



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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National Assembly

**Minister of Tourism Mmamoloko Kubayi-Ngubane, MP
Parliament of the Republic of South Africa, Cape Town
Tourism Vote 38**

18 May 2021

**Thank you, Honourable House Chairperson,
Deputy Minister of Tourism, Honourable Fish Mahlalela
Chairperson of the Portfolio Committee on Tourism, led by Honourable Supra Mahumapelo
Members of the South African Tourism Board
Director General, CEO of South African Tourism and Senior Managers of the Department and South African Tourism**

Honourable members,

It has been more than a year since COVID-19 was declared a global pandemic and life has never been the same. Throughout this period, South Africans have shown solidarity, resilience and courage in fighting against the pandemic. It is befitting that our government has declared this the year of Charlotte Maxeke, as we mark 150th anniversary of her birth. Mama Maxeke was the epitome of courage, resilience, selflessness and sacrifice. She stood up against colonialism and gender discrimination when all odds were stacked against her, not only because she was black but also because she was a working-class woman. As we continue to fight against the socio-economic effects of the pandemic, we can draw inspiration from this icon of our struggle for freedom and gender equality.

The devastation caused by the COVID-19 pandemic in the tourism sector and the wider economy, has brought into sharp focus the triple challenges of poverty, unemployment and inequality. For us to confront these challenges we need to respond to the call made by President Cyril Ramaphosa in his 2021 State of the Nation Address when he said: "People of South Africa, it is your country that calls on you to rise."

Honourable members,

From the time of Level-5 hard lockdown last year, the road to recovery for the tourism sector has been a rocky one. It has been characterised by stops and starts in accordance with the waves of the pandemic. However, we are pleased to report that despite all the difficulties, the recovery has been on an upward trajectory. Our programmes and efforts in this financial year are aimed at sustaining this trajectory.

During lockdown our sector also significantly benefitted from the Temporary Employer/Employee Relief Scheme (TERS), established to provide financial relief to employees during the Covid-19 through the UIF by the Department of Employment and Labour. Working together with Tourism Business Council of South Africa (TBCSA), we were able to arrange for a special dispensation such that tourism businesses could apply for TERS through the TBCSA.

To support small enterprises, the Department allocated R200 million for the Tourism Relief Fund which paid 4000 enterprises an amount of R50 000 each. Although the scheme was unsuccessfully challenged by AfriForum and Solidarity as racially exclusive, we received heartening feedback from beneficiaries, both black and white.

In response to the plight of tourist guides who were not legible to apply for UIF, we established Tourist Guide Relief Fund. About 4650 qualifying freelancing tourist guides were paid an amount of just under R17 million. This was at R1500 per guide per month for a three months period.

Domestic marketing campaigns led by the myself and the Deputy Minister across all nine provinces were undertaken to showcase variety of experiences, attractions and establishments. Some of the establishments have given us feedback about how these campaigns have boosted their businesses. Euphoria Golf & Lifestyle Estate, in Limpopo, have informed us that since our visit they have been experiencing 90% occupancy. Gauteng-based entrepreneur, Joey Kganyago, has informed us that her Picnic in a Bubble business has grown from strength to strength, since the exposure afforded to this product. Due to increased demand, Joey is working on franchising her business and to expand across the SADC region.

Our partnership with the private sector throughout this Covid-19 period has grown from strength to strength and has yielded tangible results. We have been working closely with organisations such as South African Township & Village Tourism Association (SATOVITO) and TBCSA. Working together with TBCSA, we were able to get workers in the sector to be recognised as frontline workers who shall also be prioritised for the next phase of vaccination, which is within Phase 2 rollout, which was opened yesterday.

Furthermore, benefits of the partnership with the industry was that we were able to make our case for the early reopening of the industry, from interprovincial travel, attractions and tours, accommodation, restaurants, casinos, business events to international travel amongst others. All these were made possible through carefully considered industry protocols and ministerial directions based on available scientific advice. To this end, I would like to express my appreciation to the industry and colleagues in all spheres of Government for working together to achieve the green shoots we are seeking in tourism.

Honourable members,

Tourism sector is one of the critical intervention areas that have been identified in the Economic Reconstruction and Recovery Plan as a key driver of the economic recovery in the country. To elaborate on the actions that will be undertaken in the tourism sector to support the recovery, the Department together with the private sector and other stakeholders, worked together to develop the Tourism Sector Recovery Plan (TSRP). The Plan is anchored on three interlinked pillars or strategic themes: protecting and rejuvenating supply, reigniting demand and strengthening enabling capability for long term sustainability.

The Plan outlines a set of actions, timelines of implementation of each action and the allocation of each action to an implementation agent. The main focus of our programmes in this financial year will be on the implementation of the Tourism Sector Recovery Plan.

Accordingly, our budget allocation in the respective programmes within the Department and the entity, South African Tourism (SAT), was done in line with the actions outlined in the TSRP.

For the financial year 2021/22, the Department's budget allocation amounts to about R2 429.6 billion, of which R1 297 billion is for transfers to SAT.

Honourable members,

Protecting and rejuvenating supply entails amongst others, the support for the protection of core tourism infrastructure and assets and our programmes have been designed to make this a reality. Our total infrastructure commitment is just under R700 million over a five-year period. To date an amount of R270 million of the funds has been made available to *Development Bank of Southern Africa* (DBSA) who serves as the implementing agent for the department's infrastructure programme. A further R222 million has been budgeted for this financial year.

During the medium-term, the Destination Development Programme will continue with the implementation of a tourism infrastructure maintenance programme of state-owned assets in order to protect and rejuvenate

tourism supply. The focus of this work is on improving and upgrading sites of heritage significance including liberation heritage, national parks, botanical gardens as well as rural and township precincts. To this end, we have prioritised the implementation of just over 100 tourism infrastructure initiatives across the country with a further 30 community-based projects. This work is largely funded through our Working for Tourism Expanded Public Works Programme.

On transformation

As a Department we have responded to the growing sense of unease amongst the previously disadvantaged emanating from the slow progress of transformation of the economy most visibly in the tourism sector. We have adopted an approach premised on the assumption that transformation of the economy is a collective responsibility that has been embraced by all South Africans. Our Government has a responsibility to transform the economy and to create an inclusive non-racial society in which South Africans share equitably in the wealth of our country. In this effort we shall not be deterred.

In order to accelerate the transformation of the tourism sector and stimulate investment and resource mobilisation, the following programmes will be implemented:

- While some success has been recorded in the implementation of the Tourism Transformation Fund, which is administered in partnership with the National Empowerment Fund, it will be restructured in response to the feedback we received from entrepreneurs on their experiences with fund in its current form. We are currently redesigning the Fund to be more efficient and more accessible to entrepreneurs and we will be making an announcement in the coming weeks. The Fund is capitalised to the tune of R 77 million from its initial amount of R120 million after about R43 millions of successful applications.
- In January this year we launched the Tourism Equity Fund, a dedicated Fund designed to provide a combination of debt finance and grant funding to facilitate equity acquisition as well as new project development in the tourism sector by enterprises with 51% black ownership. The combined value of the Tourism Equity Fund at just over R1.2 billion inclusive of debt from Small Enterprise Finance Agency (sefa) and its commercial banking partner. However, the processing of applications has been interdicted by the court following an application against the fund by AfriForum and Solidarity.

Once again, the effort to transform the economy to make it more inclusive is being frustrated. As I have already said, we shall not be deterred in this effort. Our lawyers are studying the reasons for the interdict and a response to this shall be provide.

On enterprise development

In order to increase participation of the SMMEs in the Tourism Sector for inclusive economic growth, the Department will expand Incubation Programme to support tourism youth owned SMMEs. This will include business support and development through the addition of the Tourism Tech Incubator (in partnership with the Technology Innovation Agency – TIA) and the Tour Operators Incubator will be implemented in this financial year.

Women Participation in Tourism

In addition to devastating our economy, the pandemic has also exposed the fault lines of gender equality in our country. Women are the most negatively affected by the pandemic both as caregivers and as the most economically disadvantaged sector of our society. This makes the issue of gender mainstreaming more urgent than ever before.

It therefore stands to reason that gender mainstreaming should be integral to the initiatives outlined in the Tourism Sector Recovery Plan. The result of this approach shall be increased participation of women at all levels of the tourism sector. In this regard, the intake of our executive leadership programme for women is 40 women this year. In our UNWTO Women in tourism programme, assessment of needs of women in tourism was done in Vhembe and Mopani. This was to prepare for prototype interventions which will benchmark the approaches to support for women in tourism in rural areas globally. This financial year, we will implement Leadership and Skills Development; Supplier Development, and SMME Development Programmes to enhance the meaningful participation of Women in Tourism.

On Marketing: Domestic & International

The second pillar of the tourism sector recovery plan that will receive our attention so that we can tip the scales in favour of recovery is to re-ignite the demand.

There has been a paradigm shift in tourism demand since the start of the pandemic from international to domestic travel. In the past financial year, the modest income, the sector earned was mainly derived from increased domestic travel.

In view of that, domestic marketing efforts will be intensified in this financial year. The Department together with SAT in partnership with the private sector, will undertake several domestic marketing campaigns. These will include marketing of various attractions, deal driven campaigns and digital engagements aimed at reaching South Africans of all ages, races and classes.

The private sector, through our partnership, is beginning to respond to our call for the introduction of dual pricing system, one for South Africans and another for international travellers. This will ensure that attractions are more accessible to South Africans. We call on all establishments and attractions to heed this call.

SAT has revised its marketing and investment framework developed in partnership with the tourism industry. In total, 24 markets or countries were identified for prioritisation, segmented into 16 "Growth" and 8 "Defend" markets, and others earmarked as "Watchlist". The 24 prioritised markets accounted for 92% of all international trips in 2019.

Our international campaign will be bolstered by our continued participation in multilateral and other fora such as the AU, WTTC, G20, WEF and UNWTO. This will provide South Africa with opportunity to learn and share experiences in terms of globally recognised protocols to enable safe travel and rebuild traveller confidence.

We will intensify our cooperation efforts with neighbouring countries in the SADC region and work towards a regional value proposition and the implementation of the SADC Tourism Programme.

To support the recovery of the MICE sector we have done the following:

- 55 bids for international meetings, incentives, conventions and exhibitions were submitted for the period 2022 to 2025.
- The 55 bids submissions have a combined estimated economic impact of R899m and may potentially attract 30,521 international and regional delegates to South Africa between 2022 and 2025.
- Thus far, South Africa has won 16 of the bids submitted for the 2020/21 financial year with a 29% conversion rate.
- The secured business events will contribute R296m to South Africa's economy between 2022 and 2025 and attract 9 825 international and regional delegates.

The South African National Convention Bureau invested R23m in bid submissions, through its bid support programme to attract business events linked with the national government's development priorities.

Honourable members,

As part of the work of strengthening enabling capability for long term sustainability, which is the third pillar of our plan, work is underway to reform our visa and immigration regime and to affect the full roll-out of eVisas to visitors from China, India, Nigeria, Kenya and 10 other countries led by the Department of Home Affairs.

On policy review

Last year we appointed seven-member Advisory Panel, comprising of experts with diverse knowledge in the sector and the economy, to review all our existing policies, provide guidance to the Minister on new policy proposals. The panel will in the end handover a new comprehensive and overarching tourism policy framework to guide the sector in the 21st century.

The Panel has progressed in its work such that they will soon be submitting a draft policy document and they are scheduled to complete the work by August this year.

The process of merging marketing entities which was approved by cabinet is imminent and the relevant departments are seized with the process. Merger processes will include multiple factors that require a meticulous planning and implementation. The work of the SAT will not be interrupted by this process and effort will be made to ensure that there is minimal disruption. In light of this important work the term of the current SAT Board has been extended by another 12 months.

Honourable members,

To put the economy on a growth trajectory, to get the tourism sector on a sustainable path to recovery will only be achieved through the coming together of all social partners to work hand in hand. More importantly, to create a transformed inclusive economy can only be achieved when all of us appreciate and embrace the importance of healing the injustices of the past. In this spirit we can draw inspiration from the words of Mama Charlotte Maxenge who understood the importance of selflessness and solidarity in the pursuit of collective national goals for the betterment of society.

She said: “This work is not for yourselves – kill that spirit of self, and do not live above your people but live with them. If you can rise, bring someone with you.”

I hereby table Budget Vote No. 38 from the Department of Tourism together with priorities for financial 2021/22.

Thank you