



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

Remarks by the Minister of Tourism, Mmamoloko Kubayi-Ngubane, at the launch of Hotel Sky, Cape Town

15 April 2021

Programme director

Mr Paul Kelley, Managing director at Hotel Sky

Dr Kgosientsho Ramokgopa, Head of Infrastructure investment in The Presidency

Marcia Horn, General Manager at Hotel Sky

Mr Rashid Toeffy, DDG Economic Operations

Good morning

I am very pleased to join you here today for the opening of this ground-breaking new Hotel Sky Cape Town.

Let me take this opportunity to congratulate Mr Paul Kelley and his team at Hotel Sky for this investment here in the City Centre in the heart of the City Bowl. This is a good addition to exciting portfolio of smart and futuristic hotels. This infrastructure investment is an important contribution to the strengthening of the supply side of the tourism market. More broadly, the country's Economic Reconstruction and Recovery Plan is anchored on infrastructure investment and development,

We have just come back from the Easter holiday during which the tourism sector experienced a surge which gave the sector a much needed boost under these tough conditions. Hoteliers, airlines and other tourism establishments saw a surge in bookings over the Easter long weekend. Prices for flights in the popular routes peaked due to high demand. Domestic tourism demand also went up at accommodation establishments, including hotels, game lodges, family resorts and time-share hospitality properties. This is yet another demonstration that the tourism sector is resilient and that once the new equilibrium or a new normal is reached, the tourism sector will experience rapid recovery.

Unlike other parts of the world, before the pandemic, international tourism contributed more than domestic tourism to the South Africa's tourism total income. For this reason, a large proportion of our supply market was geared towards international tourism and with the closure of travel globally, this market suffered severely. Although over the period that the pandemic has been with us this market has been shifting its focus to domestic tourism, much of this market is still battling to transform their business models. The primary area of concern for domestic travellers in most of the attractions that have an international focus has been exorbitant prices. One the department's strategic goal is to tip the scales and ensure that domestic tourism becomes the anchor of South African tourism.

Indeed, we need to ensure the supply side of the market responds to this drive to increase the proportion of domestic travellers in the overall traveller population by investing in infrastructure and ensuring that South Africans can afford the prices. Thus, I was pleased to hear that one of the primary goals of Hotel Sky is to build hotels in central locations, and then offer leisure and business travellers an unsurpassed experience at affordable prices.

This investment is in line with the Tourism Recovery Plan that the department of tourism has developed in collaboration with the private sector and other tourism stakeholders. The plan is a

blueprint that will help the tourism sector navigate the pandemic and ultimately embark on a growth trajectory in the post-pandemic period.

The plan is anchored on three pillars which include:

- Protecting and Rejuvenating Supply – focusing on business continuity risks, aligning the value-chain to new biosecurity standards, preserving air access, as well as investment facilitation e.g. TEF and market access.
- Reigniting demand – this will require a robust domestic marketing strategy, the agility to respond decisively to an uncertain global environment and responsiveness to changes in consumer preference.
- Strengthening Enabling Capability – implementing mechanisms to increase ease of travel through activities such as piloting and roll-out of the proposed e-visa system to simplify the visa and entry process

The tourism recovery plan is aligned to the country's Economic Reconstruction and recovery (ERRP), in particular the ERRP's priorities of mass employment creation and infrastructure investment; among other things.

Together with Hotel sky Sandton, Hotel Sky Cape Town is leading the pack in disrupting South Africa's hospitality sector through the use of cutting-edge technologies.

Although we have entered an era in which the rapid technological changes are redefining every aspect of our lives, it is indisputable that the adoption of technology in travel & tourism has accelerated in the wake of the COVID-19 pandemic. Throughout the travel & tourism contactless technologies have proven to be a game-changer in providing quality and memorable experiences to travellers. I was very interested to learn that Hotel Sky has taken the lead in deploying contactless technologies by way of contactless booking, check-in and room access via the Hotel Sky app.

More importantly, Hotel Sky deployment of cutting edge technology will help us to dispel the fear that human labor will be totally replaced by intelligent robots and that the two cannot work together productively side by side. Indeed, for our tourism sector to be globally competitive and our economy in general to experience a robust recovery, the adoption of technology is inevitable.

Countries around the world are accelerating the vaccination of their populations and very soon some countries will reach herd immunity. Necessarily this will create exacerbate economic inequalities among countries and those with higher vaccination rate experiencing faster economic recovery. This means that as a country, how quickly tourism sector and the broader economy recovers depends largely on how we manage the pandemic going forward in particular the vaccination programme.

Expectations are that with growing vaccine availability, improved therapies, testing, and tracing, local transmission of the virus is expected to be brought to low levels across the world only by the end of 2022. However, there are emerging unexpected setbacks around the vaccination programme not just in our country but around the world. US regulators have recommended pausing the use of Johnson & Johnson's one-dose shot in the United States, and similarly, the company has also temporarily stopped usage of its vaccine in the European Union.

Our Minister of health announced yesterday that our country will also suspend the usage of the Johnson & Johnson vaccine. The suspension was warranted by the cases of a "rare and severe" type of blood clot among doses already administered. The suspension means that it will take longer for us to vaccinate our people which will undoubtedly have a negative impact on the economic recovery.

The situation is further compounded by the uncertainties around the efficacy of the vaccines against the various mutations of the virus. The last time we had a new variant we had to suspend the usage of the AstraZeneca vaccine.

All these uncertainties around the pandemic suggests that the sector is potentially facing numerous stop/start cycles as restrictions are changed and adjusted in line with the evolution of the virus. These stop/start cycles will continue to affect traveller confidence and place jobs and the survival of tourism

firms at risk. However, as I have already mentioned, the tourism sector is resilient and given the opportunity under a new normal the recovery of the sector will be very rapid.

I thank you.