part a function of available airlift capacity) is a major barrier for travel to South Africa even though the destination provides exceptional value for money. A better understanding of airlift barriers, including air service agreements between countries, routing, capacity and load factors, slots and pricing, as well as cost input for airlines, amongst others, is required. This will allow for industry and NDT to better motivate for changes where required to improve the air accessibility of the destination.

In addition, there is a need to integrate all modes of transport, in particular, air, road and rail which are an essential enabler of tourism (including domestic tourism) as they link visitors with products, attractions and services within the country

Furthermore, the need to create a conducive business environment for emerging tourism businesses to ensure their participation in the tourism economy cannot be overemphasized. This would require the implementation of a plan to simplify the regulatory requirements for tourism businesses within all spheres of government.

TABLE 5: FACILITATE EASE OF ACCESS

OBJECTIVE	ACTIONS	PARTNERS	KEY DELIVERABLE
Facilitate increased travel through the application of a tourist friendly visa regime and automated passenger movement and monitoring systems	Monitor and highlight any visa processing related challenges within priority markets for timeous response.	SA Tourism country offices, and key industry (through SATSA) information sources	• Monitoring and reporting process agreed upon and put in place; • Quarterly reports provided to NDT; and • Tourism representation on Immigration Advisory Board (IAB).
	Design, implement, monitor and maintain an Accredited Travel Company Programme.	NDT with SA Tourism and industry inputs, with DHA	• Customised ATCPs implemented in all priority tourism source markets as defined by SA Tourism strategy.
	Participate in the Immigration Advisory Board.	NDT, TBCSA and other tourism related members of the IAB	• Develop clear positions in consultation with industry for presentation to the IAB as appropriate.
Improve airlift access, particularly for priority markets	Monitor air service agreements, routes, carriers, air seats and load capacity, airfare pricing and input pricing from priority source markets and the major air carriers connecting priority markets to South Africa.	SA Tourism, NDT and AASA, leveraging the work of the data and insights of the DoT's Airlift Strategy Committee	• A quarterly updated report on routes, carriers, capacities and prices flagging key areas of focus and intervention to be made available to industry and all stakeholders.
	Ensure tourism requirements are specifically included in the	NDT with DoT	• Quarterly reports from the NDT regarding decisions taken and progress made

	implementation of the revised Air Transport Strategy through allocation of a senior NDT official to the Strategic Planning Committee.		within the Airlift Strategy Committee.
	Provide clear tourism airlift proposals and positions for inputs into Bilateral Air Services Agreements, and tourism related inputs to ACSA.	NDT with the Department of Transport Strategic Planning Committee, ACSA and AASA, as required	• Clear tourism airlift position papers and proposals to NDT, and other relevant parties.
Improve airlift access, particularly for domestic tourism markets	Develop and implement a plan aimed at encouraging domestic air travel to increase connectivity, frequency and affordability.	NDT, SA Tourism, Provinces, Business Chambers, DoT and private sector(AASA/domestic airlines)	Domestic air travel plan developed. Annual Report on the implementation of the plan.
Create a conducive and legislative and regulatory environment for tourism development and promotion	Conduct periodic review of policies with an impact on tourism in consultation with stakeholders to establish gaps and international best practices.	NDT and other relevant Departments	Tourism needs identified and incorporated in all relevant policy prescripts.
Facilitate ease of doing business to ensure growth of the tourism economy	Investigate how and where the regulatory environment for tourism businesses could be simplified, and develop a programme to work with the relevant authorities at all levels, with particular focus on relieving the regulatory burden on Small, Medium and Macro Enterprises (SMMEs).	NDT, provincial and local government private sector and relevant Departments	• Report on barriers for doing business and with key interventions • Implementation of recommendations and suggestions for alleviating the regulatory burden on tourism businesses

9.3 Pillar Three - The Visitor Experience

This pillar includes enhancements to both tangible and intangible elements of the visitor experience. Areas which involve tourist specific infrastructure to be developed, maintained, and enhanced, include:

(a) World Heritage sites, which offer significant opportunities for innovation and improvement of the tourist experience.
(b) General destination enhancements at important tourist sites which must be supported through employment creating schemes that provide safety, information, cleanliness, attractiveness and tourist infrastructure.

(c) New tourism experiences, which should be based on the various interests and preferences of target markets and segments. In particular, the emerging travel segments in the domestic market present an opportunity for appropriate product development.

General infrastructure supply considerations of particular importance to tourists and tourism businesses include:

(a) Enhancing the capacity of telecommunications (particularly Wi-Fi access and speed).
(b) Ensuring appropriate tourism signage.
(c) Providing effective and intermodal ground transportation services – both private and public – and the regulations that govern these (including licensing) to support independent tourist movement including to more out of the way destinations.
(d) Augmenting tourism safety and security through building on the success of tourism safety programmes.

Included in this pillar, as it has critical bearing on the visitor experience, is the development of excellent tourism skills and service levels with a special emphasis on soft skills. This involves:

(a) Establishing the correct skills in all parts of the value chain to deliver the best possible experience. Service excellence can only be realised through addressing skills gaps and addressing areas with scarce skills, as well as through broader interventions relating to the establishment of a conducive environment for new entrants, opportunities for career advancement and professionalisation of certain occupations.

(b) Appropriate and accessible education and training offerings. A comprehensive Tourism Human Resource Development (THRD) audit has being conducted, and has informed the development of a strategic framework for tourism human resource development for a 10 year period (2017-2027). The finalisation and implementation of this Strategic Framework will lay the foundation for advancing the industry through an appropriately skilled workforce. The THRD Strategy should seek to address underlying skills supply and skills demand challenges as they relate to the overall skills system as a critical component of the tourism industry. This will require the coordination and facilitation of the roles and functions of stakeholders who must and do contribute to skills development in the industry, including accredited training providers (both public and private), industry and government stakeholders. This will require that the relevant Sector Education and Training Authority, is well versed in the particular characteristics and peculiarities of an industry that is responsive to the specific needs of a diverse employer base which includes a large number of SMMEs. Developing viable enterprises in the tourism industry through leveraging the support of dedicated institutions focused on promoting local economic development of entrepreneurs.

Negative perceptions of the attractiveness of tourism as a career relates to a number of factors including:

(a) Lack of a decent work environment: Poor employment conditions in the industry in terms of wage levels and working conditions are impacting on staff retention, motivation and recruitment of learners into these sectors. These play a key role in preventing the industry from being seen as an employer of choice amongst young people.
(b) Lack of appreciation of industry employers of the need for a skilled workforce, particularly with respect to elementary level occupations this appears to be more prevalent in the smaller tourism establishments;
(c) Low skills levels among the vast majority of tourism workers.
(d) Lack of or limited career mobility more especially in some sectors of tourism such as hospitality or in some elementary occupations across all sectors;
(e) The poor quality of trained tourism officials,

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(f) A lack of understanding of the nature of work in the tourism industry; and a related problem of the mismatch between learner aspirations and the perverse incentivisation of learners to enter into tourism training at both school and post school level. The key problem here is that tourism is perceived as an "easy path" to achieving a matric qualification and for access to further education and training in TVETs.

These can be addressed, and basic skills improved, by reviewing the quality of training provided at both school and post school levels, the enhancement of educators' skills in the industry, the provision of quality career guidance for learners at school and post school level, the integration of workplace oriented learning for students and a review of training curricula which is responsive to the rapidly changing environment in the industry.

TABLE 6: THE VISITOR EXPERIENCE

OBJECTIVE	ACTIONS	PARTNERS	KEY DELIVERABLE
Improve major sites: Upgrade experiences at World Heritage Sites (WHS)	Work with WHS to improve the visitor experience through infrastructure provision, training and systems development.	NDT with WHS and their custodian departments in collaboration with local tourism industry, where appropriate.	• Continued implementation of the existing program. Visitor perceptions to be tested after implementation.
Enhance local destination sites through cleanliness, safety and security, aesthetics, and information improvements	Implement a public employment programme for tourism that has a number of focus areas, starting with Blue Flag beaches and a focus on marine and coastal tourism. Ensure alignment of the Expanded Public Works Programme (EPWP) Goals with local economic needs to ensure sustainability of employment.	NDT with programme implementers and site partners	• Operationalisation and expansion of the Blue Flag Beach programme. • Commence implementation of additional focus areas of "Working for Tourism', including hiking trails and urban precincts.
Provide tourism experiences and facilities that cater to domestic market segments	Test the viability of government partnering with industry to undertake the effective management and marketing of underutilised state owned tourist facilities such as resorts, campsites, etc.	NDT with local and provincial government in partnership with industry, particularly experienced black entrepreneurs.	• A number of clear test cases actioned that demonstrate whether potential exists to transform state owned facilities into viable offerings for the domestic market. • Selection of cases with motivation to roll-out.
	Identify State owned assets suitable for lower LSM holiday travel and, develop and implement a turnaround strategy.	NDT, provincial and local government, with private sector	• Implement partnered turnaround strategy. • Quarterly progress reports made available to the NDT and all partners.

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Increase bandwidth to support the activities of tourists and tourism businesses alike	Determine and communicate the tourism industry's Wi-Fi needs by region, and motivate that this be prioritised within national plans.	NDT with the relevant State authorities and agencies, as well as provincial and metro authorities	• Document broadband needs. • Table proposals with the Department of Communications.
Enhance tourist safety and ensure effective responses to incidents of crimes against tourists	Review and revitalise tourism safety programmes including the Tourism Safety Initiative and expand as required.	NDT, provinces, municipalities, SAPS and industry	• Review tourism safety programmes. • Roll out plan communicated and implemented with all stakeholders. • Quarterly progress reports.
	Facilitate the development of a cadre of safety officers in the tourism sector who are able to address safety issues across varying contexts including crime protection and safety (this would be managed through the THRD Strategy).	NDT, provinces, municipalities, SAPS and industry	• Tourism Safety Officers programme developed and implemented nationwide.
Facilitate tourist travel through improved private and public transport for tourists	Identify actions to support tourist travel and industry performance (Set up a Tourism and Transport Forum). Engage directly with the National Master Action Plan for Transportation Committee, to ensure tourism needs are included in plan.	NDT with SAVRALA, AASA (with regards to domestic air carriers), coach companies, Southern African Bus Operators Association (SABOA), private rail operators	• Status quo report that highlights critical areas to be addressed with short, medium and long term action plans. To be updated quarterly as an input into the National Master Action Plan for Transportation Committee. Quarterly Tourism and Transport Forum reports.
Improve tourism skills and service excellence	Ratify and implement a multi-stakeholder response to the implementation of the recommendations of the Tourism Human Resource Development (THRD) framework.	NDT, CATHSSETA, Industry through TBCSA and FET colleges	• Quarterly and annual reports on the implementation of the revised THRD Strategy.
	Investigate the potential for the professionalisation of specific tourism occupations	CATHSSETA, HSRC, other academic, NDT, industry and FET colleges	• Report on potential for professionalisation of selected tourism

	and trades. Specific occupations recommended include Chefs, Executive Managers, Professional Event Managers and Tour Operators.		occupations and impact thereof.
	Assess the usefulness and appropriateness of tourism as a high school subject arising from the Skills Review study and implement recommendations contained therein. Facilitate engagement with Department of Basic Education (DBE) on the findings of the Skills Audit in respect of Tourism training at high school level in order to respond to the key findings.	DBE with NDT, industry	• A memorandum of agreement is reached with the DBE on actions to be implemented to address challenges of tourism as a high school subject.

9.4 Pillar Four - Destination Management Practices

Destination management practices are those activities and relationships that help organise the tourism system. These practices typically include planning; the development of standards, guidelines, and regulations; research; the definition of roles and responsibilities; and the development of structures and processes that organise information flows and relationships between the various stakeholders in order to optimise the destination's performance. Effective and proactive destination management is critical for competitiveness.

9.4.1 Roles, responsibilities and capabilities of provincial and local government in tourism

One of the strategic objectives of this pillar involves developing a clearer articulation of the roles and responsibilities of the different spheres of government in tourism. These must be clearly established as tourism is a concurrent function. Definition of roles and responsibilities should also note that 'one size does not fit all' and should allow for the appropriate calibration of these to the particular circumstances of an administrative region, including its size, scope and resources, as well as tourism potential and existing development.

Guidelines around appropriate enterprise support activities, as well as marketing activities and marketing focus are specific areas in which roles and responsibilities must be clarified. Linked to this must be the development of the capabilities and competencies to support these clearer roles and responsibilities.

9.4.2 Research, analytics and statistics

Developing excellent skills and tools within all spheres of government and relevant agencies is also important for destination management. One particular area relates to the research, data, analytics and market intelligence required to guide planning, decision making and performance monitoring and evaluation. Of particular importance is the development of a national tourism information system to provide critical tourism information for decision-makers. While there have been certain improvements in the data and information systems in tourism, including the development of a Tourism Satellite Account, improvements in the speed with which StatsSA has released its monthly tourist arrivals, and the introduction of a Tourism Business Index by Tourism Business Council of South Africa (TBCSA), much more is required in this important area.

One priority relates to the development of a predictive model for the economic impacts of tourism, and forecasting of tourism performance. Another area relates to developing a fuller picture of the size, nature and characteristics of the tourism sector, particularly the extent and variety of offerings and businesses.

9.4.3 Inter-departmental support for tourism

Destination success requires government collaboration across functional boundaries. In order to build inter-departmental support for tourism, a well-documented case for tourism will be developed and communicated. This will highlight tourism's importance in the context of an economic recovery strategy for the country and will indicate the important roles that many line departments play in supporting the overall destination.

9.4.4 Standards, guidelines and quality assurance

Standards and guidelines establish required levels of performance. They also manage specific operational risks and establish best practices. Responsible tourism is already supported by a standard, as is shark cage diving, an area with particular risks to tourists. Responsible tourism is an important consideration for the destination as there is a broad expectation by many tourists that businesses value their staff, communities and the natural resources in their environment. In terms of the environmental element of responsible tourism, resource-efficiency has the added benefit of cost saving for businesses. The reduced operational costs, combined with the growing market trend for tourists to consider responsible tourism practices in their choice of destination and selection of products/ experiences within destinations, provide a business case for industry to improve its triple bottom line practices.

Grading involves adherence to certain quality assurance standards in line with a star grading allocation. The Tourism Grading Council of South Africa (TGCSA) is currently undergoing a policy review to guide its future orientation. This will lead to the implementation of a more effective business model and better tourist and industry utilisation.

Tourism facilities will also be improved by the introduction of a program to incentivise investments in making such facilities more accessible to people with disabilities, starting with the most visited attractions.

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TABLE 7: DESTINATION MANAGEMENT PRACTICES

OBJECTIVE	ACTIONS	PARTNERS	KEY DELIVERABLE
Improve the focus and delivery of tourism marketing and development support provided by provinces and local government.	Develop clear proposals and guidelines, to be formally adopted, on best practice roles and responsibilities in tourism marketing and development across the spheres of government.	NDT, with Provinces, Metros and other local government and relevant marketing agencies.	• Best practice proposals and guidelines tabled at various fora between national, provincial and local spheres and adopted. • Communication and supporting documentation.
	Build capacity of provinces and local government in specific areas within confirmed definition of roles and responsibilities linked to priorities in the NTSS. Assess the current capacity as well as the required competencies to fulfil these roles as a necessary precursor to the design of a capacity development programme. This will be disaggregated for different tiers of government officials.	NDT with subject area experts, service providers, with local and provincial government.	• Capacity building programme rolled-out.
Improve the quality of decision making, planning evaluation and monitoring in tourism	Starting at the national level, develop and implement a tourism performance dashboard based on current sources of data. At the same time, develop a competent predictive model, and explore inclusion of the visitor economy concept, which can forecast macroeconomic tourism performance.	NDT, SA Tourism, Industry, StatsSA,	• A working group established • Dashboard in place.
	Determine international best practice for national tourism information systems based on brief of stakeholder information needs and scope for implementation. Implement proposals.		• Working group to develop a set of proposals on data and information sources, uses, applicability and technology platforms, based on best practice.
Improve understanding of and enhance support for tourism across	Develop and communicate the socio-economic case for tourism as an effective briefing tool for senior officials and Ministers.	NDT with Industry, SA Tourism to communicate to Cabinet, Clusters and	• A compelling case for tourism that clearly articulates roles for other

national government departments		key departments particularly National Treasury	departments and spheres and coordination. • The case will include an outline of critical funding needs for tourism and expected positive socio economic impacts.
Introduce best practice approaches and risk management tools to enhance industry's performance	Finalise the policy review of the Tourism Grading Council of South Africa (TGCSA) and introduce a new business model.	TGSCA with SAT, NDT, Industry	• New model implemented.
	Monitor industry and consumer satisfaction to inform enhancements to the grading system.	TGCSA	• Annual performance reports and strategy updates.
	Identify areas in which additional, specific standards or guidelines are required through industry engagement and monitoring of global developments.	Industry through TBCSA, with NDT and SABS	• As necessary, research and introduce new standards (voluntary or compulsory) or guidelines.
	Provide information on technologies and resources for the expansion of resource-efficient infrastructure to support industry's implementation of responsible tourism.	NDT with Industry, National Cleaner Production Centre, the DTI, the Green Fund and other relevant entities focused on the green economy, renewable energy and waste management	• Information to industry on the facilities to support the implementation of resource efficient technologies and infrastructure in new builds and retrofitting.
	Expand universal access starting with major attractions.	NDT, TGCSA and Industry	• Finalise and implement a Universal Access (UA) programme at major attractions. • Needs assessment report on major sites complied through UA audits at key sites nationally.
	Develop a supply side database which tracks industry trends and characteristics for planning and policy purposes.	NDT with TBCSA	• Supply side database that is updated on an on-going basis.

9.5 Pillar Five - Broad Based Benefits

The development and growth of the tourism industry should take place at grassroots level and not exclude poor communities. This could be unlocked by the sector working together and looking at priorities that presents good growth opportunities that will ensure inclusive participation of more Black people – especially women, and young entrepreneurs.

This pillar therefore focuses on transformation, rural tourism development, enterprise development and investment – none of which is mutually exclusive. Improvements are required in all of these areas to strengthen the realisation of broad based benefits from tourism.

Transformation of the industry must be stepped up in a way that supports growth through the expansion of players linked to the realisation of opportunities for new market development. Transformation targets are grounded in the Amended Tourism BB-BEE Sector Code, in particular, the implementation of the five elements namely:

(a) ownership,
(b) management control,
(c) skills development,
(d) enterprise and supplier development, as well as
(e) socio-economic development.

Transformation is critical for social stability, the reduction of inequality and poverty, and for inclusive growth. It underpins our potential tourism competitiveness, as it relates to the responsibility of the destination in the distribution of economic benefits, and is intrinsic to how tourists will experience the depth of the South African destination offering (and its authenticity). For all of these reasons it is critical that significant progress is made in the inclusion of black South Africans in the tourism economy, at all viable points along the value chain. Work is required on the overall goals and targets as outlined in the Amended Code, with specific actions implemented at each destination site and along each major supply chain into larger tourism enterprises.

Growth of the sector through enhancing more social inclusion through transformation, will ultimately help address the challenges of unemployment, poverty and inequality.

9.5.1 Enterprise Development and Finance

Effective enterprise support will allow for a diversity of experiences as well as the development of black tourism related businesses. In this regard, a full review of lessons learned from the Tourism Enterprise Partnership (TEP) and other enterprise programmes focused on tourism, as well as access to finance for SMMEs is required. Good research into best practice on clusters, value chains, procurement and market access considerations is also required. An assessment of the role and contribution of other national, provincial and local government as well as relevant entities in respect of enterprise development is essential. This should lead to the design of an enterprise development programme that can support a set of diverse, viable, and sustainable enterprises both in tourism and within the broader tourism economy. Importantly, it could also leverage appropriate support for the sector in areas which are not the core mandate or competency of the NDT.

Linked to the objectives of transformation and expansion of the tourism economy through enterprise development is the issue of access to finance for development. Access to finance in tourism is difficult for small and medium enterprises. This is true for investment finance, working capital and finance for acquisitions. Many factors limit access to finance – a perceived lack of viable and feasible business plans, limited experience in tourism, limited equity contributions, and a highly competitive industry, amongst others.

The review of lessons learned in enterprise development will also fully investigate the matter of finance for different size businesses, both existing and for new, as well as those providing tourism facilities and services, and those supplying into the industry. While Development Finance Institutions (DFIs) and banks do provide some finance to tourism businesses, this is highly curtailed. Reasons for this need to be better understood and a range of mechanisms put in place to address this.

9.5.2 Rural tourism development, and benefits to host communities

Enhancing rural areas for sustainable and inclusive tourism development also ties into the broader area of enterprise development and support, and business and investment growth. In an effort to meaningfully increase local benefits, particularly within host communities living in areas where tourism potential exists, effective business and enterprise development is required. Developing rural areas for tourism needs a clear approach and understanding of the barriers that have restricted this to date. This should include considerations such as challenges with integrated planning, infrastructure provision, access to land, leases, and community partnership models.

There is now significant experience of both successful and less successful investments involving community partnerships in rural tourism businesses. The lessons learned and critical success factors need to be well documented and communicated. This could include the identification and provision of support to land reform projects with tourism potential as part of the strategy to promote rural and community based tourism. In this regard the Rural Tourism Strategy will be revisited and updated to provide strong direction on implementation of a rural tourism programme taking into consideration these, and other factors. It will also link explicitly to transformation and the need to provide diverse visitor experiences. Work will be done to enhance the capacity of officials mandated with tourism development at local and provincial levels.

TABLE 8: BROAD BASED BENEFITS

OBJECTIVE	ACTIONS	PARTNERS	KEY DELIVERABLE
Achieve Broad Based Black Economic Empowerment (B-BBEE) targets	Develop and implement a range of proposals for inclusive growth across the tourism value chain.	A working group with participation of key experts, including representation from the Tourism BEE Council, specifically including procurement managers of large and medium tourism firms	• Set of practical proposals to advance strategic and growth focused transformation of the tourism industry recommended to the Minister. • Bi-Annual Progress report on Industry Achievements. • Implementation of proposals.

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Support sustainable Enterprise development	Review lessons learned from Tourism Enterprise Partnership (TEP) and other enterprise development initiatives and develop a set of proposals on financing and investment.	NDT in conjunction enterprise development players and providers of finance	• A lessons learned report with proposals on future enterprise development programmes.
	Design and implement an improved tourism enterprise development programme including for suppliers into tourism businesses. Undertake an assessment of the role and contribution of other state institutions whose core mandate is to promote SMME development.	NDT with partners (to be established)	• A clear and refined focused model for tourism enterprise development and support implemented.
Expand benefits of tourism to rural areas	Review the Rural Tourism Development Strategy and benchmark this against other such strategies. Link this to the transformation and community beneficiation agenda with a particular focus on the factors necessary to create a conducive environment for rural tourism development. Implement and monitor implementation.	NDT with key stakeholders, including South African National Parks and industry, DRDLR, DEA and DAC and provinces. Also to include industry representatives that are experienced in operating concessions with communities	• Revised Rural Tourism Development Strategy with a set of focused, actionable plans on rural tourism development with priorities (and areas with high potential) and customised plans. • Quarterly/annual implementation progress reports.
	Develop strategies of enabling rural stakeholders to access capacity development, training and mentoring opportunities. Review the supply of skills training for rural stakeholders.		• Quarterly and annual reports on the implementation of the revised THRD Strategy.

10. CRITICAL PROCESS AND SUPPORT ISSUES

(a) In order to optimise tourism growth, changes are required in the processes of engagement and action, and in the redefinition of roles. There is a need for major improvements in the effective working relationships in tourism in three specific areas:

(b) Relationship One - Public and Private sector, centred on planning for marketing, branding, skills development and transformation programmes. There needs to be practical and effective consultation and measurement with agreed deliverables in this relationship. The relationship needs to be more transparent and effective than it is currently perceived to be.

(c) Relationship Two - Between national departments, focused on barrier removal and enhanced alignment. Inter-Ministerial collaboration is essential on issues which impact significantly on the five pillars identified and particularly with regard to immigration and airlift considerations. Departments which have a role to play in supporting tourism are, inter alia, the Departments of Telecommunications, Home Affairs, Transport, Trade and Industry, International Relations and Cooperation, Environmental Affairs, Arts and Culture, Basic Education, Public Works, Sports and Recreation and the South African Police Services.

(d) Relationship Three – Between Tourism Agencies focused on goals and targets for destination marketing implemented by National, Provincial and local agencies. This is needed to ensure full support for the priorities in this NTSS, and, in particular, for the effective and efficient use of state funds and budgets for tourism marketing to both international and domestic tourists.

11. INSTITUTIONAL ARRANGEMENTS

The successful implementation of the NTSS to realise the inclusive and quality growth of the South African tourism economy is dependent on the commitment of all stakeholders to adopt an integrated approach in implementing the identified strategic priorities and actions. This requires sound and effective governance structures and processes that manage and support tourism. Engagement of the private sector and other stakeholders, alongside government, at a national, provincial and local level is crucial.

The institutional structures to manage and support tourism, are set out as follows:

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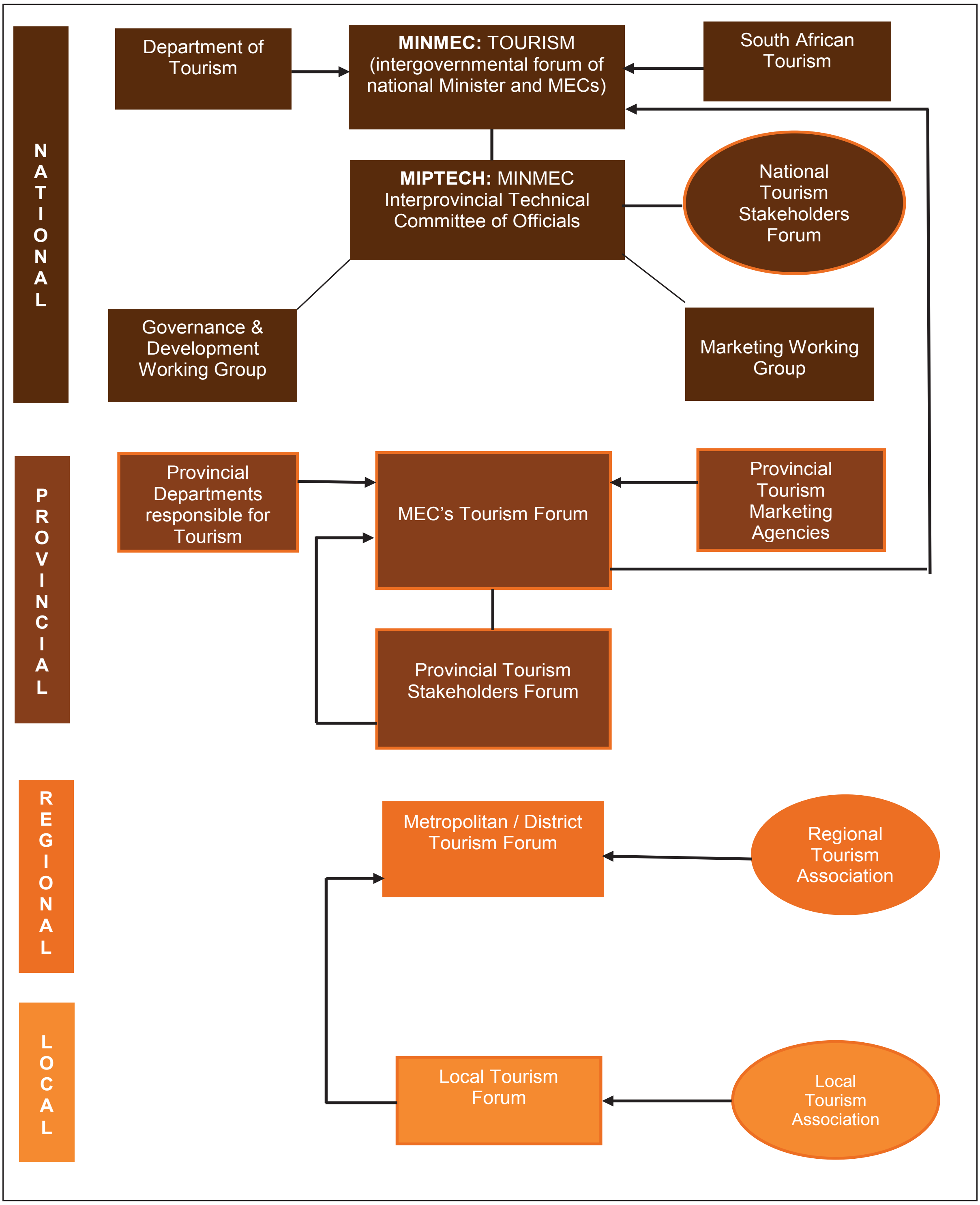
FIGURE 17: South African Tourism Institutional Structure



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The above tourism institutional arrangements outline the structure as it pertains to the coordination of tourism activities between the public and private sector to achieve alignment in pursuit of implementation of the NTSS. The recommended structure represents a standard approach to tourism coordination within the three spheres of government. However, the structure may be adjusted and relevant substructures introduced taking into consideration the different circumstances of a particular destination / locality to enhance maximum implementation of tourism programmes, ensure functionality monitoring and reporting.

The National Department of Tourism will the lead in the effective coordination of the national layer of the institutional arrangements, whilst provinces must ensure the same at provincial level and provide support for the establishment of district/metropolitan and local structures.

11.1 Arrangements at National Level

The key structures at the national level are:

NDT	The Department is responsible for national tourism policy, regulation and development.
SAT	SAT is responsible for international and domestic marketing of South Africa as a tourism destination, quality assurance and providing strategic leadership on convention bureaus
MINMEC	The intergovernmental tourism forum of the National Minister of Tourism and the provincial MECs for Tourism that discusses and agrees on national tourism policy matters
MIPTECH	The interprovincial technical committee on tourism is an intergovernmental forum of national government tourism officials, heads of provincial tourism departments, SALGA, and CEOs of tourism authorities, which coordinate provincial and national tourism affairs in preparation for and support of the MINMEC.
Tourism Working Groups	Intergovernmental structure which deals with governance, planning, development and marketing issues to ensure alignment, coordination and collaboration. Governance, planning and marketing issues coordinated by NDT, whilst marketing issues are coordinated by SA Tourism. The working groups considers and recommends relevant matters to MIPTECH.
National Tourism Stakeholders Forum	A tourism multi-stakeholder forum coordinated by NDT and attended by representatives from the private and public sectors representatives to deliberate on strategic and topical issues including the implementation of the NTSS

11.2 Arrangements at Provincial Level

Effective tourism-coordinating mechanisms should be established at the provincial and local government spheres in order to ensure synergised efforts and optimal resource allocation and usage. The various tourism spheres should complement one another, culminating in a strong and effective provincial tourism development effort aligned to national priorities.

The following are the recommended structures at provincial level:

Provincial Departments responsible for Tourism	Provincial Government Department mandated by the relevant legislation for tourism development
Provincial Tourism Marketing Authorities	Provincial tourism authorities should align their international tourism marketing efforts with those of SAT to ensure synergy.
MEC Tourism Forum	Tourism Committee of Provincial MEC and District/Metropolitan Council Chairs and CEOs of provincial tourism marketing authorities, CEOs of other relevant entities and SALGA to discuss and agree on cooperative tourism programmes and strategies. The MEC should be informed about provincial tourism priorities, interests and challenges which require national attention for consideration and discussion by MINMEC.
Provincial Tourism Stakeholders Forum	A provincial multi-stakeholder forum coordinated and attended by representatives from the private and public sectors to deliberate on cross-cutting issues pertaining to planning, development and marketing. The Forum considers and recommends relevant matters to the MEC Tourism Forum.

11.3 Arrangements at Regional and Local Level

The regional tourism function should be mainly a developmental one, and should focus on the following two structures:

District/Metropolitan and Local Tourism Forum	A District multi-stakeholder forum chaired by the Executive Mayor or the Chairperson of the Tourism Portfolio and attended by Local Mayors or Chairpersons of the Tourism Portfolio and supported by officials. Participation should also include the Executive Committee of the Regional Tourism Association to represent private sector interests, and other relevant regional entities, including representatives of provincial tourism department as well as the provincial marketing authority. The Forum shall deliberate and determine tourism priorities to support tourism growth and development in the region, facilitate cooperation and alignment with provincial tourism development priorities; and confer relevant issues for consideration by the MEC Forum. The above arrangement can be replicated at a local level.
Regional and Local Tourism Associations	A regional tourism association constituted by tourism business operators to organise and represent the interests of the private sector speaking in one voice

12. MONITORING, EVALUATION AND REPORTING

The Department will lead, support activities, monitor and evaluate the implementation of the NTSS through the National Tourism Stakeholders Forum (NTSF), which will also serve as the NTSS implementation mechanism.

The NTSF is a multi-stakeholder engagement Forum constituted by relevant sector Departments, provinces, local government as well as private representatives.

13. CONCLUSION

The overall destination appeal for South Africa is strong. As the WEF competitive tourism index showed, South Africa is blessed with unbeatable cultural, and natural iconic attractions, and these will remain the mainstay of our destination offering for some time to come. Developing and marketing these assets appropriately, and ensuring they are delivered by a diverse set of businesses providing excellent service levels, will underpin the attractiveness and competitiveness of our destination into the future.

In implementing the actions identified in this NTSS, South Africa will be placed on a path of inclusive tourism growth, which will deliver significant economic development to the country. There are a number of factors, namely, the currency weakness, varied destination assets, relative ‘safety’ in the face global terrorist threats, the relatively diverse markets already attracted and huge market potential that exists that bode well for tourism’s prospects. This potential must be realised through concerted and joint efforts. The revised NTSS represents a shared action plan for success.