

**THE PROVINCIAL TOURISM VALUE CHAIN CONFERENCE**

**ADDRESS BY: MEC NEO MASITHELA**

**DATE: 5 MAY 2008**

**VENUE: BLOEMFONTEIN CITY HALL**

Programme Director

Madam Premier

MEC's present

Executive Mayor

Honoured Guests

Ladies and Gentlemen

Good Day

Ladies and gentlemen since the turn of new democracy tourism has surpassed human expectation and confirmed to be the "new gold" more especially in the Free State. To acquire the most earnings from this gold, constant engagement with stakeholders in order to carefully plan and coordinate means to do so is critical. We must then agree that a conference of this nature is fundamental.

The Provincial Tourism Conference provides a discourse platform to engage stakeholders on a framework for development of the tourism value chain in the Province and to initiate discussion on issues that constrain growth of tourism as a sector. With the advent of democracy in

South Africa, tourism has grown rapidly and is now an important sector of South African economy. Despite growth and apparent robustness of the tourism sector, national and provincial destinations are not competitive, when assessed from global perspective.

It is imperative for strategic interventions to be implemented for current and future positioning of the Free State in the tourism market which is highly competitive with numerous provinces and global competitors vying for the same market. Strategic interventions should provide realistic and practical projects and programmes to be pursued to achieve niche positioning for competitiveness in national and international markets thereby providing support for tourism related programmes as identified in the Free State Growth and Development Strategy.

Tourism as a sector could be well utilized as a catalyst for economic transformation of the province as a result of its efficacy to ensure mainstreaming of previously disadvantaged communities to become active participants in local economies. However there are numerous challenges to this process.

Honorable guests, the tourism industry remains highly untransformed. While tourism is a specific priority within the Accelerated Shared Growth Initiative for South Africa (ASGISA), little has been done within the sector to align the industry to the demands of poverty reduction, employment creation and addressing the problems of the second economy.

Tourism is prominent to the country's efforts to accelerate growth and development. The current national strategy for the Accelerated Shared Growth Initiative for South Africa (ASGISA) and the Joint Initiative for the Priority Skills Acquisition plan (JIPSA) identify and prioritise the Tourism industry and its skills development capacity. Tourism could, contribute significantly to economic growth and transformation, and reduction of poverty through implementation of the Sector Skills Plan(SSP 2008-2009) which provides a framework for enhancement of skills.

The tourism skills audit report recently envisaged the main areas in which tourism training programmes should be focused. These are Business Management skills and frontline skills. Recently, the Central University of Technology conducted research covering the Motheo District, and not to regret; the results of this investigation led to the very same conclusion!

In response to the skills challenge in the tourism sector, the National Department of Environmental Affairs and Tourism together with Tourism Hospitality and Sport education and Training Authority (THETA) and National business initiative (NBI) formed a partnership to address skills development in SA. In this province, R2 million has been spent on training 150 people in various spheres of tourism since 2004, in order to equip them with skills essential for the tourism industry during and after the 2010 FIFA World Cup.

Like our rainbow nation ladies and gentlemen, the tourism sector is very diverse. It comprises different industries including accommodation, tour

guiding business, tour operating businesses, food and beverage businesses and destination attractions and activities. This industry therefore relies on forming alliances with other industries such as the transport industry and various suppliers of goods and services.

In the Free State province, tourism presents comparatively low barriers of entry for emerging entrepreneurs with regard to skills, low level of investment and job creation capacity. Tourism offers extensive opportunities for bringing development to rural areas which enables sustainable utilization of the natural environment whilst also building cross cultural inter-actions.

For the tourism sector to realize its vision and therefore optimize the realization of its objectives; marketing efforts from all levels of government should be coordinated. Local government should be capacitated to deliver tourism at a local government level. In this regard the Dteea is set to develop tourism-sensitive LED strategies that would enable them to fully exploit tourism potentials that are endowed in their localities.

More importantly, barriers to entry for small businesses should be addressed. Product and business development strategy should be aligned to supply and demand considerations, quality assurance must be fast-tracked, safety and security issues must be dealt with and significant broad base black empowerment opportunities must be created and promoted.

In a nutshell key programmes to develop tourism in the province have the following aspects at their core:

- Marketing and brand alignment of promotional activities that focuses on market prospects and segments which have the potential to best meet the expenditure and visitor number objectives of the Free State province.
- Investment in skills development which will ensure that people working in the industry operate to the highest standard of professionalism and create lasting positive experiences in the minds of tourists; about the people and places they inter-act with during their sojourns. This process is also highlighted by the Tourism Master Plan which was developed not so long ago.
- Measures to improve product and business development and enhance interventions that create memorable experiences beyond the expectations of tourists.
- Means to upgrade quality services, standards and implement regulations aimed at protecting tourists as consumers; through ensuring that tourism establishments and enterprises operating in the Free State perform according to expectations and operational standards agreed upon.
- Methods to promote transformation of the tourism sector to guarantee massification in the mainstream of the tourism economy and ensure that tourism is accessible to those who can not afford to travel.
- Legitimate intervention to facilitate access to financial and non-financial resources as a means to ensure growth through facilitation of new tourism establishment in the industry. Access should be enabled through

implementation of the integrated tourism enterprise programme which focuses on capital, expertise and market access.

Ladies and gentlemen it is clear that a good number of these interventions required to execute tourism development programmes successfully are not direct line functions and are dependent on well-built and nurtured alliances and coalitions. Municipalities, DEAT, DTI, FSTA, TEP, SEDA and DTEEA; let us all join hands in our walk to the tourism roller coaster