

## FINAL VERSION

28 JULY 2017

### TOURISM BUSINESS COUNCIL OF SOUTH AFRICA (TBCSA) COMMENTS ON THE FINAL DRAFT NATIONAL TOURISM SECTOR STRATEGY (NTSS)

#### 1. INTRODUCTION

The Tourism Business Council of South Africa (TBCSA) is the umbrella organization which represents the unified voice of business for the Travel and Tourism (T&T) private sector.

We are a non-profit, private organization working to unite and influence the diverse Travel and Tourism private sector behind one core mission to contribute to a competitive, responsible and inclusive Travel and Tourism (and South African) economy. Our mandate is to serve the needs to our members who broadly constitutes 20% of the sector's leading business enterprises and whose output represents 80% of the sector's overall economic contribution.

This includes 14 sector-specific affiliated associations, namely the Association of Southern African Travel Agents (ASATA), the Association of Africa Exhibition Organisers (AAXO), the Airline Association of Southern Africa (AASA), the Afrikaansehandels Instituut (AHI), the Board of Airline Representatives of South Africa (BARSА), the Exhibition and Event Association of Southern Africa (EXSA), the Federated Hospitality Association of Southern Africa (FEDHASA), the National Accommodation Association of South Africa (NAA-SA), the Professional Hunters Association of South Africa (PHASA), the Southern Africa Tourism Services Association (SATSA), the South African Youth Travel Confederation (SAYTC), the South African Bus Operators Association (SABOA), the Southern African Association for the Travel Industry (SAACI), and the Southern African Vehicle Rental and Leasing Association (SAVRALA).

Ours is a vibrant and growing sector, whose most recent economic impact (2016) according to the World Travel and Tourism Council (WTTC) stands at:

- **R 127.9 bn in direct GDP contribution or 3.0% of total GDP in 2016.** This is forecast to rise by 2.7% in 2017, and to rise by 4.5% pa from 2017-2027, to R204.4bn or 3.8% of total GDP in 2027;
- **R 402.2bn in total GDP contribution or 9.3% of GDP in 2016.** This is forecast to rise by 2.5%, and to rise by 4.2%pa to R624.2bn or 11.5% of GDP in 2027;
- **1 533 000 total jobs or 9.8% of total employment in 2016.** This includes jobs indirectly supported by the industry. This is expected to rise by 6.7% in 2017 to 1 636 500 jobs and to rise by 4.2% pa to 2 459 000 jobs in 2027 (3.2% of total);
- **R 128.3bn in visitor exports generated or 9.9% of total exports in 2016.** This is forecast to grow by 4.4% pa in 2017, and grow by 7.3% pa from 2017 -2027, to R271.3bn in 2027;

- **R 68.9bn or 8.1% of total investment generated in 2016.** This is expected to rise by 0.6% in 2027, and rise by 4.0% pa over the next ten years to R102.5bn in 2027 (or 9.6% of total).

## 2. BACKGROUND

The first National Tourism Sector Strategy (NTSS) 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 economy to play an enhanced role in the growth of the overall economy. The process has culminated into a second iteration of the NTSS. The National Department of Tourism (NDT) has thus published the final draft of the 2017 NTSS for public comment.

In response, the TBCSA has heeded the call of the Department. We commend NDT for having embarked on the process of reviewing the NTSS in the interest of stimulating economic growth and development in the sector. We further commend NDT for the initiative of involving the Travel and Tourism private sector in the NTSS Review process, and henceforth appreciate the opportunity to provide formal inputs.

This document serves to provide broad, high-level inputs into the Draft NTSS 2017. We note that several private sector organisations, a few of whom are our members, may send individual submissions to the Department. We advise the NDT to view all these submissions as part of the overall private sector input into the Draft NTSS.

## 3. A BUSINESS PERSPECTIVE ON THE DRAFT NTSS 2017

Our input into the draft NTSS 2017 is premised on the view that the primary objective of the NTSS is to provide an industry blueprint on activities to be undertaken over the next ten years, as well as measures to be put in place to track the growth of Travel and Tourism in South Africa.

### 3.1 Key Considerations

In this respect, we believe there are four overriding themes which should influence the finalization of the Draft NTSS 2017 and its implementation. The first theme relates to the **impact of technology** not only in terms of usage and communication but more and more in relation to product innovation, business customer needs, skills development and policy regulation. In the era of the digital age and 'disruptive forces' how will technology shape the T&T in South Africa and how responsive is the NTSS to this factor?

Secondly, **environmental factors** with respect of issues of climate change continue to have a massive influence in the way consumers live and how business is conducted. The key question to ask as we review the Draft NTSS 2017 is to what extent is this Strategy responsive to issues of environmental sustainability, both from a business and consumer perspective?

The third factor to consider is the **changing global socio-economic order** and its impact on the South African and regional Africa economy. The emergence of new source markets and geopolitical developments means the NTSS 2017 should consider the ramifications of these changes for effective and successful implementation. Furthermore, in the current recessionary environment in South Africa, the NTSS needs to take cognisance of the country's economic performance over the next ten years and adopt relevant strategies with this in mind, especially given the positive role that tourism can play in reviving the economy.

Fourth is the issue of destination **risk management** – particularly reputational risk, as well as tourism safety and security risks in the current turbulent and insecure global environment.

### 3.2 Key Principles to embrace

Based on our reflection of the past ten years and also reflecting on our input into the Draft NTSS 2015, we highlighted key principles which we believe provide a foundation of a growing and developing T&T sector. Some of these principles were highlighted in the past but remain relevant. Some are already discussed in the Draft NTSS 2017.

- The need to build a case for Travel and Tourism (so that T&T is formally recognized as an economic sector)
- The need to ensure tourism horizontal and vertical alignment in terms of strategy, planning and implementation across all government departments and structures – at national, provincial and local level
- The need to ensure that the tourism is mainstreamed in both government and in corporate business. This to be facilitated through institutional arrangements that will oversee both planning and implementation.
- The need to strengthen relations between the private and public sectors. Furthermore, there is an important need to strengthen ties between government, business and labour organisations within the industry.
- In light of the current state of the economy and the fact that T&T is a key export sector there is a need for the NTSS to cover the monetary aspects such as the role that the Reserve bank plays in the development and growth of the sector. There is not enough emphasis placed on the export value of the tourism sector, and this needs to find its way into the pillars.
- Inculcating the culture of holiday and leisure travel domestically
- Ensuring inclusive growth and beneficiation. Understanding that T&T must embrace all communities, especially the rural communities who live and own key assets that support T&T in our country i.e. natural resources.
- The NTSS needs to consider the issue of regional Africa integration, in particular, South Africa's partnership with its counterparts across the region (facilitating inter-Southern Africa travel plus Pan Africa Indaba positioning, to name a few).

For fast track growth in the sector, we believe the Draft NTSS 2017 should pronounce on how best the country's economy can leverage the multiplier effect of Travel and Tourism and implement cross-cutting measures to achieve this goal over the next ten years.

4. **NTSS REVIEW AND COMMENTS:** A more detailed review of key areas highlighted in the Draft NTSS 2017 is as follows:

	ITEM	TBCSA SPECIFIC COMMENTS
1.	<b>Policy Environment</b>	<ul style="list-style-type: none"> <li>- Analysis of the policy environment, make reference to various policy documents wherein the importance of T&amp;T is recognized. However, it does not include an analysis of how the current policy framework has had an impact on the growth of T&amp;T or the implementation of NTSS thus far. We view this as an important aspect to incorporate into the NTSS going forward, particularly the unintended consequences of well-intentioned interventions introduced by government which have had a negative impact on T&amp;T</li> <li>- The Draft NTSS 2017 refers to the National Development Plan (NDP) as a context. Whilst we agree that the NDP is an important reference point, it must be noted that the document is far too understated with regards to the importance of tourism as a competitive sector and major economic driver. Thus, the NTSS needs to ensure that it expands more on these two areas</li> </ul>
2.	<b>Environmental Overview</b>	<ul style="list-style-type: none"> <li>- We propose that that the environmental overview incorporate the following aspects:               <ul style="list-style-type: none"> <li>o The negative effects of the recession and ratings downgrade on domestic tourism and investment into tourism products in the medium to long term</li> <li>o Issues of uncertainty; as well as the effects of low investor and business confidence</li> <li>o The perceptual and actual issues of tourist personal safety and security – one of the biggest obstacles to inbound tourism</li> <li>o The need to develop a holiday leisure travel culture and the universal understanding of the importance of creating a welcoming environment – not only being visitor-friendly but also citizen-friendly</li> <li>o Legislative impediments such as the failure to introduce a regional (Southern Africa) UNIVISA to ease the movement of visitors and citizens</li> </ul> </li> <li>- We propose the inclusion of a competitiveness and situational (SWOT) analysis in the NTSS, or even a PESTEL Analysis. This will assist in developing strategies on exploiting opportunities that may have arisen in the environment and counteracting the threats.</li> <li>- It would be good if this section could separate factors that speak to domestic tourism from those relating to inbound tourism.</li> <li>- This section should also segment negative and positive impacts and cluster them under one heading so as to enable easier drafting of strategy.</li> </ul>

3.	<b>Vision, Mission, Values</b>	<ul style="list-style-type: none"> <li>- The revised vision has more emphasis on the country's own developmental priorities. It however needs to include a greater level of emphasis on being globally competitive.</li> <li>- We welcome the revised mission and its emphasis of collaboration but believe the Draft NTSS misses an opportunity to craft a vision around the principle of sustainable tourism development</li> <li>- Considering that values are important in so far as they inform behavior, we propose that the focus of the values should be through the eyes of the visitor.</li> <li>- The principles and values should be separated so that there is a clear difference between the two, for e.g. Upholding the values of the constitution – in it there are many values that would guide an organisation's work.</li> <li>- Therefore, we propose that the values be curtailed to at least four to gain traction, as there are some supposed values which should rather be seen as underlying beliefs</li> <li>- We further propose the inclusion of a value proposition for destination South Africa</li> <li>- The vision indicates the intention to better utilise the country's nature, culture and heritage to grow the tourism economy. Given that we already have competition from other countries within the continent on 'nature', should the vision not talk about establishing new niche markets?</li> </ul>
4.	<b>Measurements &amp; Targets</b>	<ul style="list-style-type: none"> <li>- Compared to the previous version, this NTSS 2017 is more in tune with various globally recognized research applications including those of the private sector i.e. the incorporation of data from WTTC. We have noted that the NTSS refers to performance up to 2015 whereas statistics for 2016 are available (as highlighted in page 1 of this document). To ensure that the most recent data is used, we recommend the incorporation of the latest statistics from WTTC.</li> <li>- Related to this, in the draft NTSS, item 5, from 5.1 to 5.4 inclusive, the draft NTSS makes reference to the differences between NTSS / SAT data and the WTTC data. There are discrepancies in all areas. From this document, due to significant differences and trends, one really does not get a good indication what the true picture is. We think the public would be confused. Is there a way that this can be clarified?</li> <li>- The indicators outlined in section 5 are limited. In order to facilitate growth of the industry and diversification, indicators such as geographic spread, length of stay and no. of tourists arriving in SA for different 'tourism types' would be helpful.</li> <li>- Table 1 on page 16 of the draft NTSS provides a 10-year period to move certain base line figures to targets. The targets in some cases indicate increases of between 42% to 150% to 212% over the 10-year period. For the 150% target upwards, this is targeting a 10 to 12% p.a. increase consistently over the 10-year period - an ambitious target given where the RSA economy is currently performing.</li> </ul>

		<ul style="list-style-type: none"> <li>- Furthermore, the Draft NTSS 2017 should pronounce on measurement targets in as far as the element of inclusive growth and transformation is concerned.</li> <li>- We further propose consideration of a different approach to analyzing the effectiveness of our marketing strategy – change from B2B and B2C – to a more customer-focused approach e.g. by purpose of visit: <ul style="list-style-type: none"> <li>o Have different categories of analysis for regional Africa tourist arrivals (land/air; length of stay; cross boarder for lifestyle needs (shopping, medical, event, VFF)</li> <li>o Have different categories of analysis for inbound tourist arrivals e.g. first-time vs repeat visitors; bus tours vs FIT, interest groups, VFRs</li> </ul> </li> <li>- We need to have mid-term targets that will go together with a mid-term review which I assume will be carried out. By so doing we would know whether we were ambitious in our target setting for 2026 or not.</li> <li>- It would be important if each pillar would have an outcome statement or goal, which enable the Department to measure the progress and results at Mid-the outcome at the end of the strategy’s term. This will assist in determining whether we are successful in achieving the vision of the strategy or not.</li> </ul>
<b>3 STRATEGIC PILLARS - ACTION PLANS</b>		
<b>3.1</b>	<b>Effective Marketing</b>	<u>International Marketing:</u> <ul style="list-style-type: none"> <li>- As mentioned above – the lack of a value proposition will be critical to ensure the effectiveness of this component of the NTSS</li> <li>- Mention of the need to building strong ties with stakeholders with Brand SA, GCIS, DIRCO to ensure improved brand management and effectiveness of marketing campaigns; as well as plans to lobby expatriates to communicate positively of SA can ensure greater level of impact and alignment in messaging</li> <li>- We propose this effort be extended to include leveraging opportunities, collaboration and partnerships with large South African corporations with a global footprint</li> <li>- There is no mention of the role of leveraging events and business tourism similar to the 2010 Soccer World Cup to boost inbound tourism</li> <li>- Bearing in mind the current recessionary environment and the broad impacts of a weak ‘Rand’ currency on the destination marketing budget, we further propose that the NTSS 2017 to pronounce on marketing funding strategies to ensure adequate and sustainable resource allocation for international marketing campaigns</li> <li>- The Strategy needs to pronounce on the repositioning of Tourism Indaba as a pan-African trade show and the overall approach to promoting destination SA going forward at other global Trade platforms</li> </ul>

		<ul style="list-style-type: none"> <li>- Page, 17 states that domestic tourism industry is the backbone of the tourism industry. Is this not our wish rather, given that it is currently not performing well when compared to Inbound tourism?</li> </ul> <p><u>Domestic Marketing:</u></p> <ul style="list-style-type: none"> <li>- We propose that the Strategy be clear on its focus on developing a culture of travel for <i>holiday leisure travel</i> to ensure effective measurement and monitoring</li> <li>- We further propose the broadening of the definition of domestic tourism to include day visitors as a this is most often the first step to becoming a tourist – it provides a trigger for Provincial and city tourism agencies</li> <li>- We also propose that the Strategy should pronounce on the need for innovative packaging particularly for the domestic market i.e. special focus on packaging day trips, similar to the growing special event in respect of township tourism etc.</li> </ul>
3.2	Facilitating Ease of Access	<p><u>Planning and Consultation</u></p> <ul style="list-style-type: none"> <li>- The overarching TBCSA view on this matter is that the NTSS 2017 should pronounce on the need to ensure that key structures are put in place to facilitate the ongoing stakeholder engagement on different issues. Whilst great strides have been made in this regard, continuous effort needs to be placed on this to ensure that the Travel and Tourism private sector is properly consulted prior to the implementation of projects and where relevant is part of the planning process from the start</li> </ul> <p><u>Transport</u></p> <ul style="list-style-type: none"> <li>- This pillar does cover issues of access such as the UNIVISA as highlighted by AASA. In addition, a view expressed by the association and shared by the broader private sector is that it is important that the South African airline business is developed into a fully sustainable industry with SAA able to compete effectively with all airlines, both South African based and International, operating to, from and within South Africa.</li> <li>- In this section, in respect of the airlift issue, whilst the initiatives are supported, and will require a great deal of work by other Government Departments E.g. Transport, in provision of information, we need to stress caution in areas where anti-competitive issues may be raised - e.g. pricing and fares. This is a hugely competitive industry and it would not be advisable to enter this area. For example in the Table 5 on page 22, in Key Deliverable under Improve Airlift access, it is stated “... 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”. This is potentially on the boundaries of anticompetitive behavior and whilst providing the status of operations may be acceptable (still to be checked), focus and intervention we believe could be problematic. We would suggest that this be clarified with DTI and with the Competition Commission.</li> </ul>

		<ul style="list-style-type: none"> <li>- The Strategy is light on the need for the adoption of an integrated Transport and Tourism infrastructure development plan. In addition, there is no mention of addressing other key barriers such as inter-city transport that is safe, clean, reliable and affordable. This is critical for both domestic and inbound tourists</li> <li>- The NTSS 2017 also needs to pronounce on the emergence of the shared economy and the policy implications on T&amp;T</li> <li>- The Strategy is also silent on role of the ‘traditional’ South African taxi industry in the T&amp;T sector and the regulation implications thereof, in the context of an integrated transport system.</li> <li>- This pillar should not just focus on Ease of access in terms of the ability to travel to and within South Africa but also market access for SMME. the focus on SMMEs should not just be on the regulatory environment but also have programmes in place that will enable them to access buyers.</li> </ul> <p><u>Red Tape</u></p> <ul style="list-style-type: none"> <li>- On matters of red tape, the NTSS 2017 should ensure that it facilitates the entry and growth of SMMEs in the sector, while at the same making it easy for established businesses to invest in existing infrastructure and new opportunities.</li> </ul>
<b>3.3</b>	<b>The Visitor Experience</b>	<ul style="list-style-type: none"> <li>- Our contribution to this aspect of the visitor experience is premised on the view that it is essential for government (across all departments) to understand that if we focus on making our cities and towns more livable for our citizens, then we will by definition also make them more ‘visitable’</li> <li>- In enhancing the visitor experience, the Strategy needs to take cognisance of the needs of the future traveler, in respect of where they will be coming from (shifts in source markets) and also in respect of key global trends that are shaping the future of T&amp;T such as: <ul style="list-style-type: none"> <li>o Advancements in the sphere of artificial intelligence and robotics; i.e. implications of advancements such as the use of drones or self-driving cars on the car rental sector</li> <li>o The growing interest in virtual and augmented reality</li> <li>o The impact of technology in as far as online communication is concerned from social media to advancements in video conferencing</li> </ul> </li> <li>- It is important to note that whilst access to reliable and free/affordable WI-FI is a key consideration, it is equally important to understand how tourists use internet access as this will impact travel packaging in the future. This point also has relevance with respect to plans to upgrade and develop tourism infrastructure, alongside environmental sustainability considerations</li> <li>- The strategy talks about ‘New tourism experiences that should be based on the various interests and preferences of target markets and segments’. We suggest that these markets be segmented in order to guide clear strategy actions and reach markets that have not been reached. Also, the strategy should seek</li> </ul>

		<p>to facilitate tourism activities rather than just sightseeing. Niche markets could also be developed especially in the context of the downgrade and recession.</p> <ul style="list-style-type: none"> <li>- Issues of Infrastructure Supply considerations belong to Pillar 2.</li> </ul>
<b>3.4</b>	<b>Destination Management Practices</b>	<p><u>A case to tourism</u></p> <ul style="list-style-type: none"> <li>- We welcome the Strategy’s emphasis on the need to develop and communicate a socio-economic case for tourism. This is critical to ensure that we create an enabling environment at a Government level – all tiers of Government</li> <li>- As we build a case for Tourism, we propose that this be used to motivate for the inclusion of tourism in key government programs such as the Black Industrialist programs amongst others</li> </ul> <p><u>Quality Assurance</u></p> <ul style="list-style-type: none"> <li>- We welcome Draft NTSS 2017 mention of a review of the current Tourism Grading Council of SA grading model – there needs to be a shift from being red-tape and rules to being enablers and reduce our emphasis on grading and develop a new model which will incorporate more consumer involvement through platforms such as social media</li> <li>- Should this pillar not just read as Destination Management? – to keep it at a high level? because there are structures, processes and planning, and those are obviously practices.</li> </ul>
<b>3.5</b>	<b>Broad-based Benefits</b>	<p><u>Support for sustainable enterprise development</u></p> <ul style="list-style-type: none"> <li>- Efforts to support sustainable enterprise development should include the use of meaningful incentives not only to foster market access but also to stimulate enterprise development and investment particularly in light of key technological and environmental considerations</li> <li>- We propose that the envisaged refined model for tourism enterprise development also include business-matchmaking and mentorship that foster a greater level of broad-based development and support for SMME growth</li> <li>- As part of the NTSS 2017 implementation, we propose that a study to be conducted to unpack the extent to which the sector is transformed and to identify what needs to be done to achieve inclusive growth in the sector in such a way that creates sustainable employment</li> <li>- Equally, the issue of beneficiation at rural level needs to be researched to better understand how local communities are deriving value from T&amp;T, how these value-generating activities can be further enhanced and gaps addressed</li> <li>- The NTSS should further pronounce on the need to explore innovative means to package new, authentic South African experiences as part of the rural tourism development strategy</li> </ul>
<b>3.6.</b>	<b>Critical Process and Support issues</b>	<ul style="list-style-type: none"> <li>- Are there any institutional arrangements to monitor implementation? This does not appear explicitly in the document.</li> </ul>

		<ul style="list-style-type: none"><li>- Under 10 (c), the private sector is not included.</li><li>- The diagram on page 35 does not spell out the link between nat/provincial and the local government structures, which in our view is important and also because most implementation and planning happens at a local level.</li></ul>
--	--	---

## 5. CONCLUSION

Travel and Tourism is perhaps the only sector that can help the weakening South African economy break out of its recessionary cycle. In our view, this can be achieved with a concerted and aligned strategy that is well executed and well resourced. However, this will need alignment, leadership, bravery and (in the face of climate change and technological advances) big ideas.

It is critical that the updated version of the NTSS demonstrates its understanding of the realities of the Travel and Tourism operating environment (at a local, regional and global level) and that its vision espouses its commitment to providing real 'game changing' ideas to ensure that T&T takes its rightful place as an economic driver.

In finalising this Strategy, the due consideration must be placed on the effects of the four afore-mentioned key environmental dynamics: technology, climate change, risk management and the changing global socio-economic order. In its current form, the revised NTSS document is rather underwhelming and does not adequately speak to the environmental issues highlighted in detail. The action plans included are broad strategies which require more meaningful, pragmatic and effective actions that will lead to real outcomes.

Yours Sincerely



**Ms. Mmatšatši Ramawela**  
CHIEF EXECUTIVE OFFICER  
Tourism Business Council of South Africa

**ANNEXURE A**  
**List of TBCSA Members**

**Business Members**

Avis Southern Africa Limited  
Bidvest  
Bon Hotels  
City Lodge Group  
Expedia  
Forever Resorts  
Grant Thornton  
Fair Trade in Tourism  
Industrial Development Corporation  
Johannesburg Tourism Agency  
Legacy Hotels & Resorts International  
Marriot International  
Peermont Global Resorts South Africa  
Preferred Hotels  
South African National Parks  
Sun International  
South African Express Airways  
Siyabona Africa  
Stormsriver Adventures  
Tsogo Sun Hotels  
Thebe Tourism  
Thompsons Africa  
Tourvest  
The Blue Train  
V & A Waterfront  
Urban Econ Developments Economists

**Association Members**

Association for Africa Exhibition Organisers (AAXO)  
Association of Southern African Travel Agents (ASATA)  
Airlines Association of Southern Africa (AASA)  
Afrikaans Handelsinstituut  
Board of Airline Representatives of South Africa (BARSA)  
Exhibition and Event Association of Southern Africa (EXSA)  
Federated Hospitality Association of Southern Africa (FEDHASA)  
National Accommodation Association of South Africa  
Professional Hunters Association of South Africa (PHASA)  
Southern Africa Travel Services Association (SATSA)  
Southern African Association for the Conferencing Industry (SAACI)  
Southern African Vehicle Rental and Leasing Association(SAVRALA)  
Southern African Bus Operators Association (SABOA)  
South African Youth Travel Confederation (SAYTC)