



MINISTRY OF TOURISM REPUBLIC OF SOUTH AFRICA

Remarks by the Minister of Tourism, Mmamoloko Kubayi-Ngubane, at The Africa Webinar, online

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Good afternoon

When the COVID-19 pandemic first broke out and started spreading to all corners of the world, we all mistakenly believed that there was going to be a single wave that will reach its peak and after which the spread would be contained. Armed with this belief, most countries around the world constructed economic recovery models that were linked to the scenario of a single wave.

In South Africa, the first wave reached its peak in the month of July last year so that by August, we were starting to ease the restrictions. During the hard lockdown, the economy took a serious knock to the extent that in the second quarter, the South African economy contracted for the fourth consecutive quarter, plunging deeper into recession. The Gross Domestic Product (GDP) fell by just over 16% between the first and second quarters of 2020 and the economy shed about 2.2 million jobs during the same period. This is because most of the sectors of the economy were either operating at less than half their full capacity or had shut down completely.

The tourism sector had ground to a halt. By July last year, 30% of restaurants could no longer reopen and the sector was facing a risk of losing close to 600 000 jobs. In short, the supply and demand market of the tourism sector had totally collapsed during the hard lockdown.

As I already mentioned, we started easing the restrictions by August, so that there was an impressive surge in economic activity in the third quarter. Manufacturing, trade and mining were the biggest drivers of growth in the third quarter. One of the subsectors that performed well during this period was the food and beverages sector. Spending on restaurants and hotels recorded a huge surge, however it was an impressive growth in a sector that was coming out of a very low base.

What is evident is that the economy was on the road to recovery and we were starting to see green shoots in most sectors of the economy. This was until mid-December, when scientists informed us that they had identified a new strain of the virus. The new strain was spreading so fast that we soon realised that we were entering the second wave of the pandemic. Up until the advent of 501Y.V2 variant, we had not envisaged that the virus could mutate in a way that can confound the effectiveness of vaccines that are already in the market.

By rendering the Astrazeneca vaccine ineffective, the new strain added further uncertainty to the efforts to contain the spread of the pandemic. The roll out of vaccines across the whole world, including here at home, had brought new hope that the containment of the pandemic was at hand.

Scientists are telling us the virus has a high likelihood of further mutations whose effects are unpredictable, placing the economic recovery efforts at serious risk.

Our scientists are also expressing concerns that a third wave of COVID-19 infections may hit South Africa earlier than expected. If indeed the third wave hits us, the level of restrictions will have to be commensurate to the risk level.

The conclusion to be drawn from all of this is that the tourism sector will, for some time, have to operate alongside the virus. It also means that the sector is possibly facing numerous stop/start cycles as restrictions are increased or eased in line with the risk adjusted approach that responds to the evolution of the virus.

The stop/start cycles will continue to affect traveller confidence and place jobs and the survival of tourism enterprises at risk. This will further make the recovery highly uncertain. This also means that flexibility as well as the adaptability of businesses across the value chain will be critical in responding to these stop/start cycles.

The recently published Quarterly Labour Force Survey for the fourth quarter of 2020, showed that South Africa's unemployment rate increased to 32.5%. Both the number of unemployed people and job seekers have increased. Fundamentally, our problem is that the economy has not been growing at a rate required to help us deal with the triple challenges of poverty, unemployment and inequality. For close to ten years, our GDP has not expanded at more than 3%.

It is clear that all societal stakeholders - business, labour, civil society and government, urgently needs to work together to reverse this situation. It is for this reason that President Ramaphosa, in his State of the Nation Address last month, placed emphasis on the overriding priorities for 2021. The President implored all South Africans to work together in achieving the following priorities:

- Defeating the coronavirus pandemic.
- Accelerating economic recovery
- Implementing economic reforms to create sustainable jobs and drive inclusive growth

The framework within which these priorities will be implemented is the Economic Reconstruction and Recovery Plan (ERRP), which has the backing of all the social partners who came together at NEDLAC to find ways of working together to implement this plan. Although there are areas that are still the subject of ongoing discussions amongst the social partners, this plan outlines major areas in which social partners have agreed and committed to work together.

Tourism is one of the pillars of the ERRP. The Department of Tourism together with the private sector has worked on a tourism recovery plan which elaborates on what is outlined in the ERRP. At the time that we were hit by the second wave, we were already implementing an aggressive domestic marketing strategy, encouraging South Africans to travel in their country after easing the restrictions.

The response to these campaigns was overwhelming, and many South Africans had responded beyond expectations. Although we are yet to calculate the cost of the second wave in the past two months, there is no doubt that it was negatively impacted by the necessary restrictions that were imposed.

Travel tourism has undergone some shifts and these include new consumer trends which have to be taken into consideration when planning for the future and these include the following:

- The demand for unique, sustainable and exclusive experiences will rise;
- Travelers for overseas holidays in 2021 want refund guarantees;
- Travelers want the flexibility to change dates and/or destinations;
- The demand for open spaces or outdoor holidays to avoid congestion, will rise;
- Road travel as opposed to air travel appears to be the preferred mode of travel for holiday travellers;
- More likelihood for avoidance of "busy destinations";
- Technology will be at the forefront of addressing consumer needs. An example is contactless technology which can be used to address health and safety concerns;

- Remote workers are becoming potential holiday travellers and can stay longer and work from destinations such as lodges, hotels and restaurants; and
- Travelers are increasingly concerned about their own safety, environmental safety and the effects of tourism on the destinations being visited

In terms of the Plan, the following strategic interventions will be implemented:

- Norms and standards for safe operations across the value chain to enable safe travel and rebuild traveller confidence;
- Stimulate domestic demand through targeted initiatives and campaigns;
- Launch an investment and resource mobilisation programme to support the supply requirements of the post Covid-19 era;
- Support for the protection of core tourism infrastructure and assets;
- Execute a global marketing programme to reignite international demand;
- Tourism regional integration; and
- Review the tourism policy to provide enhanced support for sector growth and development that outlines specific interventions under each strategic theme, with timeframes and lines of accountability.

We believe that the overall economic recovery depends on our capacity and commitment to the implementation of our plans. It is for this reason that the ERRP has identified a capable state as one of the key enablers. Attention is being paid in ensuring that the right skills are deployed in the critical areas of the economy so that we are able to accelerate implementation. More importantly, in eventually winning the battle against the pandemic, is for all of us to remember that we have a role to play by consistently and continuously wearing our masks, ensuring that we observe social distance and continue to wash our hands with soap or sanitize our hands.

I thank you.