

FINAL

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TOURISM BUSINESS COUNCIL OF SOUTH AFRICA'S (TBCSA) POSITION ON LAND REFORM

1. INTRODUCTION

The Tourism Business Council of South Africa (TBCSA) is an umbrella organization which represents the unified voice of business for the Travel and Tourism (T&T) private sector. TBCSA is 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. These members are in the main, made up of hospitality and accommodation sector, safari lodges, professional hunters and tour operators, airlines, conference associations, and bus operators, to name a few. TBCSA serves to provide a VOICE to this community of businesses and to ensure that they play a constructive role in the country's economic development.

The tourism industry contributes significantly to the GDP of this country. According to the World Travel and Tourism Council (WTTC), the industry directly contributed R 136.1 bn or 2.9% total GDP in 2017. The total contribution of Travel and Tourism to GDP was R412.5bn or 8.9% of GDP in 2017. The Travel and Tourism industry also contributed 9.5% of total employment or 1 530 500 total jobs or in 2017. This includes jobs indirectly supported by the industry. Visitor exports generated R126.7bn, which is 9.2% of total exports in 2017. According to the Statistics South Africa's Tourism Satellite Account, tourism outperformed the agriculture industry as one of the key industries contributing to the GDP. These benefits will accrue more as South Africa gets more tourist arrivals.

2. BACKGROUND

The African National Congress passed a resolution of land expropriation without compensation at its 2017 December elective conference. This policy was ultimately announced by President Cyril Ramaphosa during his maiden State of the Nation Address in February 2018. Thereafter, a motion to expropriate land without compensation, which was originally put forward by the Economic Freedom Fighters and later amended by the African National Congress was debated in parliament on 27 February 2018. Once this motion was passed, it was referred to the Constitutional Review Committee, to propose necessary constitutional amendments where applicable. This has sparked a lot of emotional debates, especially among the commercial farmers. Some of the arguments put forward were that the policy would erode investor confidence. TBCSA deemed it essential to put together a position on this matter, so as to articulate its stance, given that land redistribution in any form may have some negative impact on the tourism sector, especially if not carried out well.

3. TBCSA POSITION

Our principles:

1. Land expropriation should be done in a just and equitable manner, so that people's rights to legally acquire property are not violated. The phrase just and equitable needs to be unpacked and agreed upon by social partners in business, government, labour and the community. Land redistribution needs to be done equitably and within the parameters of the law.
2. Land is an important aspect of tourism. Any land reform process that is going to take place should take into account that tourism feeds off the land, and that land is a very important resource for tourism to thrive and make a contribution to the economy of the country. Tourism has land that is either in private hands (private game reserves) or land that is in public hands (national parks). Land is important because of tourism's product offering as a destination. Any uninformed approach to land reform, especially in areas that are regarded as prime land, could harm tourism development. In most cases, the best land utilized for tourism establishments such as hotels is in the developed urban areas. Such

land, which can be considered as prime land, needs careful consideration regarding its economic value before government can think of expropriating it. Even if government wants to redistribute land for tourism, location becomes a factor which needs to be carefully looked at, as there are areas where tourists would not ordinarily go. Land such as the Waterfront property in CT as well as District Six for example, are regarded prime property, hence there is concern about the land being given to its rightful owners. The rightful owners may not have the capacity to build high end property that can fit in with the existing environment. We are of the view that restoration cannot be done for restoration sake. Productive use of land is therefore important. Government should restore land to communities in areas where they can prove that they can put the land to good use.

3. Our main principle which we are advocating for is productive use of land. We believe that the tourism industry is about productive use of land that it has at its disposal, as tourism is not only about experiences but also, contribution to the country's GDP. The tourism industry is also known for preserving wildlife, basically, the Flora and Fauna of the country. In the hunting industry for example, the farmer who has bought the land and invested in a farming place for hunting plays an important role of preserving wildlife. Not all the animals in the hunting industry are given over for hunting but there are those that get preserved. This practice contributes to sustainability of tourism in the long term. Therefore, our position is that land cannot just be distributed willy-nilly without looking at its importance to the country both in terms of sustainability and economic growth. We are therefore of the view that where land is being used productively, it should not be redistributed.
4. The built environment namely, hotels, guesthouses, BnB's, are sitting on land which largely falls within private hands. Land where these establishments are situated forms part of the delivery of tourism products, and cannot just be redistributed willy-nilly.
5. Another principle that we believe the state should look at when allocating land is that of sustainable use of land. There are industries that practice sustainable development when undertaking their businesses, as well as those that contribute to environmental degradation. The tourism and agriculture industries for example, are able to balance the needs of business as well as those of nature. This principle is articulated in the

phenomenon of responsible tourism. Responsible tourism expects businesses and governments to take responsibility for their actions and the effect of their actions, and puts emphasis on healthy ecosystems. Land allocation by the state should therefore take this aspect into consideration.

6. Apart from agriculture, which is a sector that contributes to the growth of the economy through its backward and forward linkages, the tourism sector should also be given priority when land is re-distributed. This is because rural tourism will not only expose visitors to South African experiences in cultural, religious, wildlife and other forms of tourism in the rural areas, but will also assist in reducing rural-urban migration as jobs will be created in the rural areas. A geographical spread of tourism will also be achieved through creating an interest in rural tourism, thereby boosting the economy further. The Makuleke Tourism Initiative is an example of a successful land restitution project, where limited trophy hunting, development of a community tented camp, a museum and cultural and village-based tourism opportunities are in place. There are also lodge sites which are run by the private sector.
7. Land claims in some national parks or huge tourism lodges and safaris have been successful where tourism products still remained intact. The case of the Makuleke in Kruger National Park and that of the San in the Kalahari Gemsbok are clear examples that land reform in areas such as national parks and where tourism has been practiced for years can be achieved in such a way that both the land claimants and business still benefit. Communities are able to practice eco-tourism, community owned and managed campsites, cultural villages, community lodges and also and set up cooperatives. Therefore, we submit that existing tourism products should not be compromised in the interest of land redistribution but rather, the communities should be involved in those identified places to practice ecotourism and other forms of tourism, including keeping the jobs of those who still work in the said places. Communities could even get into joint ventures with the private sector to run tourism businesses. This would be in line with section 25 (3) (a) of the constitution, which states that “the amount of compensation and the time and manner of payment must be just and equitable, reflecting an equitable balance between the public

interest and the interest of those affected, having due regard to all relevant circumstances, including the current use of property.

8. Some farms that have been bought previously and distributed to emerging farmers have been unsuccessful. This had mostly to do with inexperience, costs involved, no one to mentor the emerging farmers for example, and little help from government. With the current land redistribution proposal, we are of the view that those farms /businesses that were initially redistributed should be looked at first to regenerate them to their former levels of productivity, thereby restoring jobs that were destroyed as well as creating new ones. This should be done with some help from government.
9. Prioritisation of the type of land which is available for expropriation and re-distribution should be key. The 2015 land audit revealed that the state owns more than 4,000 farms, which is equal to more than four million hectares of land. This land is currently lying bare, not utilised. There is also land that is uninhabited and unused by their owners, which the state could purchase and redistribute. Our position is that the state should start with this land when executing its land reform programme.
10. Another way of redistributing land should be through leasing for a reasonable period of time. The benefit of leasing is that it provides security of tenure for the person using the land, thus allowing for investment. Leasing would provide an opportunity for a business to expand, while also allowing the state to assess the productivity of the land it has distributed through leasing.
11. How will expropriated land be utilised, does government have an economically viable plan for this? The plan should precede the actual expropriation of land, and should include a budget for initiatives such as SMME development.
12. Land reform should be geared towards improving the socio-economic conditions of its beneficiaries, and also seen as an empowerment programme. The beneficiaries should not just be self-sufficient but should become successful entrepreneurs. The process of land redistribution should therefore include provision of support in the form of funding, skills for people who will acquire large pieces of land, so that land should be economically productive. Post settlement support such as mentorship should be pre-planned so as to support high yielding sectors such as tourism and agriculture. Mentorship would be

essential in assisting with training, management, marketing and overall empowerment of beneficiaries, so that they will be able to run businesses on their own after a set period of time. In the tourism sector, mentorship should be provided by entrepreneurs who have a long-term experience in running tourism businesses.

13. Beneficiaries of land redistribution should have title deeds of the land given to them. Title deeds for these beneficiaries will make it easy for them to get funding from finance institutions, in cases where finance from government is not possible. The insecurity of tenure is a hindrance to investment in tourism businesses such as safari lodges as well as some accommodation establishments. Research has shown that reputable investors tend to avoid areas with insecure tenure. Where there is insecurity of tenure, operators will run their businesses informally and on a small scale, and would not be able to compete with rivals that have secure tenure and are therefore better resourced.
14. There needs to be a link between the reduction of the triple challenges of poverty, unemployment and inequality and the land reform process. Equitable land reform will present some opportunities for upcoming tourism businesses, as this sector already contributes significantly to employment and economic growth. Redistribution of land to upcoming entrepreneurs in tourism, coupled with skills development and funding would be a way of facilitating transformation and inclusive growth. Some of the reasons why small emerging businesses in the travel and tourism industry battle to grow and expand are lack of access to land and capital. Providing such an opportunity for these businesses should include addressing market barriers.
15. Who are the beneficiaries of land reform? Should these be treated as a homogenous group, for example - people from communities who have land claims - or be disaggregated in terms of gender and age too? Women's interest in land should be taken into account, so that they also become beneficiaries. This move would tie in with government's inclusive growth agenda. These beneficiaries are found in both urban and rural areas, but the bulk of them are in the urban areas.
16. The youth is another group that should benefit from land reform programmes as they constitute a group with a high unemployment rate, of 38,2%, as at quarter 1 of 2018. The youth could be granted access to land through cooperatives. This has potential to improve

their livelihoods, as long as it is accompanied by security of tenure in order to attract funding from financial institutions. Capacity building in tourism and tourism management skills, as well as agriculture which is one of the tourism value chains, would enable the youth to realise the entrepreneurial benefits in either tourism or farming. An introduction of youth tourism projects through benchmarking would pave a way towards assisting young people to become successful entrepreneurs.

17. A land requirement needs analysis needs to be carried out, as it would subsequently inform equitable land distribution, giving priority to areas that are deemed by government as urgent, as well as those contributing to economic growth.
18. Land reform will require that adequate infrastructure be put in place for communities who have benefitted from land redistribution to thrive. Infrastructure includes proper roads, electricity and access to information communication technologies.
19. Project monitoring by government, where constant support from government is provided, so that there are no dubious partners who stand to benefit at the expense of land reform beneficiaries. This has been the case with some of the beneficiaries of land reform projects, as shown in some impact studies. There should also be capacity in government to provide this kind of support.
20. Coordination between the relevant government Departments and business entities on land reform becomes quintessential. The Department of Rural Development and Land Reform, Department of Planning, Monitoring and Evaluation, Small Business Development, Trade and Industry as well as institutions such as the IDC that fund small or emerging businesses should have institutional arrangements on place to coordinate the entire land reform process so that it becomes a success.

4. CONCLUSION

Our principal position as the TBCSA is therefore that land reform in the tourism sector and other high yielding sectors such as agriculture should be considered only to advance the productive use of land. Government should actually redistribute land that is readily available and currently not in use, rather than going into a radical expropriation of land which can harm these productive sectors of the economy. This process should be carried out with the purpose of the redistribution

in mind and the benefits that should accrue to the beneficiaries of such redistribution. The land redistribution process should be carefully planned, taking into account the end result of the process as well as tying it with government's transformation and inclusive growth agenda.

Yours Sincerely

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CHIEF EXECUTIVE OFFICER
Tourism Business Council of South Africa

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