

# PRESENTATION ON THE REVISED BUDGET FOR THE DEPARTMENT OF TOURISM

## PRESENTATION TO THE PORTFOLIO COMMITTEE ON TOURISM

9 JULY 2020

broadening horizons



**tourism**

Department:  
Tourism  
REPUBLIC OF SOUTH AFRICA



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# I. CONTEXT FOR REVISION OF PLANS

- Covid 19 has transformed the global landscape.
- All sectors have been impacted but none more than the travel and tourism sector.
- With borders being closed, planes and mass transport being grounded and large gatherings being prohibited there is almost zero activity in the sector.
- The tourism sector has in the past demonstrated strong resilience and will certainly be transformed and rise again.
- Early indications are that recovery of the sector may take between 12 and 24 months.
- There are high degrees of uncertainty both with regards to the pandemic and about the future of the sector, the planning context of the public sector will accordingly have to be adjusted.

## ESTIMATED GLOBAL IMPACT OF COVID-19 (UNWTO)

- Decline of 290 to 440 million International Tourist Arrivals
- 5 to 7 years lost in numbers of tourists
- Decline of 300 to 450 US\$ billion in Tourism Exports (receipts)
- 1/3 of 1.5 US\$ trillion lost in Tourism Exports



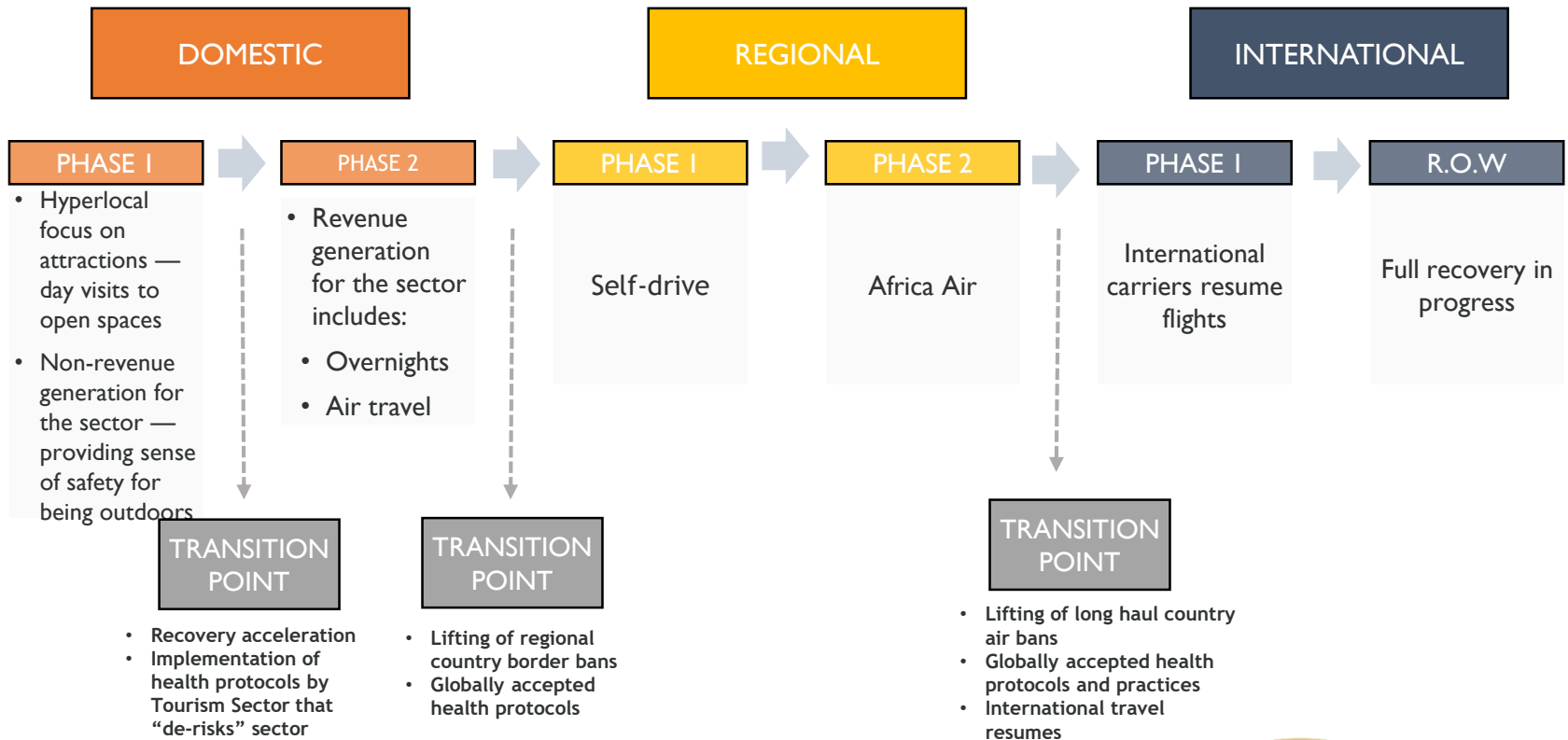
## 2. BACKGROUND

- The impact of COVID-19 on the tourism sector has necessitated a review of the Departmental Plans with due consideration of the emerging risks in the organisational performance management environment due to the pandemic.
- The review of the plans has taken into account the impact of the national lockdown, associated restrictions and high levels of uncertainty on the practical execution of some of our projects planned for 2020/21.
- With restrictions placed on travel and the phased opening of economic activities Departmental projects planned for 2020/21 that require site visits, construction, exhibitions, contact training and placement with host employers were anticipated to be especially affected. These projects relate mainly to the Expanded Public Works and Tourism Incentives Programmes.
- International and domestic marketing, exhibitions and events i.e. the work of the entity, South African Tourism, is equally affected.
- As the country tried to come to terms with the impact of the pandemic, work commenced on a Tourism Recovery Plan.
- As the country reprioritises resources to fight the pandemic, it was anticipated that the portfolio budget would be impacted, and the extent of which would only be confirmed during the adjustment budget.



### 3. 'LOCAL FIRST' RECOVERY

Tourism recovery will experience a number of phases, from hyper-local community attractions, through broader domestic tourism, regional land and air markets, and lastly resumption of world-wide international travel. The phases may not necessarily follow the same sequence but of certain is domestic tourism first.



## 4. REVISED BUDGET - DEPARTMENTAL SUMMARY

DEPARTMENTAL SUMMARY			
Sub-Programme	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Administration	308 593	-1 487	307 106
Tourism Research, Policy and International Relations	1 391 382	-870 825	520 557
Destination Development	485 897	-16 513	469 384
Tourism Sector Support Services	295 112	-111 175	183 937
<b>TOTAL</b>	<b>2 480 984</b>	<b>-1 000 000</b>	<b>1 480 984</b>

Economic Classification	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Compensation of employees	358 109		358 109
Goods and services	640 561	-26 775	613 786
Transfers and subsidies	1 478 534	-973 225	505 309
Payments for capital assets	3 780		3 780
<b>TOTAL</b>	<b>2 480 984</b>	<b>-1 000 000</b>	<b>1 480 984</b>



# Administration

ADMINISTRATION			
Sub-Programme	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Ministry	38 242	-1 487	36 755
Management	3 053		3 053
Corporate Management	172 684		172 684
Financial Management	51 405		51 405
Office Accommodation	43 209		43 209
<b>TOTAL</b>	<b>308 593</b>	<b>-1 487</b>	<b>307 106</b>
Economic Classification	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Compensation of employees	163 057		163 057
Goods and services	142 281	-1 487	140 794
<i>Of which,</i>			
<i>Travel and subsistence</i>	22 123	-1 487	20 636
Transfers and subsidies	172		172
Payments for capital assets	3 083		3 083
<b>TOTAL</b>	<b>308 593</b>	<b>-1 487</b>	<b>307 106</b>



# Budget Reductions Per Activity – Administration

Details	Amount (R'000)
Travel and Accommodation	1 487





# Tourism Research, Policy and International Relations

TOURISM RESEARCH, POLICY AND INTERNATIONAL RELATIONS			
Sub-Programme	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Tourism Research, Policy and International Relations Management	9 142	-625	8 517
Research and Knowledge Management	34 479	-3 250	31 229
Policy Planning and Strategy	14 643	-450	14 193
South African Tourism	1 304 306	-866 000	438 306
International Relations and Cooperation	28 812	-500	28 312
<b>TOTAL</b>	<b>1 391 382</b>	<b>-870 825</b>	<b>520 557</b>
Economic Classification	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Compensation of employees	56 982		56 982
Goods and services	23 564	-4 825	18 739
<i>Of which,</i>			
<i>Computer services</i>	222	-222	-
<i>Travel and subsistence</i>	12 620	-2 348	10 272
<i>Venues and facilities</i>	3 396	-2 255	1 141
Transfers and subsidies	1 310 330	-866 000	444 330
<i>Of which,</i>			
<i>Departmental agencies and accounts</i>	1 304 306	-866 000	438 306
Payments for capital assets	506		506
<b>TOTAL</b>	<b>1 391 382</b>	<b>-870 825</b>	<b>520 557</b>

## Budget Reductions Per Activity - Tourism Research, Policy and International Relations

Details	Amount (R'000)
Report on the state of key public-owned tourism attractions	(450)
National Tourism Analytics System Framework developed	(250)
Development of draft discussion document on the Development and Promotion of Tourism in South Africa	(750)
One regional activation facilitated to profile South Africa as a destination of choice implemented	(500)
Indaba Ministerial Session 2020 and coordination of Indaba events	(625)
Innovation Conference	(1 500)
National Visitor Membership and Information Management System	(750)
SA Tourism	(866 000)



# Destination Development

DESTINATION DEVELOPMENT			
Sub-Programme	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Destination Development Management	35 611	0	35 611
Tourism Enhancement	25 171	-700	24 471
Destination Planning and Investment Coordination	31 901	-1 700	30 201
Working for Tourism	393 214	-14 113	379 101
<b>TOTAL</b>	<b>485 897</b>	<b>-16 513</b>	<b>469 384</b>
Economic Classification	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Compensation of employees	60 577		60 577
Goods and services	425 191	-16 513	408 678
Of which,			
Consultants: Business and advisory services	24 705	-700	24 005
Agency and support/outsourced services	97 091	-10 613	86 478
Travel and subsistence	23 856	-5 200	18 656
Transfers and subsidies			-
Payments for capital assets	129		129
<b>TOTAL</b>	<b>485 897</b>	<b>-16 513</b>	<b>469 384</b>



# Budget Reductions Per Activity - Destination Development

Details	Amount (R'000)
Tourism Enhancement	(700)
Investment Promotion Platforms	(1 700)
EPWP programmes	(14 113)



# Tourism Sector Support Services

TOURISM SECTOR SUPPORT SERVICES			
Sub-Programme	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Tourism Sector Support Services Management	11 014	-726	10 288
Tourism Human Resource Development	28 533	-3 917	24 616
Enterprise Development and Transformation	50 563	-3 100	47 463
Tourism Visitor Services	23 642	-550	23 092
Tourism Incentive Programme	181 360	-102 882	78 478
<b>TOTAL</b>	<b>295 112</b>	<b>-111 175</b>	<b>183 937</b>

Economic Classification	ENE Budget R'000	Special Adjustment Appropriation R'000	Adjusted appropriation R'000
Compensation of employees	77 493		77 493
Goods and services	49 525	-3 950	45 575
<i>Of which,</i>			
<i>Travel and subsistence</i>	18 530	-2 550	15 980
<i>Venues and facilities</i>	4 663	-1 400	3 263
Transfers and subsidies	168 032	-107 225	60 807
<i>Of which,</i>			
<i>Departmental agencies and accounts</i>	3 917	-3 917	-
<i>Public corporations and private enterprises</i>	163 689	-102 882	60 807
<i>Non-profit institutions</i>	426	-426	-
Payments for capital assets	62		62
<b>TOTAL</b>	<b>295 112</b>	<b>-111 175</b>	<b>183 937</b>



# Budget Reductions Per Activity - Tourism Sector Support Service

Details	Amount (R'000)
Tourism Incentive Programme: Green Tourism	(35 000)
Tourism Incentive Programme: Tourism Transformation Fund	(10 000)
Tourism Incentive Programme: Market Access	(7 882)
Tourism Incentive Programme: Tourism Equity Fund	(50 000)
World Tourism Day celebrations	(1 100)
Tour Operator Incubator	(300)
WiT Incubator	(1 500)
Feedback to 27 sites on climate change and vulnerability assessments	(200)
FEDHASA Educator Seminars	(426)
National Tourism Careers Expo	(3 917)
Local Government Peer Learning Network	(200)
J2SE for Howick & Mogwase	(150)
Tourist Safety Strategy Implementation	(200)
Initiatives to increase domestic travel	(300)



## 6. Capability of the Allocated Budget in Mitigating the Effects of COVID-19 to the Tourism Industry

- The current reprioritization is aimed at supporting the efforts to fight the pandemic. This is based on the understanding that limited marketing and promotional activities can take place in the current environment and most activities will be planning related and no activations.
- The EPVWP funding will amongst others assist with upkeep of the tourism asset base within government to the extent possible as part of the broader sector recovery plan.
- The Department will continue to monitor the environment with National Treasury - Upon readiness of the sector based on the Risk Adjusted Approach, the department shall motivate to the National Treasury to consider resourcing tourism's recovery efforts from a marketing and development point of view.



## 16. ABBREVIATIONS AND ACRONYMS

AGSA	Auditor-General of South Africa	MTSF	Medium-Term Strategic Framework
APP	Annual Performance Plan	NC	Northern Cape
AU	African Union	NDP	National Development Plan
B-BBEE	Broad-Based Black Economic Empowerment	NT	National Tourism
COVID-19	Corona Virus Disease	NTIMS	National Tourism Information and Monitoring System
DDM	District Development Model	NTSS	National Tourism Sector Strategy
DPSA	Department of Public Service and Administration	NW	North West
EPWP	Expanded Public Works Programme	PwD	People with Disabilities
GDP	Gross Domestic Product	RfQ	Request for Quotation
GP	Gauteng Province	RMC	Risk Management Committee
HYP	Hospitality Youth Programme	SADC	Southern African Development Community
ILO	International Labour Organization	SE	Service Excellence
IORA	Indian Ocean Rim Association	SLA	Service Level Agreement
KZN	KwaZulu-Natal	SANParks	South African National Parks
M&E	Monitoring and Evaluation	SA Tourism	South African Tourism
MMS	Middle Management Services	SMME	Small, Medium and Micro Enterprises
MTEF	Medium-Term Expenditure Framework	SMS	Senior Management Service





## 16. ABBREVIATIONS AND ACRONYMS ... CONTINUED

SOEs	State-Owned Enterprises
SONA	State of the Nation Address
STR	State of Tourism Report
TBCSA	Tourism Business Council of South Africa
TEIP	Tourism Environmental Implementation Plan
TOR	Terms of References
UNWTO	United Nations World Tourism Organisation
WC	Western Cape
WEF	World Economic Forum
WfT	Working for Tourism
WHS	World Heritage Site
WiT	Women in Tourism
WSP	Workplace Skills Plan



# Thank You

