



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

**SPEECH TO THE NATIONAL ASSEMBLY BY L N SISULU, MINISTER OF
TOURISM ON THE OCCASION OF THE BUDGET VOTE OF THE MINISTRY OF
TOURISM**

19 MAY 2022, PARLIAMENT

Chairperson

Honourable Members

Invited guests

Ladies and Gentlemen

Honourable members, we present this budget vote on the back of numerous seismic social, economic and humanitarian crisis. But we have to note that our people have responded with hope, strength, and the determination to prevail. It is these demonstrable qualities we celebrate with this budget vote, and which we will give support and real meaning. We have been amazed at the resilience of the sector, it mirrors the resilience of our people.

ECONOMIC AND EMPLOYMENT CONTRIBUTION

Tourism contributes 3,7% to South Africa's GDP, more than agriculture, utilities and construction.

Travel and Tourism is an important driver for job creation across the world as globally, 1 in 10 Jobs (334 million jobs) were created in the industry in 2019. We intend to double our share of the global figure in the next five years.

According to the World Travel & Tourism Council, Travel and Tourism generated 478,900 direct jobs in 2020 (3.2% of total employment).

- Total contribution of Travel & Tourism to Employment (direct, indirect and induced) was 987 400 in 2020 (6.5% of total employment) compared to the 1 460 900 jobs in 2019 (8.9% of total employment).
- This is a 32.4% drop in total employment of travel and tourism in South Africa.
- Direct jobs include employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes activities of hospitality, restaurants and leisure industries directly supported by tourism.

In the wake of the devastating global decline in tourism due to restrictions as a result of Covid-19. Let me remind you of the importance of tourism in the South African economy. In 1994 our arrivals numbers were 3,9 million and by 2019 this had trebled to 10,2 million international tourists visiting our shores. We have earned our place in the dynamic and competitive global tourism space.

These events force us to dedicate resources to support the recovery of our economy, and especially the tourism sector. Importantly, they challenge us to answer the question: how do we build an inclusive and resilient tourism sector and economy which, as it grows, will ensure the participation of women and young people in a meaningful way.

The floods in Kwa-Zulu Natal have also announced the sobering reality that climate change is here. The unpredictable and dramatic weather conditions will affect our sector especially, and we should be intentional in our planning and budgeting in a way that demonstrates our awareness of the changes in our world, and a sensitivity to the conditions and vulnerability of our people. We cannot be reactionary. Our people rely on their government to put in place measures to support and safeguard their lives and livelihoods from both predictable and unpredictable crisis. The budget we present today makes a bold statement in this regard.

IMPACT OF COVID-19 PANDEMIC

Like a bolt of fire from nowhere, our bustling tourism was brought to a sudden halt with the advent of Covid-19. The impact of the Covid-19 pandemic was immediate and devastating. In 2020, the sector saw massive declines in foreign arrivals and revenue. Arrivals decreased by 72.6% in 2020 relative to 2019 (2 802 320 compared to 10,288,593 in 2019) with an estimated further decline to 2.3 million in 2021. Contribution to GDP decreased from 3.7% in 2019 to an estimated 1.3% in 2020. Estimated declines on direct employment in the sector exceeded 36% in 2020 compared to 2019.

On the supply side, we observed losses in key tourism products and services, affecting gains made over the years to diversify South Africa's tourism offering, with particularly painful losses to the SMME sector. These losses further negatively impact on our struggle for broad based economic transformation in this sector.

However, domestic travel contributed positively to demand in the COVID-19 period, driven by campaigns and pricing targeted for our domestic market. This was positive and helped create better understanding within the market and through this exposure propelled the market to diversify its offerings.

STABILISING THE SECTOR AND STRATEGIES FOR RECOVERY

We have undertaken successful efforts, in the spirit of our people who have risen to the challenge of every obstacle. We have focused on the dream of a diverse, inclusive, and transformed sector. With our partners, private and public, we spent these dark times imagining a brighter future, stabilising the sector, and strategising for recovery in line with the Tourism Sector Recovery Plan.

We have implemented projects to ensure that we protect and rejuvenate the supply and these include:

- publishing the Norms and Standards for Safe Operation in the Sector, as well as providing training within the sector on these;
- We implemented the tourism infrastructure maintenance programme in key tourism assets as well as finalizing the Baviaanskloof Interpretative Centre and Leopard Trail, which was funded by the European Union (R57 million);
 - the Tourism Infrastructure Maintenance Programme refurbishes existing state-owned tourism assets such as precincts, protected areas, national and provincial parks, botanical and zoological gardens and heritage sites;
- We implemented initiatives to mobilise resources through investment promotion; and

- Our comprehensive sector skills development programme was rolled out to ensure that relevant skills are available as the sector recovers.

We are encouraged by estimates from the United Nations World Tourism Organisation (UNWTO) that global tourism experienced a 4% upturn in 2021, compared to 2020. This was great news as we geared up to receive leisure tourists and business travelers to our country which would boost the economy and ensure our people are returned to their jobs.

We invested in ensuring that as the world re-opens, Destination South Africa remains top of mind in our key markets and beyond through:

- Launching the Global Advocacy Programme to ensure that consumers, trade partners and the global media are informed about Destination South Africa;
- We participated in the Dubai Expo;
- We launched the Global Brand Film inviting everyone to “Live Again”;
- We hosted Meetings Africa under the theme “Advancing the African Agenda Together”;
 - Meetings Africa, now in its 16th year – we had to skip last year’s one as we were in lockdown - was created in response to the global meeting industry’s growing recognition of Africa as a sought-after premier Business Events destination;
 - We had 13 countries exhibiting from the African Continent and just under 200 buyers, representing 40 countries.
 - 54 of our youth participated in a programme designed to build future leaders and contribute to the transformation of our industry.
 - We had 24 of South Africa’s leading entrepreneurs and SMMEs in the sector and a Sustainability Village that showcased the work of some of our best crafters.
- Various campaigns focused on the domestic market to encourage South Africans to enjoy the beauty and heritage our home has to offer.

Honourable members, last week we announced that during our attendance at the Arabian Travel Market, we as SA Tourism signed a Memorandum of Understanding (MOU) with Emirates to grow the tourism market in South Africa. Air travel is a key pillar for South Africa’s tourism recovery and we expect this will boost visitor arrivals. It will promote tourism and inbound traffic to South Africa from key markets across the Emirates network. We are also working on a Memorandum of Understanding with Qatar which will be hosting the World Cup this year to consider us a hub for the World Cup. The Middle East is a critical market for South Africa so this collaboration will be very instrumental in ensuring ease of access to and from South Africa for travellers from this region and will assist us in elevating our trade efforts.

The turnaround in the performance of the sector, although from a low-base, is apparent for all to see. Most sector performance indicators we are measuring showed an upturn in the year 2021. It is this glimmer of hope that strengthens our resolve to do even more, to plant more seeds that will see tourism growth beyond the 2019 levels.

GLOBAL TRAVEL BANS

I need not remind Honourable members of the impact that global travel bans had on us. The UK was the first to ban travel to South Africa and this resulted in a terrible domino effect, with numerous countries following suit. The few countries that had allowed travel to the country made the trip very difficult for would-be tourists as travellers were subjected to a PCR test as well as a ten-day quarantining period. Travellers have been put off from South Africa because of these measures. South Africa also received some unwarranted attention since the outbreak of the Omicron variant. These travel bans and ‘red lists’ have done a considerable amount of damage to the economy – costing jobs and livelihoods.

During our participation at the 24th UNWTO General Assembly in Madrid, we successfully lobbied the World Tourism Organization (UNWTO) to back South Africa and other African states and called on the world to reopen their borders. The UNWTO General Assembly saw countries from all global regions expressing their solidarity with Southern African states, calling for the immediate lifting of travel bans and for freedom of international travel to be upheld.

I was pleased to hear the UNWTO announce that imposing blanket restrictions on travel was discriminatory, stigmatising, ineffective and contrary to World Health Organisation recommendations. This sort of support does wonders for tourism not just in South Africa, but in the SADC region as a whole.

TOURISM SECTOR RECOVERY PLAN

The Tourism Sector Recovery Plan (TSRP) is a collaborative sector plan worked out jointly by all tourism players and adopted by Cabinet in April 2021 as part of the country's overall economic recovery from the pandemic and to ensure recovery of the tourism sector including economic growth and job creation.

The three-year plan, which is aligned to the country's Economic Recovery and Reconstruction Plan, is anchored on three (3) strategic pillars, namely, Re-igniting Demand, Rejuvenating Supply and Strengthening Enabling Capacity and has seven (7) Strategic Interventions and key enablers to support recovery.

Of the three pillars of the plan, Reigniting Demand is our major focus area as we believe that getting people travel will be the ultimate enabler of tourism recovery.

We have acted decisively to restore confidence in the greater tourism and hospitality sector to overcome the global challenges resulting from the Covid-19 pandemic and the South African tourism industry is already seeing improved traveller confidence. We set the tone for collective recovery of the sector after 19 months of travel restrictions when South Africa hosted the first ever African Travel and Tourism Summit held on 19-21 September 2021, which afforded the Meetings Africa and Africa's Travel Indaba communities, a platform to engage the globe to address challenges created by the pandemic.

Key interventions we spearheaded to get the sector moving again and re-ignite demand include:

- Championing the removal of "red listing" of South Africa through diplomatic efforts. Furthermore, through structured engagement with the Sector, tourism has been able to make a case for its readiness to operate safely and this has yielded good results;
- South Africa secured a seat at the UNWTO Executive Council which is the highest decision making body between the United Nations General Assembly and successfully lobbied the UNWTO to back African states and call on the world to reopen their borders;
- Sponsored a framework for the establishment of the Africa Tourism Unit for the African Union Commission in an effort to strengthen regional integration;
- Regional collaboration and synchronization of policy - signed MOU with Kenya;
- Held bilateral engagements with key Investors in the UAE and Gulf Cooperation Council Region who have shown interest to invest in tourism-mega projects;
- Supportive interventions led by the Ministry and SA Tourism to reconnect Destination South Africa through air service development working through multi-stakeholder public and private sector structures;

- Encouraged inbound Airlift through engagements with Airlines including Emirates and Qatar;
- We have launched a new global campaign titled **Live Again**, where we are encouraging everyone to come as they are and leave as they'll never be again after experiencing the magic that is Destination SA.

We announced last week during our attendance at the Arabian Travel Market that Emirates has signed a Memorandum of Understanding (MOU) with South African Tourism to grow the tourism market in South Africa. Airlift is a key pillar for South Africa's tourism recovery and we expect this will boost visitor arrivals. It will promote tourism and inbound traffic to South Africa from key markets across the Emirates network. The Middle East is a critical market for South Africa so this collaboration will be very instrumental in ensuring ease of access to and from South Africa for travellers from this region and will assist us in elevating our trade efforts.

The Recovery Plan also highlights the protection of supply to support the demand. Together with all the stakeholders within the value chain, the Department will continue to implement the Tourism Sector Recovery Plan to facilitate amongst others:

- protection and creation of jobs;
- greater diversification of the supply side of tourism;
- increased quantum and focus on infrastructure investments in the tourism sector;
- greater confidence in South Africa as a safe destination and an improved South African Brand;
- increased international arrivals;
- and most importantly turning domestic tourism into the anchor of the tourism sector.

RECOVERY IS FOCUSED ON INCLUSIVITY AND TRANSFORMATION

We have thousands of SMMEs throughout our townships, rural areas and small dorpiess offering authentic creative experiences throughout our tourism value chain. These SMMEs are crucial for our goal of inclusive sustainable tourism and help spread the benefits of tourism to communities outside the traditional tourism "hotspots".

We have done a great deal and this will be elaborated upon what we have done under difficult conditions in the NCOP in the interest of time.

We will continue to implement the Tourism Incentive Programme to stimulate the growth, development and transformation of the South African tourism sector. In line with our mission to employ strategic partnerships we will continue to collaborate with other government departments and entities in the roll out of the incentive programme. In this regard, formal partnerships through memoranda of agreement are already in place with entities such as the National Empowerment Fund (NEF), the Industrial Development Corporation (IDC), the Tourism Grading Council of South Africa (TGCSA) and the Small Enterprise Finance Agency (SEFA).

Under the Tourism Incentive Programme, we will implement the Market Access Support Programme (MASP) offering partial financial support to qualifying small tourism enterprises to participate and exhibit at selected tourism marketing platforms. We have already seen various trade shows return following the lock-down conditions globally which resulted in most international tourism trade platforms being cancelled.

We are working to have the legal matters delaying the implementation of the Tourism Equity Fund (TEF) resolved. The TEF is intended to fast-track transformation within the tourism sector. The facility provides combination of debt finance and grant to facilitate equity acquisition and

new project development in the tourism sector by black entrepreneurs. We will continue to work with interested parties to resolve this matter. We have no doubt that the sector shares our eagerness to see this matter resolved considering the number of applications received after the fund was launched. A clear indicator that the facility has very high demand.

The Tourism Grading Support Programme (TGSP) is a joint initiative between Department of Tourism and the Tourism Grading Council of South Africa (TGCSA) under the broader Tourism Incentive Programme (TIP) to encourage more accommodation and MESE (meetings, exhibitions, and special events) establishments to get graded and stay graded under the star grading system. The programme aims to improve quality and standards of tourism offerings and gives discounts of up to 90% on grading assessment fees for new and renewal grading applications. This is an important incentive as it supports our quality assurance programme that enhances overall visitor experience without putting additional burden on small enterprises.

We will implement the Women in Tourism (WiT) Programme as a platform to drive initiatives that support the development and empowerment of women in the tourism sector. This platform recognises the challenges faced by women entrepreneurs who are often found at the bottom end of the tourism economic value chain.

RESPONSIBLE TOURISM FOR SUSTAINABLE TOURISM

In 1996, South Africa was the first country to include Responsible Tourism in its national tourism policy, the 1996 White Paper on the Development and Promotion of Tourism in South Africa. The Department also developed and approved a Tourism and Climate Change Response Programme and Action Plan in 2012. The Department recently adopted a Tourism Climate Change Communication Strategy (TCCCS). The TCCCS was designed to guide communication-related aspects of awareness, education and training for climate change mitigation and adaptation within the tourism sector to a diverse national audience in a clear, concise, and effective manner.

TOURISM SAFETY

As we monitor consumer sentiment through Brand Strength Index and cognizant of the persistent, negative perceptions about safety, we will implement the National Tourism Safety Strategy with an intent to foster public private sector partnership to address issues of tourism safety in a more coordinated manner, in order to provide an enhanced visitor experience. We will also monitor the implementation of the Norms and Standards for Safe Operation in the Tourism Sector across the value chain to enable safe travel and rebuild consumer confidence.

DIVERSIFYING DESTINATION PRODUCTS AND SERVICES

A diversified offering in the sector expands our ability to attract more visitors into the country. Diverse and authentic tourism products and services set South Africa apart in the minds of the potential visitors, assuring them of unique, memorable experiences for all our tourists, domestic and international. Our destination development programme will focus on destination planning and enhancement initiatives that promote this diversification.

RECENT FLOODS IN KZN

The tourism sector was not left unscathed by the recent devastating floods experienced in parts of the country. The initial estimates of the damage to tourism infrastructure in major attractions were around R100 million which are largely owned by the public sector.

The Department will be supporting the provinces in restoring damaged infrastructure, to the extent that the current budget allows. To this end, the Department will engage with National Treasury regarding possible options for support. What has been encouraging is the indication

that most private businesses are indicating that in the main, they require government to speed up the rebuilding of enabling public infrastructure as their facilities are adequately insured. The Department will use its framework agreement with the Development Bank of Southern Africa (DBSA) to undertake more detailed technical assessments of the work that needs to be done, as well as costing.

Hon. Chairperson, in doing our own assessments during the stakeholder engagements which we hosted together with the KZN MEC for Economic Development, Tourism and Environmental Affairs, the sector emphatically indicated to us that even though the sector has been hard hit by the floods, tourism supply remains intact and the province is able to host major events, and did so very successfully as everyone who attended the Africa's Travel Indaba from 2-5 May 2022 will attest.

SA TOURISM DESTINATION MARKETING STRATEGY TO BOOST ARRIVALS

In the sector recovery effort, stimulating demand in all our key markets remains critical. South African Tourism will implement a destination marketing strategy that is targeted and responsive. South African Tourism will continue contributing to the recovery of the tourism sector and reasserting South Africa as a preferred leisure and business events destination. We will ensure that the South Africa destination brand is revitalised to be more appealing, so as to attract travelers and to deliver on a significantly increased number of tourist arrivals by 2030.

We have always maintained that following the Covid-19 outbreak, domestic travel was likely to recover first, with travelers choosing to first travel locally, before hopping on a flight to a long-haul international destination. This still holds true, meaning that there is now an even greater need to focus on encouraging South Africans to travel around their country. We understand that domestic consumers are looking for affordable travel rates, and information on where to go and what to do. In this financial year, we will continue to respond accordingly to this need, with targeted deal-driven domestic campaigns, that have proven to yield positive results.

REGIONAL AND CONTINENTAL TOURISM

We remain committed to our efforts to enhance regional and continental tourism cooperation aimed at increasing the tourism sector's contribution to inclusive economic growth. The election of South Africa to the United Nations World Tourism Organisation's Executive Council has positioned South Africa in the global system of tourism governance to enhance international response to the needs of South Africa, the continent and the developing countries in general. It will also intensify South Africa's cooperation with the global tourism sector to position tourism as a key driver for economic recovery from Covid-19 pandemic, job creation, poverty eradication and sustainable development.

As South Africa attaches great importance to promoting multilateralism, the Executive Council seat provides an opportunity for South Africa to contribute to the implementation of the UNWTO's Programme of Work as a response to the needs of the developing world. South Africa's approach to the UNWTO and other organisations is to promote unity and ensure that they focus on the primary mandate of promoting tourism and peace.

Our various Memoranda of Understanding (MoU) with other African countries are vital tools in strengthening regional integration for the benefit of our entire region. In advancing our national priorities, the Department continues to sign MoUs with the countries that are prioritised as the potential markets for increasing the tourist arrivals to South Africa.

MAINSTREAMING GENDER, YOUTH EMPOWERMENT AND PEOPLE WITH DISABILITIES

The Department remains committed to the implementation of the apex priorities on mainstreaming gender, empowerment of youth and people living with disabilities. The department is a top performing institution on the employment of employees living with disabilities. While the national target for employing people living with disabilities is set at 2%, the department has achieved a 4.6 % representation.

There is now 50% women representation at Deputy Director-General and Chief Director level. The focus in 2022/2023 will be ring-fencing Directors positions to achieve 50% women representation at Senior Management Service in the Department.

GOVERNANCE AND ACCOUNTABILITY

Both within the Department and South African Tourism, good governance and accountability will remain top priorities in 2022/2023 through the implementation of comprehensive Risk Management Strategies and the Combined Assurance Models for both financial and performance information. An Audit Action Plan to address the audit outcomes from the 2020/21 financial year audit was finalised. A comprehensive review will be undertaken in 2022/2023 to strengthen the systems of internal controls focusing on preventative and corrective controls.

CAPITAL INVESTMENT IN TRAVEL AND TOURISM

The capital investment in travel and tourism is expected to have attracted R54.4 billion in 2020, totalling 7% of total investment in South Africa. This is a loss of 33.7% compared to the R82.1 billion contributed in 2019 (8.7% of total investment in South Africa).

There have been notable tourism investment and developments in the last three (3) years. New hotels that have opened include a new Intercontinental Hotel and Radisson Red in Rosebank, and a Hotel Sky in Sandton. Newly opened establishments in Cape Town include the Rockefeller, Home Suites, the Royal Boutique, Kloof Str Hotel, the Old Bank Hotel and Hotel Sky. Rooms at the Sky (Cape Town) start at just more than R1000, across from and within walking distance of the International Convention Centre.

BOARD OF SOUTH AFRICAN TOURISM

The term of office of the current Board of South African Tourism which commenced on 01 June 2018 is coming to an end on 31 May 2022. I am finalising nominations for the upcoming Board to take to Cabinet for approval. I would like to take this opportunity to express my profound gratitude to the outgoing Board members steered by the Interim Chairperson, Advocate Mojankunyane Gumbi for having led the sector in marketing South Africa domestically and internationally in pursuit of delivering the SA Tourism mandate.

I thank you.