



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

Private Bag X424, Pretoria, 0001, South Africa. Tel. (+27 12) 444 6780, Fax (+27 12) 444 7027
Private Bag X9154, Cape Town, 8000, South Africa. Tel. (+27 21) 469 5800, Fax: (+27 21) 465 3216

**NATIONAL ASSEMBLY
MINISTER OF TOURISM HON. MMAMOLOKO KUBAYI-NGUBANE, MP
PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA, VIRTUAL PLATFORM
TOURISM VOTE 38
22 JULY 2020**

Honourable House Chairperson

Deputy Minister of Tourism, Honourable Fish Mahlalela

Chairperson of the Portfolio Committee on Tourism, Honourable Mahumapelo

Members of the SAT Board

Director General, CEO of South African Tourism and Senior Managers of the Department and SAT

Stakeholders following this debate

Distinguished guests

Ladies and Gentlemen

Honourable members

We have just learned this morning of the passing away of the last remaining Rivonia trialist and Isithwalandwe Seaparankwe Andrew Makete Mlangeni. Chairperson, a giant has fallen. Let me take this opportunity to extend my deepest condolences to the Mlangeni family and to all his friends and comrades.

The Covid-19 pandemic has altered almost all aspects of our lives in ways that we never imagined and has so far been very devastating for the economy, internationally and locally. Tourism has been one of the worst affected sectors. The United Nations Conference on

Trade and Development (UNCTAD) has listed South Africa as one of the top 15 countries that are being the most negatively impacted by the near-closure of the international travel industry during the pandemic. Accordingly, UNCTAD predicts that tourism in South Africa is going to lose 3% in GDP contribution, and the loss of unskilled jobs in the sector could be as high as 12% if the virus is contained in the next 8 months. It is estimated that R54.2 billion in output may already have been lost between mid-March and the end of May this year. The sector now faces a potential 75% revenue reduction in 2020, putting a further R149.7 billion in output, 438,000 jobs and R80.2 billion in foreign receipts at risk.

On the 9th of March this year, we convened a meeting with the private sector to discuss the possible scenarios of what we thought the pandemic was going to play out in our country and the things that we needed to do together to respond to the virus in accordance with those scenarios. At the time we convened the meeting, our country still had only three known imported cases of coronavirus infection but the situation globally was looking very grim.

Of the three scenarios I presented in that meeting, I said that a scenario in which cases of Corona virus increase and only peak between the third and the fourth quarter was very likely to come to pass and that the of impact such a scenario on the sector was going to be severe, characterised by closure of businesses and severe job losses.

Honourable members, all indications are that we are living through the third scenario as I mentioned. This is hardly the time for bickering and apportion blame, rather the situation demands that we work together to ensure that we weather the storm going forward and quote Maya Angelou when she said “We delight in the beauty of the butterfly but rarely admit the changes it has gone through to achieve that beauty” Tourism has proven over years that it is a resilient sector and we shall see its beauty like the butterfly in not so long in future.

Since the meeting of the 9th of March, we have worked very closely with the sector in developing protocols, shared information in multiple meetings including a meeting with the President of the Republic and in the coordination of the gradual reopening of the various subsectors. Just as we worked together to ensure that the sector activities opened at level 3, we must continue to work together to get more tourism activities open going forward.

As per the risk-adjusted strategy, economic activities have been curtailed in accordance with the level of risk of increased infections and deaths identified in our country. Unfortunately, we still have a limited understanding of the pandemic thus it remains uncertain as to what will happen in the coming days, weeks or months. I am mindful that this does not bring any comfort to businesses that are in distress and to jobs that have been lost or on the verge of being lost.

On Relief Measures

House Chairperson, Government has intervened to support businesses that are in distress through the Coronavirus COVID-19 Loan Guarantee Scheme, worth R 200 billion and this is still accessible to many businesses including in our sector. Our sector also benefitted from the Temporary Employer/Employee Relief Scheme (TERS), established to provide financial

relief to employees during the Covid-19 through the UIF. Working together with the 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. TERS has so far disbursed R34-billion in 7.4-million payments since March this year and the announcement by Minister Nxesi of the extension until 15th August goes a long way as we are one of the sectors that made these requests for extension.

For our part, we redirected R 200 million which assisted 4 000 businesses through the Tourism Relief Fund. We ensured that the benefit is spread geographically across the country to cover even businesses in small dorpias and townships as per the discussions in the portfolio committee. I must reiterate Honourable Members that the implementation of the relief fund came under scrutiny and led to a court challenge due to the use of the government adopted policy of BBBEE. Unfortunately, the noise of the naysayers confused and discouraged even those who qualified for the grant not to apply because they were being told that the relief was specifically for Black people. This was not true. We have received many letters of appreciation from patriotic South Africans, black and white, who are indeed sharing their stories and are grateful that they did not listen to the misleading noise.

We have further reprioritised our budget to put together the Tourist Guides Relief Fund. In this regard, we have set aside a total of R30 million to provide financial relief for freelance tourist guides over a period of two to three months. The beneficiaries of this scheme must be registered in terms of the Tourism Act. So far, we have received a list of 9380 tourist guides from the provinces and we are finalising the verification process to start paying the eligible beneficiaries.

The Department introduced the Green Tourism Incentive Programme (GTIP), administered by the IDC, to encourage private tourism enterprises to move towards more efficient utilisation of energy and water resources. The Department is reviewing the implementation modalities of the GTIP to ensure that the much-needed relief for businesses to retrofit is speedily disbursed, so that they can reduce operational costs. We have set aside R 40 million for this programme. This will go a long way in providing the much need relief in this COVID-19 environment and beyond.

With regards to grading, South African Tourism has resolved to support the sector with provision of an exemption for up to 12 months of the grading assessments and fees followed by a payment holiday of 100% grading discount, when the sector resumes operation to aid the recovery of the sector.

We are cognisant of the fact that that both these schemes are incommensurate to the depth of the crisis faced by our sector.

Projects and Budgets

Honourable members,

Because of the Covid-19 crisis, the Department tabled a revised Annual Performance Plan with revised annual targets, however our five-year targets remain as outlined in the five-year

strategic plan. We are confident that the sector will recover and we shall be able to meet our five-year targets.

We are, going to use the money we have been allocated to work towards building a firm foundation for a rapid and inclusive recovery of the tourism sector.

Honourable members,

During the medium-term, the Destination Development Programme will continue with the implementation of the Destination Planning and Investment co-ordination area of work with a greater emphasis on socioeconomically depressed regions and in alignment to the District Delivery Model. The Destination Enhancement Sub-Programme will similarly focus on implementing the Tourism Infrastructure and Maintenance Programme in State Owed facilities, these two sub-programmes support the Coastal and Marine Tourism work and are supported by the implementation of the Project Management Standard.

In order to prepare our attractions for the return of tourists as part of the Phase 1 of the Tourism Recovery, the Expanded Public Works Programme (EPWP) will fund the implementation of an infrastructure maintenance programme in partnership with SANParks in three national parks. These are:

- Marakele National park in Limpopo
- Addo Elephant National Park in the Eastern Cape
- Karoo National Park in the Western Cape

We will also conduct a needs assessment and recommendations for Product Enhancement at 5 Local Community Museums:

- Anton Lembede Museum in Ethekewini Municipality (KZN)
- McGregor Museum in the Sol Plaatje Local Municipality (NC)
- Fort Dunford Museum, in Inkosi Langalibalele Local Municipality
- Lehurutshe Liberation Heritage Museum in Ngaka Modiri Molema District Municipality (NW)

We are confident that we are still going to meet our target of 2500 work opportunities created through Working for Tourism projects, EPWP.

Honourable members, Before the Covid-19 crisis our 2020/21 budget allocation R 2,480 billion of which R 1,304 billion was for Transfers and Subsidies. The Department's revised budget allocation for 2020/21 is R 1,480 billion of which R 505 million is for Transfers and Subsidies.

The Department has had a total budget reduction of R 1 billion, with South African Tourism sustaining the largest budget cut amounting to R 886 million due to suspension of most of the marketing activities.

Our recent economic challenges have, in addition to increasing unemployment, thrown into sharp relief the enormous inequality in terms of income, assets, and opportunity amongst our people. It is mainly women and youths who find themselves in the margins of society.

We therefore have a responsibility to ensure that the recovery of the tourism sector is inclusive by increasing women and youth participation in the sector. The backdrop of all our plans and policies will always be transformation in the sector in terms ownership, and management and control in favour of the previously disadvantaged.

The Deputy Minister, Honourable Mahlalela will elaborate on what the Department is doing in terms of training for youth and women in the tourism sector.

With regards to entrepreneurship, the Department will also implement Enterprise Development Programmes, primarily targeted at women and youth, which provides developmental support to rural tourism enterprises over the medium-term period. The Programme comprises Hub-based Tourism Incubation Support and offsite national support for SMME. Our four incubators in Pilanesberg, Manyeleti, Phalaborwa, Mier are currently offering business support programme for tourism businesses affected by COVID-19, conducted through online platforms.

We are also in the process of establishing a Technology Innovation Incubator aimed at nurturing enterprises that introduces technology innovation in the sector and a Tour Operators Incubator, which is aimed at assisting emerging sector players in tour operation to better manage their businesses.

Most notably, the Department will implement the New Venture Creation Programme for youth in food services business including the utilisation of virtual platforms to activate Virtual Kitchens.

This initiative will spawn new value chains of restaurants that do not offer sit-down services and can be run from not so traditional geographic locations serving only online clients. Attached to this will be a growing transport services sector for the youth particularly in food delivery services.

Whilst global tourism activity remains suppressed, world economies are under pressure and general consumer confidence uncertain, South African Tourism's efforts will be strengthened to develop the future leisure and business markets. These will include bidding for future MICE events.

As part of ensuring we remain budget conscious, while executing our role, the South African Tourism Hubs in the various countries, have migrated from focusing on just the specific countries which they operate in, to looking after entire regions.

On Policy Matters

With regards to policy, the current policy framework was developed within the context of a tourism White Paper developed in 1996. In this financial year we are going to initiate a

process to review the white paper and all our policies to align them with the current trends and practices in the tourism sector.

Honourable members,

So much has already been lost, and admittedly, much of it will take time to recover. However, we should not lose this opportunity to work in partnership, government together with all tourism stakeholders, to prepare for the reopening, and growth of the sector.

Tourism Recovery Plan

Working together with various stakeholders we have put together the tourism Recovery plan and we are in the final stages of consultation and we will within the month August submit the plan for Cabinet for Approval.

So far, the indications are that Tourism recovery will experience a number of phases, from hyper-local community attractions, through to broader domestic tourism, regional land and air markets, and resumption of world-wide international travel.

With regards to interventions, we envisage that Phase 1 of interventions will primarily focus on the protection of the domestic supply side of the sector. In Phase 2, the emphasis will be on managing the re-opening of the sector as tourism activities scale up. Phase 3 will target factors that can drive long term growth in tourism supply and demand.

One intervention that will drive demand in the recovery period is the MICE sector. We will aggressively bid to host large international events in anticipation of the opening of the borders so that upon opening, we can immediately drive up demand for our supply market and also build confidence that South Africa is safe and open for business.

Honourable members, we will work with our sister departments and tourism stakeholders in implementing a set of interventions so that we can induce a quick recovery. These will include readiness for the rollout of the e-visa system, resolving the challenges around the issuance of licenses for tour operators, and ensuring that all our marketing campaigns, globally and domestically and associated partnerships are in place and ready to be rolled out.

We have also been engaging with global bodies so that we coordinate with our partners around the world, especially our source markets, in preparation for the sector recovery. We have participated in virtual meetings with the G20 tourism ministers, the UNWTO virtual conference on Policies for Inclusive Recovery in Global Tourism, the AU First Meeting of the Bureau of the Subcommittee on Tourism of the Specialized Technical Committee on Transport, Transcontinental and Interregional Infrastructure, Energy and Tourism (STC-TTIET) and the WTTC. The broad consensus in these forums is that countries must:

- Adopt global health and safety protocols to provide assurance to travelers that it is safe to travel again.
- Implement a rapid test and trace strategy to help contain the spread of the virus.

- Foster greater collaboration between the public & private sectors to ensure a standardised, global approach to the crisis.

We will in the coming weeks together with our stakeholders finalise the Norms and Standards that can be gazetted to assure the global community and more importantly tourist that it is safe to travel to South Africa.

The success of the recovery strategy implementation will be determined by how closely government and the private sector work together to harness nation's energies to more rapidly develop and rebuild our sector.

Honourable members

At a time like this we can draw inspiration from the words of Tata Madiba delivered in the National Assembly 100 days after he had been in office as President. Among other things he said: "Down the years, human society has pitted itself against the pestilences of poverty, disease and ignorance. Progress has been achieved while reverses have also been sustained. It is incumbent on South Africa to be in the company of those who have recorded more success than failure."

Let us join hands and work together to ensure that the tourism sector records more successes than failures.

Honourable members

I hereby table budget vote No. 38 from the Department of Tourism together with priorities for financial 2020/21.

Thank you