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GENERAL NOTICES • ALGEMENE KENNISGEWINGS

DEPARTMENT OF TOURISM

GENERAL NOTICE 2780 OF 2024

tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

4 October 2024

PUBLICATION OF THE WHITE PAPER ON THE DEVELOPMENT AND PROMOTION OF TOURISM IN SOUTH AFRICA

I, Patricia de Lille, Minister of Tourism, hereby publish the approved White Paper on the Development and Promotion of Tourism in South Africa for implementation.

P. de Lille

Ms Patricia de Lille, MP

Minister of Tourism

Date: 3 October 2024

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Department:
Tourism
REPUBLIC OF SOUTH AFRICA

WHITE PAPER ON THE DEVELOPMENT AND PROMOTION OF TOURISM IN SOUTH AFRICA 2024

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ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
BBBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China, South Africa (now BRICS+)
COVID-19	Coronavirus disease (COVID-19)
DDM	District Development Model
DFIs	Development Finance Institutions
DHA	Department of Home Affairs
ERRP	Economic Reconstruction and Recovery Plan
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IDPs	Integrated Development Plans
IORA	Indian Ocean Rim Association
MICE	Meetings, Incentives, Conferences and Exhibitions
NDP	National Development Plan 2030
NGP	New Growth Path 2010
NTSS	National Tourism Sector Strategy
OECD	Organisation for Economic Co-operation and Development
PPGI	Public-Private Growth Initiative
SAATAM	Single African Air Transport Market
SADC	Southern African Development Community
SANParks	South African National Parks
SATOUR	South African Tourism Board
SA Tourism	South African Tourism
SMMEs	Small Medium Micro Enterprises
SDGs	Sustainable Development Goals
Stats SA	Statistics South Africa
STRs	Short-Term Rentals
TBCSA	Tourism Business Council of South Africa
TFCAs	Transfrontier Conservation Areas
TGCSA	Tourism Grading Council of South Africa
TTCI	Travel and Tourism Competitiveness Index
The dtic	The Department of Trade, Industry and Competition
TSMP	Tourism Sector Master Plan
TSRP	Tourism Sector Recovery Plan
UN Tourism	United Nations Tourism
YD	Yamoussoukro Decision
WTTC	World Travel and Tourism Council
4IR	4th Industrial Revolution

Foreword by Minister of Tourism

It has been 30 years since the advent of South Africa's Democracy and almost the same amount of years since the South African Government's first White Paper on Tourism was published in 1996.
It was time to review and adapt to the changing and vibrant tourism sector we know today.

The significance of tourism within the South African economy is also widely recognised. Major economic policy documents such as the National Development Plan and National Treasury's Economic Transformation, Inclusive Growth, and Competitiveness Strategy identify the sector amongst core contributors to the country's medium to long-term national economic goals. Key amongst the NDP imperatives is the creation of decent work, an aspect that tourism is well positioned to respond to.

Despite these achievements, South Africa's tourism economy has yet to fully exploit its potential. The finalisation of the White Paper is a milestone for the tourism sector. It will provide guidance for the next phase of tourism development and ensure that the country, as a tourism destination, moves towards reaching its full potential.

The policy envisages a sustainable, competitive, and inclusive tourism sector that leverages innovation and digital technologies, addresses barriers to tourism growth, builds partnerships, and responds to the country's social imperatives. It will further enable the tourism sector's contribution to the broader economy, employment, and entrepreneurship while ensuring that the sector becomes resilient as it better responds to crises, and adapts to the future needs of tourism.

The tourism sector in South Africa has continued to grow over the past decade, earning the reputation of being one of the most significant and fastest-growing sectors. According to the World Travel and Tourism Council (WTTC), Tourism's direct and indirect contribution to South Africa's GDP was 8.2% in 2023. In terms of job creation, South Africa's tourism sector employed 1.7 million people in 2023.

To respond to this challenge, the Department of Tourism embarked on a process of reviewing the 1996 Tourism White Paper. The policy review process has resulted in a Tourism White Paper that seeks to sustainably and competitively grow the South African economy through an inclusive, inspiring, and visitor-oriented tourism sector.

The White Paper envisions a tourism sector that consistently leverages innovation and digital technology as the basis of creative and compelling tourism experiences, builds partnerships to strengthen tourism's impact, addresses barriers to tourism growth, and responds to the country's social cohesion imperatives.

The Tourism White Paper has been taken through tourism stakeholder consultation sessions across the country's nine provinces, including local government participation. Consultations also took place with National Departments and Bilateral sessions with affected Departments. The process also included a public comment period that lasted 60 days.

To accelerate inclusive tourism growth, the Department developed a Green Paper, which was opened for public comments in 2023. The approximately 3,500 comments received were all considered in developing and strengthening the Tourism White Paper.

The Tourism White Paper focuses on promoting safety and security, facilitating ease of access, domestic tourism, crisis management, promoting transformation, enabling technological developments, and recommitting to the responsible tourism agenda.

We want to thank all stakeholders and the public who took the time to review and provide input into the policy process. It was clear that stakeholders supported the policy review process, which many identified as long overdue. We now need a collective effort to build on the relationships that have been established as we move towards implementing the Tourism White Paper principles so that tourism can reach its full potential in South Africa.

Thank you

P. de Lille

Ms Patricia De Lille, MP
Minister of Tourism

EXECUTIVE SUMMARY

WHITE PAPER ON THE DEVELOPMENT AND PROMOTION OF TOURISM IN SOUTH AFRICA

The tourism sector has grown in leaps and bounds for consecutive decades. International arrivals were at 50 million in 1950 and reached 1.5 billion in 2019, with total international tourism export earnings recorded at USD1.7 trillion. The 2019 UN Tourism Highlights noted that tourism exports grew faster than merchandise, reducing trade deficit in many countries for seven years in a row. This phenomenal growth resulted in many countries identifying tourism as one of the priority economic sectors. The 2020 (407 million), 2021 (456 million), 2022 (963 million) and 2023 (1.3 billion) international arrivals show both the negative impact of Corona Virus to tourism and the phenomenal recovery of the sector. Similarly export earnings were recorded at USD 0.7 trillion in 2020, USD 0.8 trillion in 2021, USD 1.3 trillion in 2022 and USD 1.4 trillion in 2023.

The significance of tourism within the South African economy is also widely recognised. Major economic policy documents such as the National Development Plan (NDP) 2030, New Growth Path (NGP) 2010 and National Treasury's Economic Transformation, Inclusive growth, and Competitiveness Strategy identify the sector amongst core contributors to the country's medium to long-term national economic goals. Key amongst the NDP imperatives is the creation of decent work, an aspect that tourism is well positioned to respond to as demonstrated by the 739 657 direct jobs sustained by the sector prior to the emergence of the Coronavirus [1]. The direct jobs represented 4.5% of the total workforce as at 2018. Although Covid-19 negatively impacted direct jobs in 2020 (454 114), 2021 (492 561) and 2022 (733 385), these figures show impressive recovery trajectory. This demonstrates the impact of the country's Tourism Sector Recovery Plan (TSRP) which has been converted into Tourism Sector Master Plan (TSMP) and Economic Reconstruction and Recovery Plan (ERRP) which identifies tourism as one of the priority interventions to drive the reconstruction and recovery of the economy from the COVID-19 pandemic.

Over the past two decades, the tourism successes were anchored around the 1996 White Paper on the Development and Promotion of Tourism in South Africa. The Tourism Satellite Account (TSA) and Statistics South Africa (Stats SA) recorded the tourism direct Gross Domestic Product (GDP) at over R208 billion in 2019, R117 billion in 2020, R140 billion in 2021 and R234, 7 billion in 2022, which surpasses the 2019 levels. The figures show significant contribution of tourism to GDP, despite the COVID-19 impact which is evident in the 2020 and 2021 figures. Such contribution clearly positions tourism as an important driver for economic growth and development in South Africa. In terms of international arrivals, the sector is on its way to recovery with arrivals recorded at 8.4 million in December 2023, which is -17.1% less

[1] Statistics SA, 2019

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than the 10.2 million in 2019. The expectation globally and in South Africa is that tourism will reach the 2019 performance by the end of 2024.

Despite achievements recorded in the past, South Africa's Tourism economy has yet to fully exploit its potential. The assessment of the Economic Survey of South Africa conducted by Treasury in partnership with Organisation for Economic Co-operation and Development (OECD) reached similar conclusion noting that the tourism sector lags behind relative to its potential and resources[2]. The Revised Growth Strategy by the Tourism Business Council of South Africa (TBCSA) and the Public Private Growth Initiative (PPGI) also noted that tourism underperforms relative to comparator countries. This is despite enormous potential for tourism to grow.

Various contributing factors have been identified by market insights, reports, surveys and stakeholders interacting with tourism experience in South Africa. The factors range from negative perception around safety; regulatory barriers in spite of the identification of tourism as an important economic sector; poor crisis management; lack of national air access initiatives; 1996 Tourism White Paper not responding to latest developments; to poor transformation.

The 1996 Tourism White Paper recognised that South Africa's resource base for tourism is phenomenal. It states that "had its history been different, South Africa would probably have been one of the most visited places in the world". However, it takes key actions, policies and strategies to ensure that this objective is realised. This is what South Africa seeks to do through this policy paper. Having identified the causes of the failure of the South Africa tourism sector to realise its full potential, it is necessary to set out a comprehensive response.

At the centre of a comprehensive response is the need for all South Africans, led by government, to ensure: Harmonisation in the delivery of the tourism mandate by all spheres of government; One country's marketing message reflecting the diversity of the destination; Leadership by both government and private sector in the interaction with tourism stakeholders to enhance the national prioritisation of tourism and Oversee the implementation of agreed programmes. This all-of-country approach response is the one that recognises that tourism is a multi-stakeholder endeavour and its success depends on the contribution of other sectors and stakeholders.

Tourism is also ideally suited to respond to some of the socio-economic pressures due to its ability to create economic opportunities. The measures below are meant to move tourism to its rightful place as an important economic sector that can assist in responding to the triple challenges of unemployment, poverty and inequality. These measures are aimed at finally confronting the other difficult but necessary matter of transforming the sector. Without transformation the country is not going to be able to offer new products, new experiences and a sense of ownership of the sector by domestic tourists that have largely been at the periphery.

[2] Organisation for Economic Co-operation and Development, 2020

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To ensure that tourism reaches its potential, the following interventions will be implemented in a coordinated and effective manner:

- Crime against tourists has a material negative impact on the desire to visit South Africa and travel within by both international and domestic tourists. A researched-based tourism safety response programme is to be implemented and there is to be an investigation on the establishment of a specialised police unit with capacity for focused preventative measures and the swift resolution of incidents involving tourists.

- In light of various shocks disrupting the operations of the sector, South Africa will develop and regularly review a scenario-based Tourism Crisis Management Framework to enable the destination to manage and respond to crises.

- The global health pandemic and the associated restrictions demonstrated the need for a strong domestic market, South Africa will therefore focus on domestic tourism as the bedrock of the tourism sector.

- The implementation of Tourism Broad Based Black Economic Empowerment (B-BBEE) Codes remains a priority. This includes strengthening mechanisms for access to finance for Small Medium and Micro Enterprises (SMMEs) to promote transformation, exploring concessions and demonstrating value proposition for complying with the codes.

- The Short-Term Rentals (STRs) will be regulated in such a way that it is brought into the mainstream of tourism economy whilst minimising negative impact to existing businesses and jobs.

- In line with best practices, the tourism sector will continue to improve access to the destination by supporting measures aimed at facilitating ease of access particularly immigration and transport.

- To respond to the industry's skills requirement and the cutting-edge skills currently necessary as result of the 4th Industrial Revolution (4IR), there is a need to review the high school and higher education curriculum in partnership with all relevant stakeholders and sectors.

- A unified tourism competitive identity for South Africa must be developed supported by evidence-based marketing programme. This must showcase our diversity and create brand awareness and preference as a prelude to conversion.

- In recognition of its place in the Southern African Development Community (SADC), South Africa commits to tourism diplomacy as a critical lever of regional integration. This includes the implementation of important international agreements such as the SADC Protocol on Tourism which promotes regional integration.

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- The tourism sector will promote South Africa as a preferred destination for tourism investment by packaging solid investment opportunities through high impact projects.

- South Africa has hosted major international events. These range from global summits, multilateral and regional fora, to major sporting events such as the FIFA World Cup. It is therefore important to position South Africa as a leader in hosting international events particularly in the Southern Hemisphere.

- The tourism sector must keep pace with technological developments. A framework for digital integration of the sector will be developed. This should include establishment of a Tourism Data Hub where all tourism research by stakeholders can be easily accessed with a view to enable tourism analytics, informed decision making and product positioning.

- The tourism sector recommits to the responsible tourism agenda including sustainable development goals.

- The provision of quality services is central to a competitive visitor economy. The tourism sector commits to continuously strengthen mechanisms for quality visitor services through standards.

- The tourism potential of many rural and peri-urban regions is not adequately appreciated. There is a need for investment in rural and peri-urban areas with high tourism potential to stimulate the rural economy.

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DEFINITION OF TERMS

TERMS	DEFINITION
Traveller	Travel refers to the activity of travellers. A traveller is someone who moves between different geographic locations, for any purpose and any duration (IRTS 2008, 2.4) (UN Tourism, Glossary of Terms, 2014).
	Any person on a trip between two or more countries or between two or more localities within his/her country of residents (Stats SA, Concepts and definitions, 2010).
Visitor	A visitor is traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by resident entity in the country or place visited (IRTS 2008, 2.28) (UN Tourism, Glossary of Terms, 2014).
	Someone who does not stay permanently with and is not a member of the household (Stats SA, Concepts and definitions, 2010).
Tourist	A visitor (domestic, inbound or outbound) is classified as a tourist (or Overnight Visitor), if his/her trip includes an overnight stay, or as a same-day visitor or excursionist) otherwise (IRTS 2008, 2.13) (UN Tourism, Glossary of Terms, 2014).
	A visitor who stays at least one night in the place visited (Stats SA, Concepts and definitions, 2010).
Domestic Tourism	Domestic tourism comprises the activities of a resident visitor within the country of reference, either as part of a domestic tourism trip or part of an outbound tourism trip (IRTS 2008, 2.39
Domestic trip	A domestic tourism trip is one with a main destination within the country of residence of the visitor (UN Tourism, Glossary of Terms, 2014).
	A trip within the boundaries of South Africa but outside of the respondent's usual environment. Note: The following categories are excluded from the definition of domestic visitor: persons travelling to another place within the country with the intention of setting up their usual residence in that place, persons who travel to another place within the country and are remunerated from within the place visited. Persons who travel regularly or frequently between neighbouring localities as defined by the 'usual environment' rule (Stats SA, Concepts and definitions, 2010).
Domestic Tourist	Referred to as domestic visitor who within his/her country of residence, he/she is a domestic visitor and his/her activities are part of domestic tourism (UN Tourism, Glossary of Terms, 2014).
	A resident visitor who visits within the economic territory of the country of reference (Stats SA, Concepts and definitions, 2010).
Competitiveness of a tourism destination	Is the ability of the destination to use natural, cultural, human, man-made and capital resources efficiently to deliver quality, innovative, ethical and attractive tourism product and services to achieve sustainable growth (UN Tourism, Glossary of Terms, 2014).

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Destination	Destination is the place visited that is central to the decision to take a trip (UN Tourism, Glossary of Terms, 2014).
Rural tourism	It is a type of tourism activity in which the visitor experience is related to wide range of products generally linked to nature-based activities, agriculture, rural lifestyle culture, angling culture and sightseeing (UN Tourism, Glossary of Terms, 2014).
Urban tourism	It is a type of tourism activity which takes place in an urban space with its inherent attributes characterised by non-agricultural based economy such as administration, manufacturing, trade and services and by being nodal points of transport (UN Tourism, Glossary of Terms, 2014).
Tourism industries	Comprise of all establishments for which the principal activity is a tourism characteristics activity (UN Tourism, Glossary of Terms, 2014).
Tourism sector	As contemplated in the Tourism Satellite Account (TSA), is the cluster of production unit in different industries that provide consumption goods and services demanded by visitors (UN Tourism, Glossary of Terms, 2014).
Short-term rentals	Means the renting or leasing on a temporary basis for a reward of a dwelling or a part thereof to a visitor (Department of Tourism).

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PART 1: INTRODUCTION AND CONTEXT

1.1 INTRODUCTION

Tourism has become a vital force in developing the identities and economies of nations. It is also a critical lever for social cohesion, community cooperation and individual participation. The power of tourism to unlock opportunity has never been more apparent and its qualitative and quantitative value respected like never before.

Embedded within the United Nations Sustainable Development Goals (SDGs), travel and tourism is today recognised and respected as an economic sector vital to sustainable and inclusive global development. With more than 4 million people crossing international boundaries every day in 2019, travel and tourism currently accounts for over 10% of global GDP and One (1) in 10 jobs worldwide. Uniquely, it has also become a means for shaping the future of nations by (re)strengthening national identity, competitiveness and participation in the global community.

Notably, the strength of travel and tourism's heartbeat comes from its ability to unlock cross-border, cross-cultural and cross-generational understanding. The human interactions created by travel and tourism offer us all direct, invaluable sensitivity towards our shared world's diversity and differences in a way that inspires greater understanding, respect, and ultimately peace.

At a national level, the significance of tourism within the South African economy is now widely recognised. Importantly, the sector has been overtly identified and celebrated as a powerful vehicle for transformation. Major economic policy documents such as the NDP 2030; NGP 2010; National Treasury's Economic transformation, Inclusive growth, and Competitiveness Strategy; and the Revised Growth Strategy for Tourism identify the sector amongst core contributors to the country's medium to long-term national economic goals. Key amongst the NDP imperatives is the creation of decent work, an aspect that tourism is well positioned to respond to as demonstrated by the 739 657 direct jobs sustained by the sector prior to the emergence of the COVID-19[3]. The direct jobs represented 4.5% of the total workforce as at 2018 and 4.7% in 2022. Although COVID-19 negatively impacted direct jobs in 2020 (454 114), 2021 (492 561) and 2022 (733 385), the figures show the recovery trajectory. This demonstrates the impact of the country's TSRP and ERRP which identify tourism as one of the priority interventions to drive the reconstruction and recovery of the economy from the COVID-19 pandemic.

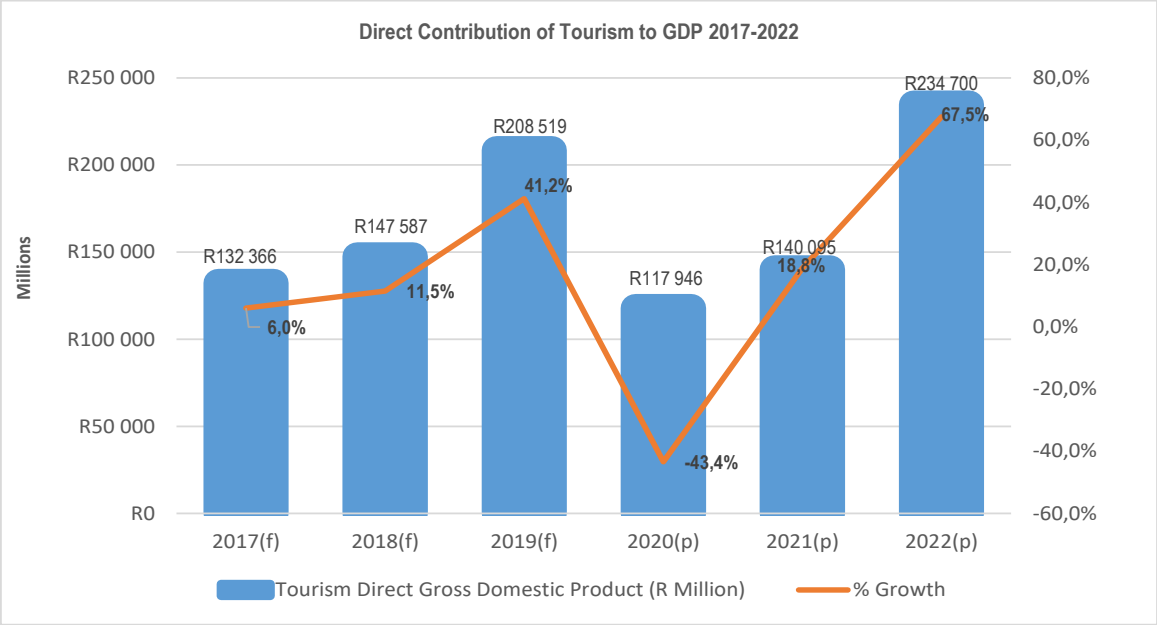
COVID-19 and the associated travel restrictions severely impacted the global tourism economy and by extension South African tourism economy. International borders and skies closed, global tourism was thrown into a state of paralysis with unprecedented disruption of the tourism value chains was experienced. In particular, the livelihood of women, youth and SMMEs (supported strongly by entry-level tourism economy frontline workers) was completely wiped out by the pandemic.

[3] Statistics SA, 2019

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Latest figures however show impressive recovery of the tourism sector with the expectation that it will fully recover by the end of 2024. The analysis of the percentage contribution from 2017 to 2022 shows that the sector contributed from 2.6 % - 3.5% to the GDP. Despite the COVID-19 pandemic, the tourism sector was still able to contribute over R115 billion in 2020 and over R140 billion in 2021. In 2022, the sector surpassed the 2019 figures with R234.7 billion recorded. Figure 1 below illustrates tourism's direct contribution to GDP from 2017 to 2022.

Figure 1: Direct contribution of Tourism to GDP: 2017-2022



Source: Stats SA and Tourism Satellite Account annual reports (2014-2022)

The 1996 Tourism White Paper

The 1996 White Paper on the Development and Promotion of Tourism in South Africa identified tourism as tool for development in the immediate post-apartheid era. The White Paper further highlighted the sector's invaluable role in rebuilding, positively and sustainably through: Revenue generation; Employment; National Identity; Investment attraction; and Competitiveness.

The 1996 White Paper was the first broad and comprehensive tourism policy framework to guide tourism in South Africa. It sought to prioritise optimising the country's tourism potential in recognition of the sector's position globally as the largest generator of jobs due to its labour-intensive character, and its revenue generation capacity. As such, tourism was recognised and respected as a potential engine for economic growth, development and as having the ability to rejuvenate other areas such as the agriculture, manufacturing and crafts sectors.

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Prior to the White Paper, various policy instruments had been put in place, including the South African Tourism Corporation Act of 1947, the Tourist Guide Act of 1978 and the White Paper on Tourism of 1992. These were developed within the context of a divided South Africa, largely catering to the needs and aspirations of a single section of society. This contributed to many missed opportunities, notwithstanding South Africa's inherent potential as a tourism destination. The policy and legislative interventions were also informed by a paradigm that limited government's role to marketing and focused only on promoting the country as a place to visit. Not much attention was paid to developing and growing the sector or supply-side measures in general.

The Tourism Act 72 of 1993 marked a positive new era in tourism regulation. It repealed eight pieces of legislation, including the South African Tourism Corporation Act, the Hotels Act of 1965 and the Tourist Guides Act. The 1993 Act provided for the establishment and operational framework for the national destination marketing organisation, South African Tourism Board (SATOUR), a precursor to the current South African Tourism (SAT). It further introduced measures to facilitate enhanced standards of tourism products and services and provided for the registration and regulation of tourist guides, among other things. This evolution was critical to delivery of the tourism experience, both on the supply and demand sides of the equation.

Subsequent to the introduction of the 1996 White Paper, a strategic approach to coordinating the sector's efforts was initiated through the Tourism in Gear Strategy (1997)[4]. The National Tourism Sector Strategy (NTSS) – a milestone in national Tourism development - followed in 2011 and further articulated the strategic actions to be pursued for enhanced growth of the tourism economy. The NTSS was updated in 2016 for implementation up until 2026. The strategy identifies demand and supply-side measures to support tourism growth and development centred on five pillars: Effective Marketing; Facilitating Ease of Access; the Visitor Experience; Destination Management; and Broad-Based Benefits[5]. To support the NTSS and consolidate the legal basis for the promotion of sustainable tourism, the Tourism Act 3 of 2014 was finalised and came into effect in June of that year. The policy, strategy and legislative tools provided a sound foundation within which to pursue the sector's goals.

1.2 THE CONTEXT

1.2.1 Global Context

Since the latter part of the 20th Century, the tourism sector globally has proven to be a robust growth sector. The growth of the sector has been fuelled by:

- Increased global mobility, particularly through low-cost aviation;
- Step-change growth in the population of the middle class worldwide;
- Higher levels of disposable income;
- Travel becoming a reflection of personal identity; and
- Governments worldwide recognising the value of the sector as a basis for job creation, revenue generation and national competitiveness.

[4] Department of Environmental Affairs and Tourism, Annual Report 1997-1998.
[5] National Tourism Sector Strategy, 2016-2026.

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International tourist arrivals expanded from 25 million in 1950 to 278 million by 1980, reaching 527 million in 1995 and 1,5 billion in 2019. The tourism sector worldwide has also been growing faster than other sectors annually. As an economic sector, tourism was outpacing many sectors worldwide, enjoying year-on-year growth in international arrivals of between 3% and 5%. There is a projection of 1.8 billion arrivals by 2030. With 963 million international tourist arrivals recorded in 2022 (post COVID-19), the 2030 projection seemed within reach with more travel facilitation [6].

The World Travel and Tourism Council's (WTTC) 2022 Economic Impact Report expected direct employment from tourism to reach approximately 126 million new jobs within the next decade[7]. For the first time, tourism was positioned as a critical sector within the UN's global development agenda, overtly responding to SDGs of the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015, namely:

- SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all,
- SDG 12 - Ensure sustainable consumption and production (SCP) patterns, and
- SDG 14 - Conserve and sustainably use the oceans, seas and marine resources for sustainable development while having a multiplier effect on many other Goals.

Since this optimistic outlook, the COVID-19 pandemic, which caused a closure of 100% of international borders and grounding of over 18,000 commercial aircraft at its peak in Q2/2020, triggered a sudden fall in tourism activity worldwide. Due to both restrictions and subdued demand, interruptions to operations were witnessed across the sector. As COVID-19 evolved, the tourism activity resumed under uncertain circumstances, with country policies relating to immigration and movement broadly subject to revisions. International arrivals declined by at least 70% in 2020, reverting to figures of almost 30 years previously. This reversal undermined the robust growth rates registered by the sector and its associated positive contribution to overall economies. COVID-19, therefore, disrupted the sector's performance and position in the short to medium term and introduced significant changes to the macro-environment. Alongside the revenue losses, considerable impact on livelihoods has been felt globally, with around 63 million direct tourism jobs lost. The full recovery of global tourism is expected by the end of 2024.

In the period preceding the pandemic, some megatrends set to influence the visitor economy were observed. These include emerging changes to patterns of travel as a result of digitalisation, increased emphasis on sustainability in tourism, and evolving visitor demand. The effects of the COVID-19 pandemic have served to fast-track developments regarding these megatrends and reinforced the need for policy responses to address anticipated adjustments and other structural issues. The pandemic also introduced health as a key consideration for visitor safety, representing a fundamental change in the environment. Other broad impacts of the economic crisis resulting from COVID-19 have informed the policy formulation process.

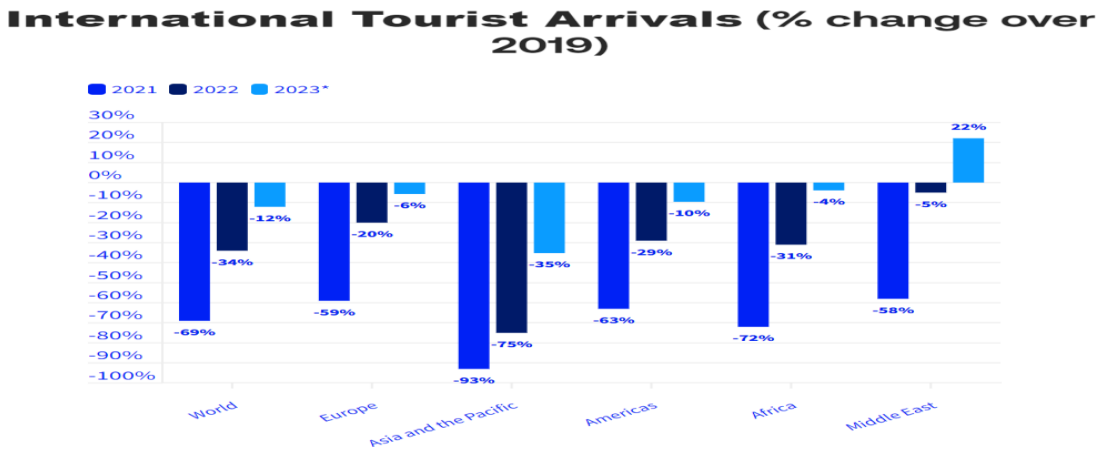
The UN Tourism's January 2024 World Tourism Barometer shows a sector that has almost completely recovered from the COVID-19 crisis. The international tourist arrivals reached 88% of pre-pandemic levels in December 2023 with an estimated 1.3 billion international arrivals.

[6] International Tourism Highlights, 2020 Edition, UNWTO, 2020
[7] Global and Regional Economic Impact Report, 2022

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It is anticipated that the sector will fully recover by the end of 2024 due to the remaining pent-up demand, increased air connectivity, and a stronger recovery of Asian Markets and destinations. An analysis of regional tourism performance shows that the Middle East, Europe and Africa lead the recovery. According to the UN Tourism, the middle East led the recovery in relative terms as the only region to overcome pre-pandemic levels with arrivals 22% above 2019. Europe, the worlds' most visited region, reached 94% of 2019 levels supported by intra-regional demand and travel from the United States of America. Meanwhile Africa recovered 96% of pre-pandemic visitors whilst Americas reached 90%[8].

Asia and Pacific reached 65% of the pre-pandemic levels following the reopening of several markets and destinations. However, the UN Tourism noted that the performance is mixed with South Asia already revering 87% of 2019 levels and North-East Asia around 55%. Figure 2 below shows the international tourist arrivals focusing on regional performance.



Source: UN Tourism Barometer January 2024

A closer look at the African continent shows that its recovery has been robust reaching 66.4 million when compared with 69 million of 2019. Sub-Saharan Africa's arrivals were recorded at 39.6 million in 2023 when compared to 43.5 million arrivals in 2019, whilst North Africa has surpassed its 2019 levels with arrivals recorded at 26.8 million when compared to 25.6 million arrivals in 2019. Table 1 below shows the recovery trajectory from 2019 up until 2023.

Arrivals sub-region	2019	2020	2021	2022	2023
Africa	69.1	18.7	19.6	48.4	66.4
North Africa	25.6	5.6	6.6	19.1	26.8
Sub-Saharan Africa	43.4	13.1	13.1	29.3	39.6

Source: Generated from the UN Tourism Barometer, January 2024

[8] As cited in the UN Tourism Barometer January 2024

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The UN Tourism indicated that the sustained recovery can be observed in various industry performance indices ranging from International Air Transport Association (IATA), State of Tourism Reports, to the Recovery Reports. The recovery trajectory demonstrates the resilience of the tourism sector and its ability to bounce back after disruptions. This is despite the economic challenges such as high inflation, weaker global output and the geopolitical tensions and conflicts.

1.2.2 The South African context

Tourism is one of the economic sectors in South Africa that has been performing more than the country's GDP for many years. The 2019/2020 pandemic severely impacted the performance of the tourism sector in the country. However, the recent analysis of South Africa's annual tourist arrival figures shows strong recovery. Figure 3 below illustrates the impact of the pandemic and recovery.



Source: Stats SA Tourism and Migration report, December 2023.

The top ten Africa and overseas source markets continue to show positive signs of recovery with United Kingdom, United States of America and Germany leading the overseas source markets respectively. Meanwhile Zimbabwe, Mozambique and Lesotho lead the African source market. Table 2 below shows the performance of the source markets below:

South Africa's Key Source Markets: Africa and Overseas (January-December 2023)

Rating	Market & Arrivals (Africa)	Market & Arrivals (Overseas)
1	Zimbabwe (2 106 940)	UK (356 160),
2	Mozambique (1 341 037)	USA (353 975),
3	Lesotho (1 163 826)	Germany (245 259)
4	Eswatini (733 949)	The Netherlands (131 371)
5	Botswana (363 025)	France (119 974)
6	Namibia (160 078)	Australia (86 250)
7	Zambia (145 244)	India (79 774),
8	Malawi (138 918)	Canada (55 056)
9	Kenya (42 403)	Italy (52 091)
10	Angola (39 265)	Belgium (46 348)

Source: Stats SA Tourism and Migration report, December 2023.

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Tourism experience in South Africa is supplied through private enterprises operating in three sub-sectors, namely accommodation, hospitality and related services, and travel and related services. A network of publicly owned parks also constitutes the product, mainly providing accommodation and hospitality-related services. These include, inter alia, South African National Parks (SANParks) which welcomed over 6.3 million visitors in the 2019/2020 financial year. This figure declined to 3.4 million in 2021/2022 financial year due to the impact of COVID-19 pandemic, however, it is now on its way to full recovery with visitors recorded at 4.9 million in 2022/2023 financial year. SANParks consists of twenty-one national parks including 3 world heritage sites and 10 marine protected areas in 2022/2023 financial year.

Importantly, the product is enabled by infrastructure and travel facilitation regulatory frameworks, making the seamless coordination of all the activities essential for the visitor experience. SMMEs dominate the sector and constitute over 75% of the number of businesses operating in the tourism sector.

PART 2: PROBLEM STATEMENT, VISION, OBJECTIVES AND GUIDING PRINCIPLES

2.1 PROBLEM STATEMENT

South Africa's tourism economy has yet to exploit fully its potential. This is despite the significant successes registered since pursuance of tourism growth in a comprehensive manner, as signalled by the White Paper. The 2020 assessment in the Economic Survey of South Africa notes that the sector lags relative to its potential and considerable resources[9]. Similarly, the Revised Growth Strategy for Tourism, 2022 by TBCSA and PPGI noted that tourism underperforms relative to its comparator countries despite its huge potential**.** Key constraints identified include, amongst others:

- Perception of South Africa as an unsafe destination;
- Poor crisis management by the tourism sector;
- Lack of transformation limiting the ability of participation of the previously disadvantaged individuals;
- Regulatory and administrative barriers due to insufficient cooperative governance;
- Lack of nationally coordinated air access initiatives;
- Poor infrastructure maintenance limiting the tourism sector to reach its potential; and
- Uncertainty around online platforms impacting the traditional accommodation sector through short-term rentals.

Relatedly, over 28 years have passed without a review of the overarching tourism policy in the country, therefore a review of the White Paper is long overdue. This is vitally important given that the policy landscape is not static but dynamic in nature. Furthermore, the multisectoral nature of tourism including its complex value chain is continuously impacted by global policy trends. These trends have over the past two decades persistently changed affecting all facets of the tourism value chain which necessitates policy review. The adoption of the NDP 2030, the NGP 2010, Industrial Policy Framework, the Revised Growth Strategy for Tourism and the ERRP and TSRP necessitate the tourism policy review.

[9] 2020 Economic Review of South Africa, OECD.

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2.2 POLICY VISION

To develop a sustainable and competitive South African economy through an inclusive, inspiring, visitor-oriented tourism sector that consistently:

- Leverages innovation as the basis of creative, compelling experience development and delivery;
- Builds partnership to strengthen sector's impact nationally, regionally and globally;
- Addresses barriers to Tourism growth; and
- Responds to the social cohesion imperatives of the country.

2.3 POLICY OBJECTIVES

With the vision in place, the new tourism policy seeks to facilitate growth and transformation of the sector through the following strategic objectives:

- Create an enabling regulatory environment for the present and future, especially as regards to technological developments;
- Increase tourism's contribution to the broader economy through geographic, year-round spread of visitor volumes and revenue;
- Drive increased employment and entrepreneurship as an integral part of growth efforts, with particular focus on vulnerable groups;
- Promote a more inclusive sector through increased skills development and financial support;
- Provide for the sector's enhanced resilience and ability to respond to crises;
- Improve the capacity for research and knowledge management to inform decision making;
- Attract tourism investment, develop and maintain supportive tourism infrastructure, especially to drive innovation in the delivery of experience; and
- Ensure sustainable tourism development: economic, social, cultural and environmental.

2.4 GUIDING PRINCIPLES

The development and growth of tourism in South Africa must be aligned with the constitutional values. It must also be tied directly to the national and regional strategic priorities to ensure its success. The reason being that tourism does not operate in isolation from national development objectives, other sectors and regional partners. Therefore, the Tourism White Paper is grounded in the following tenets:

- Tourism is private sector driven and government provides an enabling environment for tourism to flourish;
- South Africa as a destination values its connectedness to the continent and the SADC Region in particular, and seeks to foster this interdependence through the design of the tourism experience;
- Tourism is a multi-stakeholder endeavour and relationships of mutual cooperation are critical for the sector's success;

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- Advocating for a shared vision within government, business and other stakeholders for the common purpose of growing the tourism sector;
- Placing the visitor at the core of all tourism programmes;
- The sector re-affirms its commitment to responsible tourism based on sustainable social, economic and environmental practices throughout the value-chain;
- Cultivating a sector that is cognisant of its transformative and socio-economic role;
- Upholding of human rights and non-discrimination in the provision of products and services;
- Promote and develop tourism for the benefit of the Republic of South Africa and for enjoyment of all its residents and foreign visitors;
- Promoting a shift to scaled evidence-based tourism development projects with impact on the overall destination; and
- Addressing historical barriers to growth in tourism and resulting employment.

PART 3: POLICY PROPOSALS

The Tourism White Paper focuses on four policy thematic areas. These are (i)Evolving former policy i.e. policy areas in the old white paper and still relevant; (ii)Emerging policies i.e. new policy developments not covered in the old policy; (iii)Policy issues for targeted growth i.e. policy areas that are vital in stimulating tourism growth; and (iv) Policy issues for sustainable growth model i.e. policy areas to ensure sustainability of the sector. In terms of the approach, the Tourism White Paper provides an overview in each policy thematic area, an area of focus, the problem statement and the policy proposals:

- Overview of the thematic area
- Area of Focus
- Problem Statement
- Policy Proposal

3.1 EVOLVING FORMER POLICY

The 1996 Tourism White Paper addressed several policy areas as a comprehensive framework for the country's efforts to develop the tourism economy, the majority of which remain relevant for the sector. These were pursued through various strategies and initiatives, working with partners over the past two decades.

Whilst significant strides were made to enable the sector to establish and sustain a growth course, limited achievements in some of the policy areas were recorded. Regional cooperation and intergovernmental relations are such a policy area, as reflected in the fragmented management of tourism and lack of maximisation of resources. Safety and security remain a challenge, with perceptions of South Africa as an unsafe destination still prevailing and acting as a barrier to travel in respect of some source markets.

The White Paper also highlighted an untransformed sector characterised by the limited integration of local communities and previously neglected groups into tourism. The situation still persists despite some positive developments. Gaps in creating sustainable employment and entrepreneurship opportunities for the benefit of the youth and women is still a challenge.

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3.1.1 EVOLVING FORMER POLICY: Tourism Governance and Cooperation

The opening statement of the Founding Provisions of the Constitution declares that "The Republic of South Africa is one, sovereign, democratic state…" Chapter 3 provides that while government is constituted at the national, provincial and local spheres, all spheres must preserve the national unity and indivisibility of the Republic. The Constitution further calls for a coherent government for the Republic as a whole.

Schedule 4 of the Constitution outlines the functional areas of concurrent national, provincial and local competences. This constitutional dispensation must inform the management of tourism, in particular, considering that administrative borders do not influence tourists in their choice of experiences. As a sector that is highly dependent and impacted on by a multiplicity of factors, tourism is reliant on coordinated action and integration for its orderly development. An ideal delivery framework for tourism should facilitate its execution through seamless integration of communities, the whole of government and the private sector.

Approaches to integration by various destinations include establishing structures, led at the highest level and involving all related ministries, multiple spheres of government and the private sector. The structures serve to facilitate consultation and policy coordination (Australia), foster cooperation and destination competitiveness (Canada), facilitate consultation on key policy issues affecting travel and tourism (Finland), and operate as information exchange and advisory bodies (Germany, Switzerland).

❖ **Problem Statement**

There is fragmented planning and delivery of tourism which undermines the sector's ability to reach its potential. Lack of a whole-of-government approach to tourism development and inefficiencies, which are evident from the regulatory barriers, require a policy response. In addition, challenges of coordination between the three spheres of government remain, leading to uncoordinated individual action to deliver on each separate mandate. Effective coordination in the delivery of tourism is vitally important given the responsibility of government to provide an enabling environment for the private sector to thrive.

❖ **Policy Proposals**

To ensure harmonisation in the delivery of the tourism mandate by spheres of government, the following is proposed:

- A forum where the leader of government interacts with Tourism stakeholders from both the public and private sectors regularly to ensure co-creation of tourism plans and a whole-of-government approach to implementation;
- Target the inclusion of Tourism priorities in municipal development plans and relevant models such as District Development Model (DDM);
- One country's marketing message reflecting the diversity of the destination's core tourism offerings which differentiates South Africa from the rest of the world; and
- Exploring the enhancement of the role tourism should play in the development and promotion of nature and cultural-based tourism, particularly in state owned assets.

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3.1.2 EVOLVING FORMER POLICY: Safety and Security Management

The OECD notes that a safe and secure tourism environment is a critical measure of destination competitiveness[10]. Concerns related to safety, the risk of criminal incidents, political unrest and most recently, potential health-related threats significantly influence destination's tourism demand with travellers choosing not to visit countries and regions they regard as unsafe.

Arising from highly publicised criminal incidents, the nature and frequency of public protests impacting public roads and published national crime statistics, South Africa is perceived as an unsafe destination in some source markets. This acts as a barrier to tourism and counteracts marketing efforts. Concerns about potential incidents also affect the packaging of experiences and geographic spread. For example, some major attractions reportedly fall off itineraries as a precaution due to a few criminal events along routes to the said products. Escalation in crime affecting tourists has a magnified negative impact on the economy due to the press it receives in the marketplace of the source country. Often, police responses and arrests are not perceived as an effective deterrent. The coverage of tourist areas by law enforcement agencies is not always adequate to contribute to a sense of safety and reduce the likelihood of crime against visitors. It is also important to note that the safety of tourists is intricately linked to the safety of local communities.

Relatedly, the country has experienced travel advisories from some countries urging their citizens to be careful when travelling to South Africa due to sporadic service delivery protest. In some instances, these genuine protests are hijacked by criminal elements resulting in looting of businesses and opportunistic xenophobic elements on migrant-owned business. Whilst the law enforcement agencies have always been activated to deal with such, Government also introduced the Inter-Ministerial Committee on Migration to deal with the positive and negative aspect of migration. The Department of Tourism participated in the process with a view to highlight the positive aspect of migration on the economy and the economic contribution of tourism to the economy. Therefore, it is crucial that safety and security strategies are proactive, preventative and responsive to all incidents, including accidents and natural disasters. The White Paper identified amongst the responses, collaboration with relevant organisations such as law enforcement agencies for resources and approaches to reduce crime against tourists, the provision of information to visitors to improve safety and the institution of swift legal procedures for effective prosecution of cases.

The sector has partnered with the South African Police Service (SAPS) to formulate a Tourism Safety Strategy and implement a Tourism Safety Monitors' Programme. The programme includes patrolling, providing tourist information and reporting incidents to law enforcement agencies affecting key tourist sites. Monitors are drawn from the youth, who are trained and mentored before placement, with over 2000 recruited. Some destinations have responded to visitor concerns about crime by establishing targeted tourist police units supporting tourists and handling complaints (Dominican Republic, Kenya, Ghana, Malaysia, Egypt), implementing victim support programmes (Ireland, Gauteng, Mpumalanga and the Western Cape in SA) and through coordinating activities incorporating tourism-focused police planning, working with tourist facility owners and agreed upon forms of cooperation including preventative programmes (Slovenia).

[10] OECD Trends and Policies 2010

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❖ **Problem Statement**

South Africa's image has been negatively impacted by crime involving tourists and high crime levels reported in the destination broadly. Crime-related concerns negatively impact the desire to visit South Africa by international tourists and is a deterrent against self-drive domestic tourist. There is also perceived risk related to community service delivery protests which adds to an unsafe outlook of the destination.

Current responses do not provide for the prompt resolution of crimes against tourists and make insufficient use of technology solutions for increased effectiveness, particularly for high tourist areas and supporting visitors travelling in groups. The limited community understanding of the contribution of tourists and tourism to the economy is also not addressed. The disease outbreaks further underline the need to broaden the safety outlook.

❖ **Policy Proposals**

The proposed approach is for the following actions to be undertaken:

- Intelligence-Based Tourist Safety Programme: A central, shared, research-based tourist safety response programme nationally, facilitated through formal stakeholder institutional arrangements and supported by increased sensitisation of communities and the media on the value of tourism;
- Active alignment: Address all crimes impacting tourists, especially, in high tourist areas using the combined efforts of stakeholders, communities, law enforcement agencies, the justice system, private security players and technology security advances;
- Dedicated Tourism Safety Support: In partnership with law enforcement agencies at all levels, investigate the establishment of a specialised police unit with capacity for focused preventative measures and the swift resolution of incidents involving tourists; and
- Consider hygiene as part of tourism safety and security programme in partnership with relevant authorities.

3.1.3 EVOLVING FORMER POLICY: Transformation

The founding provisions of the South African Constitution enjoin all to build a democratic state founded on the achievement of equality, among others. The Bill of Rights provides measures to be taken to protect or advance persons disadvantaged by unfair discrimination.

In this regard, South Africa enshrined the principle of redress through Section 217 of the Constitution as amended. In order to give effect to this policy, the B-BBEE Act was enacted in 2003 through the Department of Trade, Industry and Competition (the dtic). As a principle, transformation is based on joint stakeholder commitments to work collectively to extend opportunities and benefits to Previously Disadvantaged Individuals (PDIs). Therefore, a genuine sector partnership consensus should be established to support transformation. This includes the extension of economic benefits through funding instruments, well defined mandates of public entities and levers provided for in the Tourism B-BBEE Sector Code.

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The Tourism B-BBEE Sector Code outlines the details for transforming the tourism economy through five focus areas. Ownership and Management Control are critical levers, whilst Skills Development, Enterprise and Supplier Development, and Socio-Economic Development are core development areas. The framework requires large and medium enterprises to transform through the five elements. It exempts small enterprises with up to R5 million annual turnover from compliance, granting them an automatic level 4 rating.

A reduced compliance requirement is applied for medium enterprises, which is the category registering between over R5 million and under R45 million turnover annually, whilst compliance with all elements is required from large enterprises with turnover above R45 million. Compliance with the B-BBEE Code is defined as achieving a rating between levels one (1) and 8 as certified by a rating agency. As a result of the dominance of small enterprises in the sector, most tourism enterprises are exempted from compliance with transformation targets.

Transformation of the sector has been slow. Studies have highlighted that black women, in particular, have benefitted the least from the process both in respect of management control and shareholding. This is a challenge considering that women are by far the majority of employees at entry and basic supervisory levels in the sector. Procurement from black suppliers by large enterprises is also low whilst performance on the socio-economic development score is relatively good[11].

Inclusion has been successfully facilitated in markets such as Namibia through concessions. The instrument is a market-based mechanism capable of achieving sustainable and inclusive growth while ensuring the commercialisation of facilities. It involves private parties bidding for the right to invest and commercially use state properties in support of conservation and tourism in exchange for the payment of a concession fee to the regulating authority. The benefits for the private party are that they acquire access to unique tourism sites and can achieve a competitive return on investment. The regulating authority receives revenue, an asset upgrade and realises savings. At the same time, the arrangement is a useful tool to facilitate B-BBEE, the stimulation of SMMEs, job and skills creation in the local economy.

A B-BBEE empowerment and community beneficiation initiative in KwaZulu-Natal involves a private reserve paying an agreed lease fee to local communities who benefitted from a land claim settlement. The establishment also employs members of the community and undertakes development projects for the community's benefit.

Malaysia also offers an example of the institutionalisation of economic policy to empower marginalised indigenous communities, facilitate their participation in economic activities and acquire ownership in varied economic sectors.

❖ Problem Statement

Poor market access and opportunity continue for the previously disadvantaged individuals, along with low integration in economic participation and entrepreneurship, as a result of, inter alia:

[11] Tourism B-BBEE assessments reports, Department of Tourism.

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- The sector's limited number of large enterprises to drive transformation and predominant family ownership which presents unique challenges for the transformation programme;
- Funding shortages and artificial barriers to entry;
- Low levels of economic beneficiation for communities living adjacent to protected areas;
- Protected areas and parks owned by national, provincial and local government entities are regulated through the Generic Codes of Good Practice, which are not adapted to address concession challenges in state-owned tourism assets and other distinctive tourism transformation challenges; and
- Skills development programmes including apprenticeships, coaching and mentoring insufficiently targeted for the adequate preparation of the youth and young adults entering the working environment and those wanting to progress into entrepreneurship should be integral to transformation.

❖ **Policy Proposals**

The following policy actions are proposed:

- Tourism industry to align their policies with the Amended Tourism B-BBEE Codes whilst considering strengthening the Transformation Council's mandate and powers, including its independence;
- Enterprise and Supplier Development to be embraced as critical lever of transformation, including the efficacy of the current support programmes;
- Creating value proposition for companies to participate in the Tourism BBBEE Sector Codes (research shows that successful companies are often those with diverse teams); and
- Strengthen mechanisms for access to finance by SMMEs to promote transformation and consider developing a framework for concessions including building resilience in all support programmes.

3.2 EMERGING ISSUES AND OPPORTUNITIES

Technological advancements have affected the global economy in various ways. The World Economic Forum identifies the digitisation and integration of value chains, the digitisation of products and service offerings, and digital business models as the main features of the new developments. Some key enablers for tourism sector transformation include scaling up of innovations, namely: Digital economy; Robotics; iCloud; Artificial Intelligence (AI); Virtual Reality (VR) and Omnipresent connectivity (i.e. Wi-Fi and 5G).

These technologies have operated alongside the human value-add to enhance the tourism product and reinforce the central service philosophy at the heart of Tourism. According to UN Tourism, innovation in new technologies can enable new opportunities and support digitally-enabled growth for the sector. Areas that can benefit from innovation include travel facilitation, tourism data, training and skills development, and job creation. There are also high-skills job opportunities within the sector by merging information and communication technology skills with the understanding of tourism business models to develop services for the tourism sector locally and globally.

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3.2.1. EMERGING ISSUES AND OPPORTUNITIES: Embracing Technology

The tourism ecosystem has continuously been modified by increasingly accessible and affordable technology. Simple adaptations such as basic e-marketing and online sales have been widely adopted. Several opportunities can flow from advanced technologies for the small and micro sector, which is dominant in the tourism space. These include:

- Increasing efficiency;
- The development of new business models;
- Increasing ease of mobility;
- Strengthening information and engagement within the visitor experience; and
- Facilitating entry into new markets.

The challenge is for SMMEs to recognise and exploit the possibilities to safeguard their competitiveness in a digital economy. In general, small enterprises lag large entities in adopting advanced technologies such as data analytics, cloud computing and geotagging[12]. A policy to support the adaptation needs of both the SMME sector and the workforce would therefore strengthen sector's resilience for the overall benefit of the destination. South Africa's Integrated Strategy on the 4th Industrial Revolution identified the need to:

- Respond with agility and purpose through artificial intelligence;
- Take advantage of opportunities presented by technological change to enhance global competitiveness; and
- Ensure that citizens are prepared and, where necessary, to shield them from the adverse consequences of technological changes, as the main areas of focus.

The United Kingdom (UK) Tourism Sector Deal established an Independent Tourism Data Hub to adapt to digital technology whilst Netherlands created and activated an independent data alliance for tourism which enables sector sharing of existing data and knowledge[13]. Finland developed a *Roadmap for Digitalisation* to create a nationwide digital ecosystem with key steps including data collaboration, integrating and promoting product inventory and ensuring multi-channel availability. Meanwhile digitalisation in tourism has created new marketplaces and models for travel and accommodation such as Short-term rentals (STRs) which are prevalent within the accommodation and travel sub-sectors.

Jurisdictions and organisations across the globe define Short-term rental (STR) differently with emphasis on various aspects. STR is typically defined as a rental of any residential home or unit or accessory building for a short period of time which generally includes a stay of 30 days, though the maximum length can differ as per the jurisdiction. In California, STR is defined as a residential property that is rented to an individual or group for not more than 30 consecutive days. In the city of Trinidad, STR is whereby a homeowner rents out no more than one bedroom in their primary residence and is present on-site between the hours of 10PM to 7AM while rented as an STR. The amended definition refers to a dwelling and has a limit of 30 days. Gordonsville local authority in USA refers to STR as Transient accommodation and defines it as any natural person who, for any period of fewer than 30 consecutive days,

[12] OECD Tourism Trends and Policies, 2020

[13] Netherlands 2030 Vision: Perspective Destination, the Netherlands 2030.

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either at his own expense or expense of another, obtains lodging or use of any space in any hotel or travel campground for which a charge is made.

Although there is no one-size-fits all approach to defining STR, the common denominator on the analysed definitions is the restriction of the activity to a residential unit or part thereof and the limit to the number of days which can range from 30 days to 120 days in a year. This Tourism White Paper refers to the STR as the renting or leasing on a temporary basis for a reward of a dwelling or a part thereof to a visitor. The issue of the thresholds will be decided in consultation with stakeholders during the finalisation of the regulations.

STRs have offered the broader market exposure for new entrants whilst increasing the cost of doing business for regulated small enterprises complying with municipal laws but not in the online platforms. Benefits highlighted by the platform operators include access to markets by micro and emerging enterprises, important income for host in light of the subdued economic performance and the unlocking of authentic enterprises.

Reported challenges by stakeholders during the consultation period include loud and uncontrolled guests; sub-letting without permission from body corporate; flooding of supply by individual listing multiple properties; the impact in the rental market; unfair competition for regulated small accommodation providers operating in the same space with STRs and the issue of health and safety standards.

The monitoring and regulation of STRs has been implemented by many countries and cities. Some cities introduced rules limiting the number of properties that owners can list on booking platforms to ensure fairness for the regulated accommodation providers. Fines for STR platforms for marketing lodgings without permits to accommodate tourists were also imposed, and limits to the length of rental through platforms ranging from 30 to 120 days (London, Santa Monica) have been imposed with conditions. Paris introduced a limit for owners renting primary residences to no more than 120 days per year and imposed rezoning requirements for properties being rented out for more than four months.

Nairobi sought to register and license all serviced apartments, houses and villas subject to inspection and approval prior to the commencement of operations. Those who successfully registered in Nairobi were issued with the regulatory license. Other responses include the creation of a registry and the collection of tax and tax data. Greece also proposed a legislation that separates those who rent the bulk of properties from the majority who rent out one or two properties. A clear, coordinated approach to integrating the digital economy into the entire tourism sector to enable access and participation is critical.

❖ **Problem Statement**

- Lack of support mechanisms for the sector, particularly SMMEs, to adapt to a digital future and other technological advancements;
- Proliferation of STRs leading to unfair competition for regulated small-scale accommodation providers operating in the same space as STRs;
- Insufficient information about the supply side of accommodation, in particular short-term rentals to inform policy decision making; and

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- Potential increase in cost of doing business for regulated accommodation entities competing with unregulated STRs in the same space.

❖ **Policy Proposals**

Policy approaches should incorporate:

- A framework for holistic digital integration of the tourism workforce and enterprises incorporating innovation opportunities to be developed;
- Structured awareness and skills development programmes targeted at the youth, women and persons with disabilities to increase the understanding and access to new career and entrepreneurship opportunities arising from current and future technological advancements;
- A differentiated approach for the regulation of STRs;
- Implement thresholds on unregulated STRs in line with international best practices; and
- A framework for improved reporting by STRs to understand the supply side, in line with protection of information prescripts and Tourism Act.

3.2.2 EMERGING ISSUES AND OPPORTUNITIES: Crisis Management

The tourism sector is subject to various shocks and disruptions such as economic crises, health pandemics and weather events. Despite the historical resilience of the tourism sector and the ability for some destinations to recover, the irregular occurrence of these crises can potentially undermine long-term sustainability.

Previous major crises include the Spanish flu of 1918, the global financial crisis of 2008/2009 and recently, the 2019 COVID-19 pandemic. These events have revealed poor preparedness from destinations to comprehensively handle the impact of crises. Other crises include post-election violence (Kenya 2007/8), volcanic eruptions (Iceland, Chile), hurricanes (Katrina, USA), the Indian Ocean Tsunami, the 9/11 attacks (USA), foot and mouth disease outbreaks (UK) and the Severe Acute Respiratory Syndrome epidemic in Asia. Effective responses to some of these crises were limited, resulting in significant disruption to travellers.

The 2008/2009 global financial crisis led to significant declines in tourist activity and changes in travel habits, including a decrease in long-haul travel in favour of intraregional and domestic trips in the short-term. The COVID-19 pandemic led to significant adverse impacts to travel and tourism due to travel restrictions and related responses to the crisis.

UN Tourism has consistently advocated for the creation of a resilient tourism sector. Following the 2008 economic crisis, the UN Tourism established the Tourism Resilience Committee, which developed the roadmap to recovery with recommendations for countries. The recommendations broadly highlight the significance of the green economy, stimulus measures and resilient measures through strengthened market intelligence. Through the *One Planet Vision*, the UN Tourism has also called for responsible recovery measures focusing on balancing the needs of the people, planet and prosperity.

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The 2017 Risk and Crisis Management in Tourism Sector by Member states of the Organisation of Islamic Cooperation (COMCEC) acknowledges the impact any significant crisis might have on the sector's ability to operate normally either because of damage to infrastructure and facilities or because the destination will be perceived as unsafe. Although the impact may be limited to a specific geographic location, the market concern about the safety of travel and negative image may apply to the whole country. This may break the established mould of tourism and create opportunities to develop in the new directions. Destinations can therefore develop new products according to available resources in line with emerging market trends[14].

Schedule 4 of the South African Constitution identifies disaster management as a functional area of National and Provincial competence. The Disaster Management Act of 2003 provides for an integrated and coordinated disaster management policy which focuses on preventing/reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post disaster recovery. Meanwhile the National Disaster Management Framework Act of 2005 gives priority to the development of measures to reduce the vulnerability of disaster-prone areas, communities and households. The primary objectives of the framework are prevention and mitigation.

❖ **Problem Statement**

- The tourism sector currently lacks a comprehensive national crisis management framework to manage and respond to crises in a coordinated manner, and responses tend to be adhoc.
- There appears to be a lack of appreciation that disruptions and disasters periodically affect all sectors and that crisis management is not the sole responsibility of the Disaster Management Centre.

❖ **Policy Proposal**

The certainty of crises re-occurring demands that the sector must be resilient and future-proof itself against any possible disruption. It is therefore proposed that the sector:

- Develop and regularly review a scenario-based Tourism Crisis Management Framework to enable the destination to manage and respond to crises inclusive of a response to tourism infrastructure at risk of climate change and extreme weather events.
- Monitor emerging market trends out of crises and explore new products in line with available resources with a view to future proof the sector against crises.

3.2.3 EMERGING ISSUES AND OPPORTUNITIES: Accessing the Destination

The facilitation of travel to and within the destination is a major driver for securing visitor numbers. This relates to both transport and visa frameworks, which may put the destination at a disadvantage relative to competitors. Admission policies and transport networks either support or undermine the ease with which potential visitors can access the country.

[14] COMCEC (2017). Risk and Crisis Management in the Tourism Sector. Recovery from crisis in the OIC member countries

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This impacts travel decisions, including how domestic travellers reach their destinations. Support for domestic tourism requires the maintenance of domestic flight routes, domestic roads and an efficient integrated transport system. Connectivity is also influenced by the country's geographic location relative to major source markets. Long-haul destinations require incredible efficiency to facilitate visitors from source markets through air transport.

African countries adopted the Yamoussoukro Decision (YD) which seeks to promote connectivity where African cities will be seamlessly connected by air to support Africa's integration. The YD commits 44 signatory countries to deregulate air services and promote competition within the continent. The implementation of YD has been lethargic. To stimulate the implementation of the YD, the Single African Air Transport Market (SAATAM) was launched in 2018. In 2024, 35 countries (including South Africa) have signed solemn commitment to establish and implement SAATAM. The SAATAM initiative is part of the African Union's (AU) socio-economic transformation Agenda 2063 which include initiatives such as the African Continental Free Trade Area (AfCFTA) and the African Passport and Free Movement Protocol of People.

The Department of Transport is mandated to negotiate air traffic rights with other states, which are thereafter designated to airlines to operate routes and frequencies. In collaboration with tourism authorities, Air Access Structures in South Africa have adopted strategies to develop new air services to help connect destinations or ease access through direct flights or additional frequencies on existing routes. These air service development initiatives are uncoordinated, with the potential of being counter-productive. They are also not guided by a destination level strategy to balance localised aspirations with overall national imperatives. Provinces such as the Western Cape (Cape Town Air Access), KwaZulu-Natal (Durban Direct), Eastern Cape (Nelson Mandela Bay Air Access) have initiated air service development structures and have done an incredible job in attracting airlines into the country.

Globally, countries such as the USA (Essential Air Service & Small Community Development Grant); Scotland (Air Route Development Fund); Wales (Route Development Fund); Spain (Canary Island Fund); Germany (Frankfurt Airline Incentives); Belgium (Brussels Airport Incentives Program); and Malaysia (Incentive programme) provide support for air service development to support the competitiveness of their destinations. The initiatives generally involve financial and non-financial incentives to support route development.

A ground transport sector not geared to service tourists was also identified as one of the key constraints to tourism in the 1996 White Paper. This assessment largely remains relevant, with enabling infrastructure still poor in the less developed parts of the country and rural areas. Road networks enable movement and access to the destination and contribute to seamless travel through interconnectivity with other transport modes. Infrastructure development and maintenance, in general, is also required to support the geographic spread of tourists into less visited regions through better connectivity of tourist experiences. The development, enhancement and maintenance of tourism and public infrastructure responsive to the needs of tourists is a key input for the overall tourist offering.

Destinations have prioritised investment in infrastructure as a tool for regional dispersal of visitors and implemented regional tourism infrastructure programmes to attract more tourists beyond major metropolitan areas.

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Others developed Tourism and Transport Action Plans to inter alia influence transport planning at a strategic national and local level to accommodate visitor requirements (Australia)[15], take advantage of "once in a generation infrastructure projects", and generally improve the ability of domestic and international visitors to reach their destinations (VisitEngland)[16].

The NDP 2030 highlights the need for a strong network of economic infrastructure to support the economy's growth objectives[17]. It advocates for targeted development of transport and other networks. For tourism, the targeted approach can be consolidated through Tourism and Transport Plans developed with the transport authorities for tourism regions and routes. Regionally, land transport is the dominant mode for visitors from the SADC region, which form the bulk of South Africa's key defend source markets.

Facilitation of movement in the border environment is therefore critical in supporting tourism flows. The initiative to ease traffic congestion at land ports and expedite the movement of goods and persons through the One-Stop-Border-Post project by the Department of Home Affairs (DHA) is encouraging. This includes the redevelopment and modernisation of the prioritised land ports. Relatedly, the Border Management Agency has been launched to ensure world class integrated border law enforcement. The agency seeks to facilitate legitimate trade and travel whilst simultaneously addressing associated national security risks.

Visa policies remain a crucial part of visitor attraction. DHA continues to implement visa waivers where feasible and easing visa processes where a waiver is considered not to be appropriate. As of 2024, the DHA's visa exemption now covers 6 continents and 132 countries that South Africa has diplomatic ties with. This demonstrates significant progress in the process of facilitating ease of access. DHA's accreditation of tour operators in China is also an example of easing visa processes through eliminating in-person applications. DHA is further implementing an e-Visa system intended to be rolled-out to countries not enjoying visa waivers. The ultimate idea is to enable potential visitors to apply for e-Visa in the comfort of their homes. Recently, an agreement has been reached to implement a Trusted Tour Operator Scheme for China and India.

Visa waivers remain an effective policy measure used by countries to facilitate ease of access. The UN Tourism conducted studies examining the impact of visa facilitation in the Asia Pacific Economic Cooperation (APEC) region. Studies found that visa waiver programme is the most effective policy intervention significantly impacting international tourist arrivals when compared with other visa policy measures.

Other programmes focus on selected travellers. Qatar facilitates ease of access for first class and business class passengers arriving in Doha by allowing them access to immigration lounges for expedited immigration processes. Passengers are required only to present their business or first-class ticket in order to gain access to the immigration lounge. Ghana introduced a business class immigration facility at its Kotoka Airport terminal in 2018.

[15] OECD. (2020). Tourism Trends and Policies.
[16] Strategic Action Plan for Tourism 2010-2020.
[17] NDP, Chapter 4

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The US Custom and Border Protection Facility in Abu Dhabi allows US bound Etihad Airways passengers to process all immigration, customs and agriculture inspections in Abu Dhabi before departure to the USA. After such processing, there is no need for further checks when arriving in the USA. This process is seen as the fastest way to get through the airport and on to the final destination in the US.

Therefore, there is a need for improved mutual understanding of policy inter-linkages as a basis for a whole-of-government approach. This includes continuous communication of the business case for tourism with Departments responsible for mandates impacting tourism as part of travel facilitation.

❖ **Problem Statement**

Overt challenges exist relating to the fundamentals of traveller accessibility, including:

- Insufficient travel facilitation for visa requiring growth tourism source markets, manual visa processing and inadequate visa processing capacity in some centres;
- Lack of a coherent national approach to air access facilitation and air service development for the country;
- Limited air and land infrastructure to support accelerated intra Africa travel; and
- General low investment in tourism supportive infrastructure, poor maintenance, competing infrastructure priorities, planning and implementation taking place outside tourism prism.

❖ **Policy Proposals**

Establishment of critical enablers for safe, smooth, seamless travel into and around the destination should entail:

- Supporting the easing and digitalisation of immigration procedures including e-Visa processing for key growth source markets;
- Facilitate the establishment of a nationally driven air access strategy for the coordination and support of air service development for the country;
- Making it easier for regional travellers to travel into and around the destination and encourage seamless travel within the SADC Region;
- Economic infrastructure needs analyses per region be undertaken, and tourism and transport plans developed to inform investment cases; and
- Facilitate the removal of red tape across tourism related services.

3.2.4 EMERGING ISSUES AND OPPORTUNITIES: Quality Visitor Services

The provision of quality services is central to a competitive visitor economy. A capable SMME sector with a commitment to quality standards can enable the delivery of a quality tourism product. An appropriately skilled; visitor-centric workforce; quality establishments; attractions and facilities catering to all market segments and supportive infrastructure that facilitates seamless travel to and within the destination, all enable the most optimal visitor services. The experience is further influenced by cleanliness levels and perceptions of safety by actual and potential visitors.

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On the demand side, mechanisms for tourism protection need to be strengthened to support redress in case of unmet quality and service standards. The Tourism Act (Act No. 3 of 2014) allows the Minister of Tourism to designate a Tourism Complaints Officer. The Complaints Officer is responsible for resolving tourist complaints relating to tourism services, facilities or products. Complaints are to be dealt with mainly through referral to an accredited scheme or arrangement. A framework for incorporating mediation into the role of the tourism complaints function is proposed for equitable resolution of consumer complaints.

3.2.5 EMERGING OPPORTUNITIES: Quality Assurance Frameworks

Quality assurance initiatives produce many benefits for a destination, including improving its image and capacity to compete against other destinations. A quality-oriented approach also induces substantial changes to management and planning.

A voluntary quality assurance scheme initially focused on the accommodation sub-sector is administered by the Tourism Grading Council of South Africa (TGCSA), a government entity established in the year 2000. Properties are assessed on set criteria, and a star grading is issued to indicate the quality of the facility and level of service that can be expected by visitors and used to market the value proposition. The grading is valid for one (1) year only, after which an assessment must be made to either retain or amend the grading status.

Challenges with the system include the level of uptake and continued subscription, partly due to advances in technology and access thereto over the past decade. There has been a shift towards online and real-time feedback from customers or users of tourism products. TripAdvisor and Expedia are some of the key “instant” feedback tools, and reliance on these and other consumer-driven quality assurance channels by potential visitors have therefore taken hold. The illegal use of the insignia by entities whose grading has expired is a further issue of concern.

South Africa has the shortest validity period for the grading outcome alongside Kenya, requiring renewal annually. Other destinations’ renewal periods range from two (mainly on the African Continent) to 5 years, with most ranging from three upwards as follows: Brazil-3 years, France-5 years; Malaysia- 3 years; Switzerland -4 years and the European Union broadly ranging from the 3 to 5-year renewal period.

The majority of countries have voluntary quality assurance frameworks. Those with compulsory grading (Botswana, Ireland, Kenya, Mauritius and Namibia) also have compulsory registration of tourism business with the relevant tourism authority. Australia implements Star Ratings, an independent standards scheme. Although participation is voluntary, an estimated 90% of Australian travellers rely on the Star Ratings scheme to measure the quality of guest facilities. The scheme also offers various benefits such as access to a free online dashboard of guest reviews across all major Online Travel Agencies, review sites, social media platforms and free access to business development templates and tools.

- **Problem Statement**

An absence of the ability to promote, monitor and measure quality across the tourism sector ecosystem exists as a result of:

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- Inconsistent standards due to lack of enforcement;
- Options for broadening subscription to quality assurance schemes to promote consistency in service standards required;
- Grading costs that are unaffordable to some tourism entities;
- Reduced perception of value due to increased reliance on online review tools; and
- Value proposition of the quality assurance framework not being adequately motivated.

❖ **Policy Proposal**

The following policy actions are proposed:

- Retaining the current voluntary TGCSA grading system and explore the notion of quality assurance inspectorate;
- Supporting mechanisms for the system such as improving the value proposition, considering extended validity periods for reduced administration, and infusing the element of guests' online reviews with TGCSA conducting audit visits/verification;
- Establishing partnerships with relevant parties and agencies to improve compliance with the grading framework;
- Explore the establishment of a system of licensing for designated categories of tourism services;
- Creating a framework incorporating mediation, adjudication and rulings into the role of the Tourism Complaints function; and
- Awareness creation and enforcement of the prescribed penalties for the illegal utilisation of insignia in partnership with law enforcement.

3.2.6 EMERGING ISSUES AND OPPORTUNITIES: Skills Supply and Employment

As is the case in the broader economy, tourism suffers a skills mismatch. This undermines the overall offering as skilled and service-oriented staff and enterprises are a major component of any destination. Women constitute 63% of employment within the food and beverage sub-sector and approximately 60% of employees in the accommodation sub-sector. Effective skills' programmes can therefore support the inclusive development of the tourism workforce. People development helps support increased participation in the sector through career growth and entrepreneurship, which is vital for the sector's growth.

A thriving sector needs multi-functional skilled persons for its advancement, balanced with the nurturing of entrepreneurship skills to contribute to further growth. Interventions should include the mainstreaming of experiential learning through effective collaboration between industry, the higher education sector, and Sector Education Training Authorities (SETA). Lack of coordinated approach and lack of interest from some industry players, other than paying the skills levy, is dominant.

Current skills development programmes are focused on training, most of which cannot equip graduates with the requisite skills needed by the industry. Links with industry throughout the value chain to safeguard the relevance and appropriateness of programmes are ineffective. The supply of skills also needs to keep up with changes in the macro environment and the associated new skills requirements.

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Positive examples of training and skills development in the tourism business sector in South Africa have been observed. Such programmes tend to be more effective in skills development than some tertiary education-based courses and could be encouraged via B-BBEE recognition for skills development. The skills training could also be shared for broader applicability across the sector using technology.

Brazil's Pronatec training programme is funded by the government. It focuses on courses directly linked with the skills requirements of each region using specific requests from individual enterprises in the whole tourism value chain. Courses are offered by both the private and public sectors. The approach has proven to be responsive to emerging skills shortages and minimises mismatch.

The Critical Skills List published by the DHA included the following occupational skills as being in short supply: Chef; Food and Beverage Scientist; Marketing Practitioner; Market Research Analyst; Travel Agency Manager; Travel Accommodation Inspector and Property Manager. It's important for the sector to influence the skills' list for the benefit of tourism. The Department of Tourism working with relevant role-players conducted a skills audit in 2017, which informed the Tourism Sector Human Resource Development Strategy 2017-2027. The Strategy envisages an appropriately skilled tourism workforce offering excellent visitor experiences and contributing to the inclusive growth of the tourism sector in South Africa.

❖ **Problem Statement**

The tourism sector is negatively affected by the skills' mismatch as a result of:

- Poor conceptualisation and coordination of tourism skills' needs by relevant sectors leading to poorly trained learners with limited employment prospects, leading to lack of transformation in the skills and human resources space;
- Inadequate opportunities to access and acquire skills and training, internships, learnerships, coaching and mentorships, especially for the previously disadvantaged Individuals;
- Weaknesses associated with some tourism training institutions' systems e.g. learners not receiving their qualifications timeously after training;
- Poor career guidance at school level not aligned with students' aptitude and lack of multidisciplinary training to enable graduates to appreciate tourism complexity;
- Poor determination and consolidation of skills' needs by the tourism sector;
- A training lens to skilling geared towards entry-level jobs is dominant, with insufficient attention to higher-level skills and entrepreneurship;
- Language barriers to travel to South Africa for some key markets; and
- Lack of focus on future skills for tourism brought on by digitalisation necessitating responsive skilling programmes.

❖ **Policy Proposal**

Clear, coordinated and consistent prioritisation of skills development and training by:

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- Reviewing, in collaboration with the industry, the secondary and tertiary education curriculum and approach to tourism training to better incorporate intrinsic skills relevant to industry needs and to align with changing skills demands due to the 4th Industrial Revolution;
- Implementation of a simplified process of gathering industry skills needs and periodic review of the critical skills' list in consultation with the industry;
- Development of an enterprise development framework to enable the advancement of the skills base of small and micro enterprises in the sector outlining the contribution of both public and private sector role-players (e.g. Learning Management System);
- Encouragement of skills development by tourism enterprises and the sharing of best practices across the sector; and
- Positioning tourism as a viable career within communities and fostering a greater understanding of the utility of service skills that the sector helps develop long-term personal growth.

3.2.7 EMERGING ISSUES AND OPPORTUNITIES: Tourist services (Tour Guiding, tour operators and travel agents)

The visitor experience can be significantly influenced and transformed into a unique and memorable encounter through quality tourist guiding. Tourist guides provide critical services as frontline professionals sharing information about a destination, story-telling and interpreting to tourists. The sector's development has led to new forms of guiding and an evolving need for standards and enhanced professionalisation of tour guiding.

South Africa's offering is significantly dependent on the tourist guide input, which comprises of over 10 000 registered guides. Since guide education transitioned from module-based courses and panel assessments under South African Tourism (SATOUR) to formal qualifications in line with the National Qualifications Framework (NQF), much of the influence that the Tourism Department/authorities had in informing the guiding curriculum and maintaining the standard of guide education is no longer in place. Instead, over the years, there has been a proliferation of guiding qualifications and skills programmes with no clear entry and exit points. A lack of continuous professional development, restrictions on areas of operation, constant challenges with accreditation, quality assurance and certification, content being left to training providers to develop and teach with no prescribed minimum content in place or oversight on existing content to determine if it is factual, objective and representative of South Africa, has characterised guiding training.

This has led to many challenges, including the lack of quality education and guiding, the skewed and sometimes incorrect information provided by some guides and the inconsistency among guides that have undergone similar qualifications/programmes. If not addressed, the challenges will affect the credibility and the brand of the tourism sector.

Tourist guiding has been a regulated profession for decades and the Tourism Act of 3 of 2014 provides a chapter dedicated to tourist guiding. Among others, the Act makes provision for key office bearers such as the National Registrar of Tourist Guides who is appointed by the Minister of Tourism to implement various overarching functions at a national level.

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Meanwhile Provincial Registrars of Tourist Guides are appointed by the respective Members of Executive Council (MECs) to undertake the overall administration, including the registration of tourist guides and maintaining a register of guides. The current institutional arrangements in the guiding sector lack uniformity and consistency across provinces. Although legislation is in place to standardise registration functions, most processes, systems and service offerings are not uniform. The human and financial resources allocated to the guiding function also varies with each province, which has created further problems in how the guiding function is administered.

With the exception of tour guides, the tourism policy has been silent on other tourism services subsectors. This has led to information gaps and unscrupulous service providers in some instances tainting the image of the industry. In the context of the pandemic and frequent climate change challenges, understanding the supply side will be vitally important especially in instances where government needs to provide relief measures.

Historically, travel agents and travel agencies were regulated through the Travel Agents and Travel Agencies Act of 1983. The Act sought to develop a sound travel agency industry by providing for registration of travel agents and the licensing of travel agencies; establishing the travel agents board; ensuring that services rendered by travel agents to the travelling public, conform to the highest possible standards and protect the interest of the travelling public by the board in so far as they are affected by the actions of travel agents. In light of the critical role that travel agents and tour operators play as the first point of communication with tourists, there is a need to consider expanding the role of the Tourist guides registrar to register travel agents. To understand the supply side capacity and improve quality of tourism services, it is vitally important that subsectors such as travel agencies and tour operators go through some form of registration / regulation with the existing tourist guide registrar regime.

Latest developments around tourism levy has shown another policy gap. There has been an instance where a local authority imposed its own tourism levy without consultation with the Department of Tourism, the Tourism Industry and National Treasury. This has a potential of spreading to many localities thereby introducing unwarranted additional cost to visitors. A regulatory framework guiding the process of establishing tourism levies, the consultation process required and outlawing unsanctioned levies is required.

❖ **Problem Statement**

Weaknesses in tourist services offerings in South Africa as a result of:

- Numerous administrative challenges confronting the guiding sector profession (these include lack of foreign speaking guides; low representation of some demographic groups in the profession; quality of education for guides; emerging forms of guides; lack of incorporation of technology into guiding; seasonal character of the profession deterring retention of young guides; illegalisation of indigenous guides without professional training; lack of a united body representing the needs of all guides; and low employment and market access opportunities);
- Lack of attention on other tourism services sub-sectors such as the tour operators and travel agencies in the current policy framework; and
- Mushrooming of unsanctioned levies with the potential to affect competitiveness of the destination.

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❖ **Policy Proposal**

There should be focus on:

- Strengthening the powers of the registrar to review the professionalisation and overall process of administration of tourist guiding;
- Consider expanding the powers of tourist guide registrar to include tourism services and explore a system of classification of products ensuring that they are in the register; and
- Implementation of a framework, by both the public and private sector, guiding the tourism levy regime in South Africa to prevent the mushrooming of unsanctioned levies.

3.3 FURTHER POLICY ISSUES FOR TARGETED GROWTH

Several tourism growth and development priorities have been identified, which are deemed vital to raising the baseline for the sector. These include rural and peri-urban tourism, enhancing domestic tourism, and destination marketing and branding.

3.3.1. FURTHER POLICY ISSUES FOR TARGETED GROWTH: Prioritising Rural and Peri-Urban Tourism

The tourism potential of many rural and peri-urban regions is not reflected in the country's offering as tourism is mainly concentrated in urban centres. This is despite the country featuring prominently in the Travel and Tourism Competitiveness Index for many years, where destination South Africa is seen as having a competitive advantage globally for its cultural and natural resources. These resources are typically hosted by rural and peri-urban settings, representing an opportunity for the areas to benefit from the competitive edge. Currently, outside of the main tourism areas, the exploitation of tourism potential is mostly limited to localities hosting iconic products, mainly national parks.

Security of land tenure is one of the main constraints to the growth of tourism in rural areas. Development Finance Institutions (DFIs) and commercial banks are reluctant to finance accommodation establishments where land leases are granted for less than ten years and prefer leases of 20 years or more. The rationale is that hotels are capital intensive and have a longer investment horizon with material return to investors/equity partners generally delivered after ten years or longer. Supply to meet the anticipated demand is often hindered by these constraints and compounded by rural municipalities not geared to cater to investors' needs.

The varied and unique experiences offered by these regions can help diversify the overall offering, encourage repeat visits and enhance the destination's resilience. A developed rural tourism economy supports geographic spread to distribute broadly the benefits of tourism to all high potential areas. It further promotes skills retention at SMMEs and employee levels in rural areas. Digital technologies can be leveraged to improve significantly market access, product enhancement and the overall experience.

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Demand for less crowded and unspoilt environments is gaining renewed momentum and provides an opportunity for product development outside the main centres. Studies have also been conducted on the development needs of high potential tourist regions such as the Drakensberg in the KwaZulu-Natal Province.

In 2020, UN Tourism launched the Best Tourism Villages to make tourism a force for transformation, rural development and community well-being. The initiative seeks to advance the role of tourism in valuing and safeguarding rural villages along with their associated landscapes, knowledge systems, biological and cultural diversity, local values and activities including gastronomy. To guide governments, the UN Tourism Recommendations include placing tourism as a strategic pillar in policies for rural development by:

- Undertaking tourism for the benefit and well-being of rural communities;
- Exploring new tourism opportunities for the benefit and well-being of rural communities through technology; and
- Fostering sustainable policies and practices in rural destinations.

There are several examples from different parts of the world that demonstrate the potential of rural and peri-urban tourism. For instance, rural focused tourism is explored through Malaysia's Home Stay Program, New Zealand's rural offerings such as farm tours, and farm shows with local tourism organisations and regional councils actively involved in the development of rural tourism by addressing barriers.

Austria has one of the most successful rural tourism initiatives focusing on farm holidays known as Urlaub am Bauernhof. With the high number of farms closing down, sustainable agro-tourism was used to counter the rate of enterprise contraction. The Austrian Farm Holiday marketing group played an important role in the successful promotion of farm holidays with suggestions that the model can be adapted across Europe. The project has been able to attract two million visitors annually, 50% being repeat bookings, with gross income estimated at 1.2 billion Euros. Challenges for rural tourism development in South Africa include those associated with land claims. This has led investors willing to work with the land claimants withdrawing due to uncertainty.

❖ **Problem Statement**

With tourism traditionally attracting visitor activity in urban centres, rural and peri-urban tourism has suffered:

- Low levels of tourism activity, poor profiling, visibility, and coordination of rural products;
- Inadequate investment in outlying high tourism potential areas;
- Inefficient infrastructure to facilitate access;
- Weak connectivity between main tourism centres and rural products to facilitate tourism flows;
- Unresolved land disputes which hinder tourism development; and
- Uncontrolled development, often not demand-driven, also acts as a deterrent to investors.

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❖ **Policy Proposal**

Rural and peri-urban tourism as a driver of sustainable and inclusive development should be elevated through:

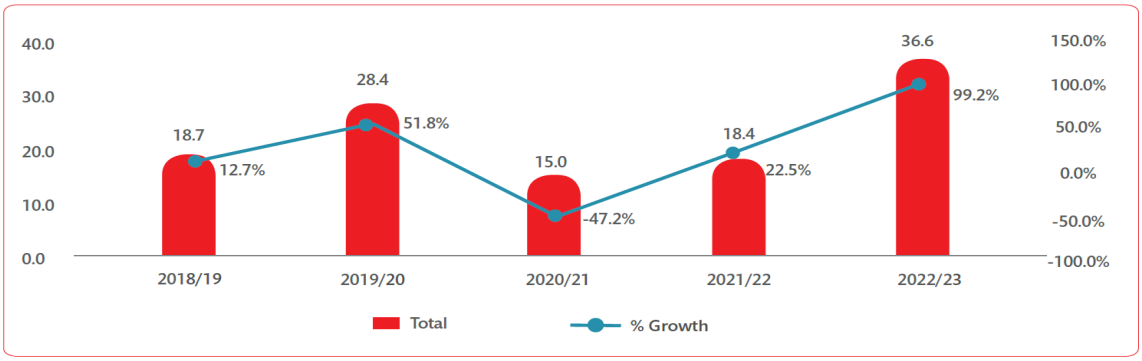
- Investment in rural areas of high tourism potential whilst supporting Spatial Planning and Land Use Management, which has levers to provide certainty to investors;
- Economic infrastructure needs analyses undertaken to inform investment cases;
- Tourism clustering, nodes or zonal approach to align with relevant models and frameworks such as District Development Model (DDM), Integrated Urban Development Framework and Small-Town Regeneration Programme;
- Develop tourism niche framework and packages to improve rural and peri-urban tourism offer and Strengthen the mechanisms for community participation and beneficiation from the tourism value chain; and
- Prioritise rural tourism products with resolved land claims for investment support.

3.3.2 FURTHER POLICY ISSUES FOR TARGETED GROWTH: Enhancing Domestic Tourism for Destination Resilience

Domestic tourism continues to play a crucial role as the backbone of various economies globally in light of external shocks and disruptions. With the closure of international borders during the pandemic, domestic tourism played an essential role in supporting the tourism economy in South Africa. Therefore, making further investment in its growth is vitally important to the sustainability of the tourism sector.

Domestic travellers continue to showcase their commitment to explore the country. Over 36.6 million domestic trips were taken in South Africa for the financial year 2022/23, a 99.2% increase from the 2021/22 financial year. Out of the 36.6 million trips, 10.0 million trips were that of holiday representing a 27% share. Domestic holiday trips in 2022/23 grew by 113.7% when compared to 2021/22[18]. Figure 4 below shows domestic overnight trips (million):

Domestic overnight trips (millions)



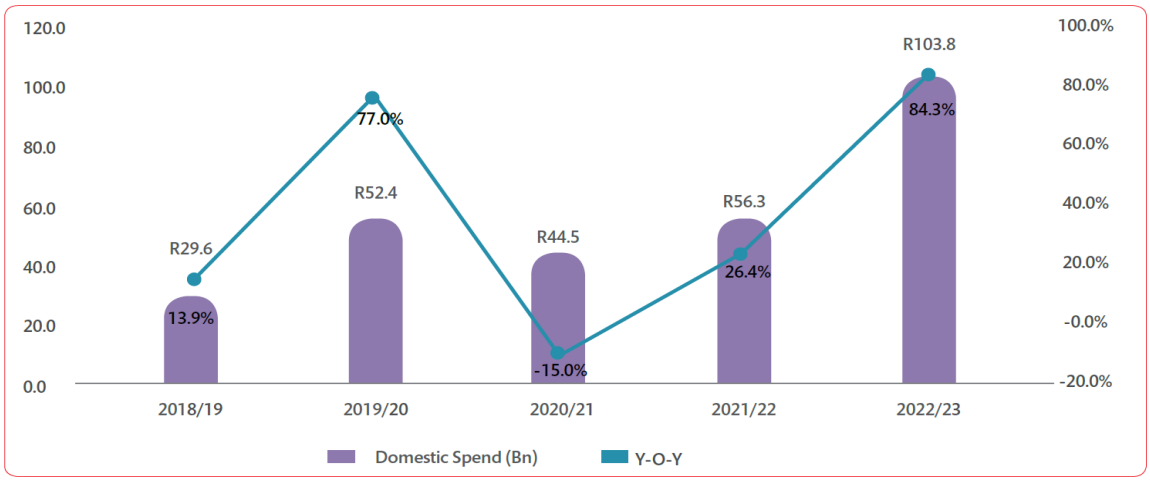
Source: SAT annual report 2022/23

[18] South African Tourism Annual Report, 2022/23

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Relatedly, the total revenue generated by domestic tourism during 2022/23 was R103.8 billion. This is an increase of 84.3% compared to 2021/22. The holiday spend amounted to R47.4 billion which is an average spend on holiday trips of R4 796. In addition, there were 185.9 million domestic day trips in 2022/23, resulting in an increase of 125.5% compared to 2021/22[19]. The rise in domestic day trips was attributed to shopping, visiting friends and family and attending events. Figure 5 below shows domestic overnight spend in (billion).

Domestic overnight spend (billions)



Source: SAT 2022/23 Annual Report

❖ **Problem Statement**

To stimulate domestic demand and to maximise its growth and development, the following needs to be addressed directly:

- Sub-optimal matching of supply and demand and few tourism channels being geared to grow and support domestic travel;
- Limited disposable income due to the weak performance of the economy and high unemployment levels limit the potential of domestic tourism;
- Insufficient products, especially in the accommodation industry to support low-income domestic travel;
- Affordability issues (partly attributed to pricing) and insufficient awareness about what is available for the domestic market;
- Maintenance of standards and diversity in respect of lodges, chalets and camping products can better meet domestic demand and further inspire the desire for more domestic travel; and
- Limited analysis of the Visiting Friends and Relatives (VFRs) segment, which dominates the domestic market to identify opportunities for product offerings meeting its needs.

[19]As cited in SAT Annual Report 2022/23

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❖ **Policy Proposal**

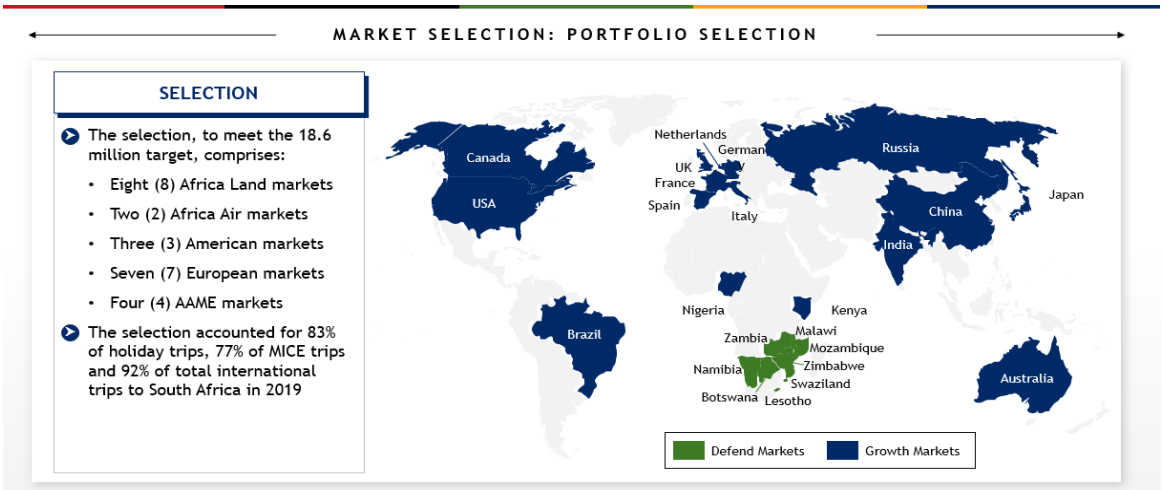
There should be prioritisation of domestic tourism with emphasis on:

- Product-market match framework and enhancement of market segmentation of the domestic market to better formulate strategies in order to inspire revenue-generating tourism amongst all segments with potential;
- Cultivation of culture for travel especially among the youth to generate future demand and encourage the exploration of differentiated pricing as a tool for stimulating domestic travel; and
- Repositioning government and community-owned products to expand access and facilitate affordability for lower-income groups.

3.3.3 FUTHER POLICY ISSUES FOR TARGETED GROWTH: Destination Marketing and Branding

Stimulating tourism demand is a complex undertaking, requiring effective marketing approaches whilst maximising benefits from available resources. The imperative to position South Africa as a globally recognised tourism destination brand is critical to regaining regional and international market share through conversion to support the performance of the destination.

An appropriate destination marketing policy approach is critical to recover from the current contraction and to support the tourism economy's future growth and contribution to GDP. South Africa periodically identifies foreign tourism market for investment. For the period 2020-2023, South Africa identified 24 foreign markets as strategic for marketing investment. These comprise eight Africa land markets, two Africa air markets, three American markets, seven European markets and four Australasian and Middle East markets. Of the total targeted, eight are defend markets whilst the rest are growth markets. Figure 6 below illustrates the market portfolio selection, which is currently under review by SA Tourism.



During consultation stage, stakeholders identified a number of principles that should support marketing efforts. These amongst others include:

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- Diversified product under a unified brand prioritises our unique attractions,
- Differentiated approaches for domestic and international marketing,
- Cohesion in international marketing, and
- Investment in selected markets to deliver volume and value.

The NTSS acknowledges South Africa's position as a global competitor for business, sporting and lifestyle events. In addition to economic spinoffs, the hosting of major events can be used as an effective tool to help promote, position, and brand a destination, including improving geographic spread. The Meetings, Incentives, Conferences and Exhibitions (MICE) plays a critical role in the tourism economy of South Africa. Some events are managed and supported by the South African National Conventions Bureau.

During the period 1 April 2018 to 1 April 2019, South Africa hosted 207 international conferences, attracting 87 000 delegates, contributing R2.5 billion to the economy[20]. Hybrid events also gained traction due to the impact of the Covid-19 pandemic. This imposed new infrastructure and facility requirements, equipment upgrades, hosting skills, enhanced Wi-Fi connectivity, internet speeds and other equipment.

In light of these developments, South Africa has not been positioned actively as a leader in hosting international events in the continent despite hosting major international events. There is a lack of a national strategy that is informed by a comprehensive analysis of a global calendar of events. This includes poor coordination of MICE across the country thus undermining South Africa's international competitiveness.

❖ **Problem Statement**

A shared destination vision is yet to be achieved by the sector, which is:

- Supportive of demand;
- Achieving substantial growth in volume and value through enhanced competitiveness of the brand;
- Integrating marketing of the country between public entities and private sector; and
- Supported by tourism research and insights to enable accurate forecasts and support marketing and branding strategies.

❖ **Policy Proposal**

A unified tourism competitive offer for South Africa must be co-created by the public and private sector focusing on:

- Marketing programmes and investment based on evidence, priority market segmentation, and unique assets;
- Adoption of a targeted approach to marketing and branding by country and region and infuse the element of responsible tourism in marketing;
- Bidding to host international business, sporting and lifestyle events enabling geographic spread and reduction of seasonality;

[20] South African Tourism, 2019

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- Programmes for strengthening brand awareness and preference as a prelude to conversion;
- Positioning South Africa as a leader for international business events in Africa and in the Southern Hemisphere and leveraging the geographic spread of tourism benefits as its imperative.

3.4 A SUSTAINABLE GROWTH MODEL

South Africa seeks sustainable growth founded on responsible tourism practices and prioritises the promotion of commercial, social and environmental interests. The policy reaffirms this commitment and undertakes to implement the United Nations 2030 Agenda for Sustainable Development throughout the Tourism value chain.

Sustaining the destination's competitive edge and maintaining the capacity to identify and take advantage of growth opportunities are also dependent on a sound system of gathering, processing and applying timeous information and insights.

3.4.1 A SUSTAINABLE GROWTH MODEL: Responsible Tourism for the Destination

The Tourism White Paper of 1996 committed South Africa to tourism development underpinned by sustainable environmental practices. Consequently, the tourism sector embraced responsible tourism ahead of many destinations, with various initiatives implemented since then.

Current changes in traveller trends indicate accelerated re-orientation towards sustainable travel and living. This provides the impetus for destinations to intensify and expand responsible practices throughout the destination and with participation of the whole tourism value chain.

The UN Tourism and G20 Tourism Working Group developed recommendations to transition to a Green Travel Economy through One Planet Vision. The vision strives to enhance the resilience of tourism by balancing the needs of the people, planet, and prosperity. Accordingly, the UN Tourism and the G20 Tourism Working Group developed recommendations providing guidance for the transition to a green travel and tourism economy.

Studies indicate that tourism has been growing as a polluter, with worldwide tourism accounting for 8% of global Greenhouse Gas Emissions from 2009 to 2013. This makes the tourism sector a bigger polluter than the construction industry, for example. One of the studies that examined travelers' spending habits in 160 countries indicates that the impact of tourism on global emissions could be four times larger than previously thought.

The UN Tourism's One Planet Vision outlined various recommendations to enable the Green Transition of Tourism for Planet. Recommendations relating to biodiversity include capturing the value of tourism through conservation, supporting conservation efforts through tourism and investing in nature-based solutions for more sustainable tourism.

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Climate change recommendations include monitoring and reporting carbon emissions from tourism operations, accelerating the decarbonisation of tourism operations, and engaging the tourism sector in carbon removal.

Valencia acted towards becoming a carbon-neutral destination by 2025 by using the SDGs Compass. The roadmap to decarbonisation comprises of three phases, namely:

- Initial calculation of the footprint of the destination and its actors;
- Implementation of a digital management system; and
- Development of compensation projects in the territory.

VisitScotland embraces a low carbon pathway by adopting sustainable practices in its operations. Through its quality assurance program, *VisitScotland* provides energy advice on issues such as energy efficiency, food waste and low carbon transport. Certification schemes such as green tourism, with over 800 business members, demonstrate the range of sustainable practices within the sector.

Mauritius set a vision to become a leading and sustainable island destination and used innovation to incorporate sustainable practices throughout the value chain. Sector tools were also developed to educate tourism entities and used innovation to incorporate sustainable practices throughout the value chain and sustainable intervention opportunities.

Switzerland adopted the Swisstainable Strategy to focus on fulfilling the visitor needs alongside those of the local population and the environment through detailed coordinated action. The emphasis is also on positioning and marketing the destination as the most sustainable destination worldwide, and various programmes are implemented in this regard.

The Department of Environmental Affairs and Tourism (DEAT) published the National Responsible Tourism Guidelines in 2002 as a framework for the sector to incorporate responsible tourism into their operations. Currently, the Department of Tourism implements a Green Tourism Incentive Programme with the Industrial Development Corporation (IDC). It promotes energy efficiency through a retro-fitment programme, encouraging SMMEs to move towards cleaner and renewable energy sources by using energy-efficient equipment and practices.

There has also been a pattern of unsustainable conservation practices with a potential to undermine the reputation of the destination. South Africa is considered as one of the leaders in conservation internationally and is world renowned for its big five. This international recognition is under serious threat from some of the practices considered unsustainable and incompatible with the conservation principles.

Practices such as walking with dangerous predators in captive facilities are increasingly frowned upon by the environmentally conscious visitor. This has led to some tour operators indicating that such attractions will not be included in their packages due to ethical and animal welfare concerns and have called for a policy response. Latest policy initiatives by relevant Ministry signal the intention to ban unsustainable conservation practises such as the captive keeping of lion for commercial purpose.

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The Constitution of the Republic underlines the need for the protection of the environment for the present and future generation through promotion of conservation and securing ecologically sustainable development and use of natural resources, whilst promoting justifiable economic and social development. Meanwhile the Tourism White Paper of 1996 envisaged a tourism sector that is a leader in responsible environmental practices, promoting the conservation and sustainable use of tourism resources, ameliorating rather than contributing to environmental problems.

Most importantly, the Responsible Tourism Manual for South Africa requires South Africans to take responsibility for maintaining the integrity of natural resources and the rich biodiversity. The manual identifies activities cited by researchers working in tourism worldwide that require firm management. These activities include unethical hunting and fishing, and wildlife harassment resulting from viewing and photography, which may result in behavioural changes in wild animals. In addition, the NTSS underlines the increasing interest in green, sustainable, responsible and ethical tourism as an emerging trend globally.

❖ **Problem Statement**

- Despite the implementation of energy and water efficiency and universal access programmes in South Africa, scope remains for the mainstreaming of responsible tourism practices throughout the sector.
- There has also been a pattern of unsustainable conservation practices with a potential to undermine the reputation of the destination.

❖ **Policy Proposal**

The following measures are proposed:

- Adoption of Sustainable Development Goals in planning for tourism;
- Update the National Responsible Tourism Guidelines in line with latest international policy frameworks and best practices;
- Tourism development to include universal accessibility guidelines;
- Create value proposition for tourism development applying responsible tourism guidelines and identify programmes to offset carbon emissions; and
- Discourage unsustainable conservation practices with a potential to harm the reputation of the destination. This includes practices with a potential to endanger the lives of visitors such as walking with predators.

3.4.2 A SUSTAINABLE GROWTH MODEL: Knowledge Management, Research and Insights

There are constant shifts in tourism trends, which need to be researched, analysed and understood to sustain competitiveness. This is especially true when significant disruptions occur at industry and general society levels, as with the global pandemic. The emergence of a knowledge-driven economy further elevates the role of accurate, timeous information as a critical source in decision making and core input for achieving and sustaining destination competitiveness. The public and private sectors require up-to-date data to make decisions on all aspects of tourism and to reduce uncertainty in the context of constant, rapid changes.

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Systems aimed at capturing, sharing, and effectively using information to gain a competitive edge are vital. Destinations seeking to gain a competitive edge are developing and enhancing data hubs to identify and collect important, correct and authentic information. Multi-stakeholder agreement on how to organise, process, share and use information in decision making is also a key input in the institution and effective management of hubs.

The NTSS noted the importance of enhancing the capacity of tourism research and knowledge management through strategic collaboration with academic institutions. The Department of Tourism also has close collaboration with government research institutions with a view to supporting evidence-based decision making.

In order to ensure a knowledge-centric tourism sector and unlock volumes of information existing in different tourism sub-sectors, various countries have moved towards knowledge-driven tourism economies. The UK through the Tourism Sector Deal created a new independent Tourism Data Hub to assist the industry in understanding visitor preferences for location, activities and products in real-time. The Data Hub is also for the UK to gain insights on all searches for UK as a holiday destination, including those ending up visiting another destination.

Denmark launched the Tourism Tech Data Lake project to better use the global digitalisation and technology trends in 2017. The first national tourism related data strategy, with the concept of a data lake as a central part, aims to collect data from tourism stakeholders, use these data for developing new tourism business models and create insights into what attracts international tourists to Denmark.

France invested in collating information available in many different regional product databases with the development of its National Data Tourism System. This government backed platform collects and harmonises information on tourism activities, attractions, and events from across the country. Since 2017, this has made data accessible to users in a single location and in a single format, under open license. The platform contains over 300 000 tourism-related entries from 12 regions and 90 departments and can serve as a basis for designing tourism packages and many other requirements.

❖ **Problem Statement**

Despite excessive amounts of industry information available through open source and official intelligence entities, there is:

- A lack of readily available, verified market intelligence to inform decision making in the tourism sector;
- Limited utility of research due to fragmentation in the identification of research gaps;
- No central repository of information enabling a better understanding of visitors, their habits and motivation;
- Lack of easy access to tourism information held in individual organisations in the public and private sectors;
- Lack of entrenchment of knowledge management driven processes resulting in inefficiencies and lost opportunities for utilising tourism analytics and data to ensure competitiveness; and

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- Fragmentation of knowledge management across the sector, with pockets of knowledge scattered across individual tourism subsectors.

❖ **Policy Proposal**

Develop an agreed upon knowledge management framework and approach for tourism, including:

- A regularly revised research agenda identifying research gaps and prioritised research focus areas formulated in collaboration with partners;
- Private and public sector establishment of a Tourism Data Hub where all tourism stakeholders share their data to enhance decision making whilst bridging the information gap between small and large tourism players for tourism growth; and
- High frequency data to be made available every month.

3.4.3 A SUSTAINABLE GROWTH MODEL: Tourism Diplomacy

The 1996 White Paper underlined South Africa's commitment to working with Southern African Countries to develop its tourism industry, particularly the SADC. Cooperation was encouraged in many areas, including the environment; marketing; education & training; health & disease control; and the easing of visa restrictions.

Significant progress has been made in collaborating on a regional basis in a number of areas, such as the Transfrontier Conservation Areas (TFCAs), which are cross-border conservation areas that facilitate seamless experiences for tourists. The first TFCA in the region was developed in 1999 with the establishment of the Kgalagadi Transfrontier Park between Botswana and South Africa. Currently, there are 18 TFCAs across the SADC region that are in different stages of development. TFCAs create an enabling environment for collaborative management of shared ecosystems within the region, and they incorporate well-known tourist destinations in the region.

Numerous international instruments and regional blocks have emerged since the adoption of the Tourism White Paper of 1996. Tourism Ministers from the G20 Countries focus on the role of tourism in stimulating the global economy. This is done through dialogue and the exchange of knowledge and best practices within these countries. South Africa has been a critical player in the forum. BRICS (Brazil, Russia, India, China and South Africa) was established a decade after the 1996 Tourism White Paper (RSA joined in 2010) with the intention of expanding multilateral cooperation. BRICS identified the potential of tourism contribution to the economies of these five countries and established the BRICS Tourism Working Stream to align tourism activities within the forum. New members have joined the group and is currently referred to as BRICS+. There is also an association of countries bordering the Indian Ocean that are promoting regional integration and sustainable development inclusive of tourism commonly referred to as IORA (the Indian Ocean Rim Association).

The Department of Tourism has signed numerous bilateral agreements with other countries, particularly in the African Continent, on tourism cooperation. Areas of cooperation range from heritage and cultural tourism, tourism investment, research and planning, marketing, quality assurance, human resource development, to sustainable tourism development.

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South Africa signed and ratified the agreement that established the African Continental Free Trade Area (AfCFTA), which came into effect in May 2019. As the first phase, negotiations in the five priority services sectors (business, financial, communication, transport, and tourism services) commenced. South Africa resolved to extend its existing General Agreement on Trade in Services (GATS) commitments to the AfCFTA that the initial offer should extend to commitments undertaken in SADC. The free trade area provides opportunities for the tourism sector to access more business opportunities in the continent.

Regionally, SADC has developed a Tourism Programme 2020-2030, which serves as a roadmap to guide and coordinate sustainable tourism development in the region. The tourism programme is aligned with the African Union's Agenda 2063 which is a framework for socio-economic transformation of the continent. The SADC Programme seeks to facilitate the removal of barriers to:

- Tourism development and growth in the region and to stimulate visitor movement;
- Improving tourism reputation and the image of the region;
- Developing tourism in TFCAs; and
- Improving the quality of the visitor experience and satisfaction and maximise tourism partnerships and collaboration.

Despite these developments, the South African tourism sector is yet to articulate its international relations approach for both multilateral and bilateral level. The sector also does not have an international relations' strategy to inform its positions on tourism issues within the African continent and the world.

❖ **Problem Statement**

No clear articulation of South Africa's tourism international relations approach at bilateral and multilateral levels (e.g. Africa strategy) resulting in:

- Limited use of tourism diplomacy to drive the country's tourism economic aspirations.

❖ **Policy Proposal**

Tourism is a pillar of economic diplomacy and this has to be supported by a clear strategy. South Africa as the destination within the region boasting products spanning beyond its borders needs to:

- Develop a Tourism International Relations Strategy;
- Implement the SADC Tourism Programme aligned to Agenda 2063;
- Implement a framework to support missions for tourism development and promotion; and
- Strengthen the role of the global marketing office networks including the system of appointing the attaches.

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3.4.4 A SUSTAINABLE GROWTH MODEL: Tourism Trade and investment

The 1996 White Paper underlines the importance of attracting foreign investment which promotes responsible tourism, geographic spread and rural tourism. The need to encourage investments that diversify tourism products, contribute to skills transfer and involve locals with a proven track record in tourism was also advanced.

The OECD Tourism Trends and Policies had, prior to COVID-19, forecast global tourism growth and noted the importance of significant investment to meet the demand. The areas that needed investment included accommodation, transport, and other tourism-related services and infrastructure. According to OECD, such investment would require a coordinated approach across levels of government with input from the industry. Potential policy approaches proposed to support investment include promoting access to finance for sustainable tourism investment projects of all sizes, incentivising transition towards low carbon, climate-resilient investments and building capacity to better coordinate actions across government.

In 2021, the UN Tourism noted the impact of COVID-19 on investment in the tourism sector. Foreign investment in the tourism sector fell from $48.5 billion in 2019 to $12.6 billion in 2020. According to Foreign Direct Investment (FDI)intelligence from the Financial Times, the figures represented a 73.2% drop in the first half of 2020 compared to the same period in 2019. The drop in the tourism sector was, according to United Nations Conference on Trade and Development (UNCTAD), the highest when compared with Global Foreign Direct Investment, which dropped by 42% in 2020. This led the sector to lose between $910 billion and $1.2 trillion in export revenues in 2020.

The FDI Intelligence developed a publication, in partnership with UN Tourism, analysing data on Greenfield investment trends in Tourism FDIs. The publication is critical to governments and investors, given that it provides data on flows of capital and destinations for investments providing insights on market trends for tourism recovery.

The top five recipient countries for Tourism FDI projects, calculated by number of FDI Projects between 2015-2019, is led by the UK with 173 FDIs. The USA follows this with 164 FDIs; Germany at 127 FDIs; China at 111 FDIs; and Spain at 105 Tourism FDIs. Almost half of all tourism investments globally are made in the top 10 countries from which 30% of projects are concentrated in five (5) countries. Construction was identified by UNCTAD as the main driver for around 57% of total greenfield investment from 2015 to 2019. This demonstrate the need to encourage FDIs into the tourism sector in South Africa.

Potential investors to South Africa often highlight some of the constraints to investing in the tourism economy. The Draft Investment Mobilisation Strategy (2001) flagged the following macro-economic issues as requiring attention: currency devaluation; exchange rates; ability to repatriate profits; tax holidays; real/perceived work ethic of the local population; the productivity of the labour force; availability of reasonably priced land and construction costs. Investors in the Gulf Cooperation Council (GCC), a prioritised market for tourism investment, shared similar concerns mainly relating to the repatriation of funds/profits (deemed complex and requiring the expertise of expensive lawyers). Some investors also flagged the exchange rate as a huge risk, although the weakening currency tends to make the country attractive to inbound tourists, especially from countries with stronger currencies.

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The Department of Tourism facilitates investment promotion and aftercare through the development of a pipeline of nationally prioritised tourism investment projects. Investment ready projects are to be prioritised for presentation in investment platforms. The initial pipeline of investment projects was drawn from more than 200 projects received from provinces and state-owned entities. Challenges confronting building a pipeline of investment projects include lack of market analysis and dated feasibility studies; lack of integration of tourism plans into Integrated Development Plans (IDPs); inadequate project preparation; and poor local economic and tourism performance data.

❖ **Problem Statement**

Inadequate trade and investment in the tourism economy limits tourism growth, resulting in:

- Lack of investment in rural and peri-urban areas located near major attractions;
- Limited appreciation of the potential of tourism to contribute significantly to economic development;
- Limited and incoherent national tourism investment strategy partly underpinned by the split competence between national and provincial government;
- Urban bias in investment interest; and
- Lack of tourism demand scenarios to inform supply.

❖ **Policy Proposal**

A comprehensive tourism investment framework that involves all spheres of government focusing on:

- Facilitating basic infrastructure development for accessibility to tourism establishments in rural areas;
- Promote South Africa as a preferred destination for tourism investment by packaging solid investment opportunities which minimises leakages and promote tourism as an appealing sector for domestic investors;
- Mapping of existing incentives, provision of demand and supply statistics and building a case for tourism to attract investment;
- Incorporate rural and peri-urban opportunities for investment and develop capacity to package high impact tourism projects;
- Continuously work towards policy certainty and promotion of ease of doing business by facilitating removal of regulatory barriers to ensure efficiency; and
- Strengthen the capacity of government to monitor investment trends, including supply gaps.

PART 4: ROLES AND RESPONSIBILITIES

The Constitution outlines the roles and responsibilities of the three spheres of government when it comes to tourism. Schedule 4, Part A, outlines the functional areas of concurrent national and provincial legislative competence. Tourism is identified as one of those functional areas. Similarly, Schedule 4, Part B, outlines the functional areas of local government which identifies tourism as one of the priority areas.

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This policy further details the roles and responsibilities of the three spheres of government including the private sector and community tourism associations. Although the policy outlines the roles and responsibilities of the different sphere of government, coordination between these spheres and through relevant models is vitally important.

4.1 Roles of National Government

The National government is responsible for, amongst others, the following roles and responsibilities:

- Planning and policy making guiding tourism development in the country;
- Review, monitor and align the tourism policy in line with the current trends and national priorities;
- Facilitate the removal of regulatory and administrative barriers to tourism growth;
- Continuous articulation of the business case for tourism and its multiplier effects;
- Coordination of the tourism sector with international, regional and provincial bodies on all aspects of tourism development and coordination with other relevant sectors;
- Regulation of the tourism sector; establish and maintain standards of tourism facilities and services; development of guidelines and regulations to facilitate sustainable and responsible tourism development;
- Promotion of both international and domestic tourism;
- Promote equitable development of major tourism projects in the country; and
- Promote inclusive tourism growth and development.

4.2 Roles of Provincial Government

The provincial government is responsible for roles that are almost similar to the national roles. The following are the roles and responsibilities for the provincial government:

- Formulation of tourism policies aligned with the national policy but applicable to their jurisdiction;
- Partner with national government in the implementation of national policies, strategies, objectives and play a more prominent role than national in tourism development activities;
- Market the province (provincial tourism agency) to the domestic market in competition and collaboration with other provinces;
- Collaboration with national in so far as international marketing is concerned to ensure product diversity and closing the marketing gap where the priority markets are different; and
- Provincial government to play a prominent role in tourism development with the involvement of local communities.

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4.3 Roles of Local Government

Tourism activities and facilities are at local government level, as result, the success of the tourism sector largely depends on the inclusion of tourism priorities in the IDPs. Local government carries somewhat similar responsibilities to those of the provincial government such as policy implementation, environmental planning and land-use, product development, marketing and promotion. However, there are other critical functions that municipalities must carry out to facilitate tourism development. These amongst others include:

- Responsible land-use planning, urban and rural development, control over land-use and land allocation;
- Provision and maintenance of public services, tourist services, sites and attractions such as parks, recreational facilities, museums and historical structures;
- Provision of municipal road infrastructure including signage in accordance with nationally established guidelines;
- Market and promote specific local attractions and disseminate information in this regard;
- Facilitate the participation of local communities in the tourism industry;
- Maintain municipal owned infrastructure supporting tourism such as ports and airports;
- Facilitate the provision of appropriate public transportation services and control public health and safety;
- License establishments in accordance with relevant frameworks; and
- Promote and support the establishment of local tourism associations /community tourism and marketing organisations to facilitate, market, coordinate and administer tourism initiatives.

Local government should not provide services that can be provided by the private sector. As noted, the exact role of the local authorities in each province will be determined by local conditions as well as skills and financial resources.

4.4 Role of the Private Sector

The principle of government creating an enabling environment and the private sector driving tourism is entrenched in South Africa. The private sector plays a critical role in tourism investment and delivering a direct service to visitors whilst government has the responsibility to ensure that an enabling environment is created for the private sector to fulfil these responsibilities. Both sectors are well positioned to ensure that the process of tourism development involves communities. The private sector's responsibilities include amongst other things:

- Investment in the tourism industry, operate and manage the tourism establishments/attractions efficiently and profitably;
- Promote tourism services as well as the country - locally, regionally and internationally;
- Continuously upgrade the skills of the workforce through partnerships and relevant training;

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- Satisfy customer needs by providing quality products and services;
- Develop and promote socially, economically and environmentally responsible tourism;
- Promote safety, security and health of visitors in collaboration with the government;
- Partnership with government in planning, promoting and marketing tourism;
- Involve local communities and previously neglected groups in the tourism industry through establishing relevant partnership ventures with communities;
- Operate according to appropriate standards to ensure value for money; and
- Ensure policy advocacy by speaking with one voice and represent the interests of private business on the boards of the major national and provincial tourism bodies.

4.5 Role of Tourism Association and Community Tourism Organisations

Tourism associations and community organisations must play an important role in shaping tourism policy and strategy implementation at all levels. The associations and community organisation should amongst other things:

- Organise individual members around the tourism agenda;
- Identify essential tourism supportive infrastructure needs and engage government;
- Participate in government initiatives with a view to advance the tourism agenda;
- Support the identification, planning and delivery of tourism events, attractions and experiences; and
- Active involvement in tourism initiatives to ensure transformation and sustainable development.

PART 5: FUNDING, IMPLEMENTATION AND CONCLUSION

5.1 FUNDING

The Constitution provides guidance on the sources of provincial and local government funding. Section 227 states that local government is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform its functions. However, the scarcity of resources as a result of the sheer socio-economic pressures the country is facing affects the funding of all sectors of the economy. This underlines the importance of resource prioritisation and exploring alternative sources of funding available within state agencies.

It is vitally important to include local tourism plans in the IDPs to ensure prioritisation. Relatedly, all spheres of government need to build the case for tourism to feature prominently in the IDPs. Most importantly, the inclusion of tourism plans in the IDPs also enables municipalities to access alternative sources of funding such as Municipal Infrastructure Grant, Industrial Development Corporation, Small Enterprise Finance Agency and other relevant incentives from the Trade and Industry portfolio. This is vitally important given that the equitable share of revenue is often consumed by the pressing social needs confronting the municipalities. The Department of Tourism has done some work partnering with some of these institutions to unlock funding for tourism development and assist with project preparation.

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There is also a need to consider funding allocation for the tourism mandate. Funding allocation for tourism marketing and development must consider the contribution of tourism towards the GDP. The tourism public and private sector therefore need to demonstrate a return on investment allocated to tourism and lobby for more funding.

5.2 IMPLEMENTATION AND MONITORING

This Tourism White Paper policy framework will be implemented through the NTSS. The strategy will contain clear action plans and priority actions to be implemented, in partnership with provincial and local government, SA Tourism including other relevant stakeholders. Monitoring and evaluation is an essential component of the policy development process. Government has also placed much emphasis on monitoring and evaluation as an instrument of accountability through the approval of the National Evaluation Policy Framework. It is therefore important that the implementation of proposals or programmes are continuously monitored and the impact evaluated. The Department of Tourism will periodically decide on the programmes to be monitored and evaluated.

5.3 CONCLUSION

This White Paper covers a wide array of policy, institutional and administrative issues. The adoption of this comprehensive approach reflects mainly the complexity of the tourism sector and the interconnectedness between policy, institutional, regulatory and administrative matters. While the emphasis is on policy issues, the document has, where appropriate, made recommendations that touch other areas beyond policy.

A thread that runs through the policy document is the increasing significance of the tourism sector for economic growth, employment creation, and identity formation. For a country such as South Africa with a long history of economic and social exclusion, massive joblessness, anaemic economic growth rates, and social divisions, the value of a thriving tourism sector has never been greater. The policy proposals that are made in the document are driven fundamentally by the imperative to ensure that the tourism sector in South Africa lives up to its promise and potential.

The comprehensive policy review process that was undertaken reveals that there are various factors that have prevented the sector from reaching its potential. These range from weak coordination across the different spheres of government as well as lack of a harmonised approach to tourism growth and development. In order to address this shortcoming, the document contains bold proposals, which, if implemented fully, should lead to significant improvement. The policy review also identified slow transformation of the sector as one of the significant barriers to its growth and development. Consequently, the document contains detailed proposals on how to accelerate equity and inclusion in the sector.

There have been major technological and other changes that have taken place in the past three decades since the 1996 White Paper that have significant bearing for the tourism sector. The advent of digital technologies has spawned new areas of business and economic activity that would have been inconceivable hardly two decades ago.

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If harnessed well, these technological changes present significant opportunities for growing the sector in a manner that is inclusive and opens up access to those disadvantaged by previous regimes of exclusion and marginalisation. The essence of proposals as far as digitalisation is concerned is to promote essential and fair regulation that does not stifle the growth of the sector.

Most importantly, the policy outlines the proposed roles and responsibilities in line with the Constitution of the Republic. The policy further details specific roles and responsibilities for each sphere of government including private sector and community tourism organisations, which are largely aligned with the 1996 White Paper but also informed by the latest challenges confronting the sector. The policy also addresses the funding issue in line with the Constitutional regime but also highlights alternative sources that can be accessed through Development Finance Institutions.

Finally, this policy review process has been informed by extensive consultation with stakeholders and experts. The contributions of stakeholders and experts is evident in the richness of the analysis in the document as well as in bold and comprehensive proposals herein contained. The growth, transformation and adaptation of the tourism sector in South Africa will depend on continued engagement of all affected parties in government, the private sector, and South Africans as a whole.

End

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