

Tourism is a great economic contributor, let's use this opportunity

by Manny de Freitas MP - DA Shadow Minister of Tourism

Chair,

As a member of the Portfolio Committee of Tourism I am most excited to be part of this sector. Within the tourism sector, there were 1.5 million and 1.4 million jobs created in 2017 and 2018 respectively. In each case this accounts for more than 8.48% of our total employment.

The tourism sector directly contributed 2.9% to the South African Gross Domestic Product (GDP) in 2017, according to the latest release of Stats SA's annual Tourism Satellite Account for South Africa Report. This makes the tourism sector a larger contributor than agriculture! Tourism has added just over 40 000 net new jobs to the economy over a five-year period from 2012 to 2016. This is higher than the number of jobs gained in industries such as trade and utilities, including electricity, gas and water.

The tourism sector workforce numbers 686 596 employees. This outnumbers the mining workforce which numbers 444 000 employees. Presently, 1 in every 22 employed people in South Africa is employed within the tourism sector.

However, much more can be done as tourism is an "easy win" for economic growth and job creation. Why do I say this? Because we are not growing at the rate we should be. Last year South Africa struggled to meet its domestic and international tourist targets. In 2018/2019 international arrivals dropped by 0.6% compared to the same period in 2017. In 2018 South Africa welcomed 6.7 million tourists from outside our borders. This is much less than the 11.2 million target set by South African Tourism.

The reasons for this are clear, the need for unabridged birth certificates for minors, concerns about safety and security and visa issues are deterrents for travel to South Africa. The inconsistencies of requirements of visa documents, the complicated and user-unfriendly processes and length of time in issuing of our visas have tourists traveling to destinations that require less red tape or that are visa-free.

Important countries such as China and India have a growing and high-spending market and that is large enough to warrant a focused China and India Tourism Strategy. However, SA Tourism has an ad hoc approach when dealing with these markets.

In the SONA speech last month, President Cyril Ramaphosa stated that *government “will make good on our ambition to more than double international tourist arrivals to 21 million by 2030.”* At this rate this will be another target that will not be met.

The President further stated that *“this will be achieved through the renewal of the country’s brand, introducing a world-class visa regime and a significant focus on Chinese and Indian markets and air arrivals from the rest of our continent.”* He continued that *“we are determined to ensure that tourists who come to our country are safe.”*

These issues can only be resolved if Tourism works closely with the other departments concerned and the private sector. Until there is coordination between all concerned stakeholders, these issues will not be resolved.

We will observe this with laser-focus to ensure that this happens.

The fact that the CEO of Tourism SA, Sisa Ntshona, has been suspended, and according to media reports, hasn’t been formally charged or even personally advised of any misdemeanours, is most concerning. How is it possible that in our modern labour environment we find such practices? The Minister needs to account to us on this and needs to reach a conclusion urgently so that stability can return to this entity.

The Draft Tourism Amendment Bill will allow the Minister of Tourism to specify certain thresholds for short-term home rentals. These thresholds might include, but it is unclear, limitations on the number of nights guests may stay in short-term home rentals, how much income the hosts may earn, or how many guests may stay in an area. The Department of Tourism justifies these thresholds on the basis that it allows everyone to get “their fair share” – in essence a type of forced “redistribution of choice” from consumers who chose some hospitality providers, to others.

In reality, short-term rentals, like Airbnb, have enabled people previously unable to make a living for themselves, to do so using their existing assets. Ridesharing platforms like Uber did the same, opening a whole new market for people in the transport industry. Tourism in South Africa remains a strong economic sector, with services such as Airbnb which has benefited us significantly by offering far greater choice in location and price to tourists, and allowing ordinary South Africans to become instant entrepreneurs.

Research in September 2018 suggested that 2 million guests have made use of Airbnb alone in South Africa since the platform started operating here. This translates to over R3.8 billion in revenue for hosts, and R9.9 billion in broader economic activity, supporting over 22 000 jobs. The guests mostly wish to experience specific neighbourhoods, meaning location-based Airbnb regulation has the

potential to undermine the entire market. Indeed, the fastest growing destinations in the world are in Africa.

Given South Africa's poor economic growth trajectory now is not the time to introduce more regulation on the economy. Instead the economy should be allowed to breathe. Entrepreneurs, particularly those in townships, must be free to use their assets as revenue-generators, without being unduly undermined by the State.

Together we can reach our common vision of growing tourism in South Africa for the good of all.