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Tourism Budget Vote speech by Minister of Tourism, Patricia de Lille

Tourism budget geared to enhance tourism recovery and support tourism enterprises

24 May 2023

- Honourable House Chairperson
- Deputy Minister of Tourism, Fish Mahlalela
- Honourable members of the Tourism Portfolio Committee and the Select Committee
- Members of Parliament
- Director General of the Department of Tourism, Victor Tharage
- Tourism stakeholders
- Members of the media and public

Good afternoon, goeie middag, molweni, sanibonani, dumelang, As-salamu alaikum

It gives me great pleasure to present the Department of Tourism's Budget vote for the 2023/24 financial year as we are full swing into the post pandemic recovery period for this important sector in our country.

South Africa is blessed with an abundance of natural beauty and some of the most iconic landscapes in the world, an eclectic mix of cultures and tourism offerings and our greatest asset, the warmth of our people.

Over the past three months, I have been inspired to see the passion and vigour with which the stakeholders in tourism are committed to growing tourism for South Africa.

Tourism is a key part of our economy and there is still so much untapped potential to taking the sector's performance to greater heights with greater economic contributions and more jobs for our people.

Over the past three months, I have been engaging with players from across the tourism sector to learn about what the key constraints are preventing further growth and associated opportunities.

My engagements with the sector have also been focussed on how government and all partners in the private sector can work together to find solutions and grow tourism exponentially.

We must look into the future with a clear vision and debate the matter of getting tourism classified as an industry and not just a sector and it must be measured as such.

We must also focus on the implementation of the Economic Reconstruction and Recovery Plan and the Tourism Recovery Plan.

TOURISM PERFORMANCE

At the Africa Travel Indaba, I was pleased to reveal the latest tourist arrival numbers which shows that rapid recovery for the sector is underway.

Between January and December 2022, South Africa saw nearly 5.7 million, with 4 million of those visitors coming from the African continent gracing our shores. This was an increase of 152% on the previous year.

In Quarter 1 - January to March 2023, international arrivals amounted to 2.1 million, which is a 102, 5% increase when compared to the same period in 2022.

The African continent led the way again with 1.6 million arrivals, followed by Europe's 387 000 and the Americas' 104 000 visitors.

Although we have seen the growth, we are still not out of the woods because we are 21% below our 2019 figures for quarter 1.

In the first quarter of 2023, foreign direct spend soared to an astounding R25.3 billion, marking a 143.9% increase compared to Q1 of 2022.

This figure is close to the R25.6 billion spent between January and March 2019 and showcases the industry's unwavering resilience.

In Q1 of 2023, the top source markets were:

- Zimbabwe maintained its status as South Africa's top source market, a trend consistent since 2019.
- Mozambique followed as the second-largest source market, boasting over 354 000 arrivals between January and March 2023.
- Lesotho and Eswatini, taking the third and fourth spots, respectively.
- The United Kingdom claimed the fifth position, with more than 118 000 arrivals in South Africa between January and March 2023, a decrease from 135 000 in 2019.

For 2023, so far we have secured 10 bids for MICE events which will contribute to the geographical spread of business events.

There was a 12, 3% increase in MICE trips (Meetings, Incentives, Conferences & Exhibitions) taken during January and March 2023.

The secured MICE events include the International Congress of African Phytomedicine Scientific Society, the Southern African Neurological Association Conference and the Global Association of the Exhibition Industry (UFI) Global Congress.

The various MICE events will be hosted in Johannesburg, Tshwane, Hammanskraal, Cape Town, Bloemfontein, Durban, Mokgopong, Muldersdrift and Pietermaritzburg.

According to new data from the UN World Travel Organisation (UNWTO), the sector's swift recovery has continued into 2023 and shows that:

Overall, international arrivals reached 80% recovery in the first quarter 2023 with African countries show an 88% recovery rate on 2019 visitor numbers.

KEY PRIORITIES

Before I get into the Budget Vote in numbers, I wish to share with the house and public the key priorities according in performance agreement given to me by President Cyril Ramaphosa on 6 April 2023.

I am committed to reaching the targets and achieving success on these priorities and I have made it clear to the department and all stakeholders that we can only achieve this by working together.

Ultimately these priorities are geared to growing the tourism industry in South Africa, increasing its economic contribution and increasing the amount of jobs created by this sector.

Priority 1: Converting the Tourism Sector Recovery Plan into the Master Plan with clear interventions to increase the volume and value of domestic and international tourism.

This is being finalised for completion in the next few months.

The implementation of the Tourism Sector Master Plan will focus on enhancing destination marketing and working with all stakeholders including major global tech companies, the Tourism Business Council of South Africa (TBCSA), aviation sector, major hotel groups and the Township Tourism Associations amongst others.

Priority 2: Improve e-visa turnaround time for tourists

I am working with Minister of Home Affairs, Dr Aaron Motsoaledi on this and met with him in my first week in office.

We agreed a lot needs to be done to improve the ease of applying for e-visas and turnaround time for applications.

We must have a harmonised visa regime across the continent to make it easier for visitors to move from one country to another.

In this regard, South Africa has visa waivers for several African countries for a specified period and up to a maximum of 90 days, particularly in SADC countries such as Tanzania, Namibia, Angola, Mozambique, Mauritius, Malawi and Botswana.

The e-visa system was initially launched for 14 countries and this has been expanded to an additional 20 countries this year.

Priority 3: Improve the turnaround time for Tour operator Licences

Earlier this month, I met with Minister of Transport, Sindisiwe Chikunga where she shared the Department of Transport's work in this regard. We both agreed to push this work even harder to eradicate barriers and backlogs.

The Department of Transport cleared the previous backlog of operating licences by the September 2022 deadline.

I have appealed with tourism industry stakeholders that we must work together to resolve the matter of the tour operators who have not collected their licences. There are now approximately 418 current tour operator licence applications in the system.

Minister Chikunga and I will continue working on this matter and continue to eradicate obstacles with regard to tour operator licences.

Priority 4: Unlock the implementation of the Tourism Equity Fund (TEF)

I have already started working on this and I have intervened by consulting with the State Attorney and Senior Counsel and we reached an agreement in an out of court settlement and this was finalised on 26 April 2023.

We are now finalising the concept and criteria for applications to the Tourism Equity Fund within the existing BBBEE legislation and the Tourism BBBEE Codes.

This will unblock R1.42billion in funding to facilitate accelerated sector transformation.

Priority 5: Tourism Infrastructure Development

Tourism Infrastructure Development is a priority because we have a number of state-owned tourist attractions and national parks and we must invest and improve infrastructure to crowd in investment by the private sector.

We have started working with Infrastructure South Africa (ISA) and DBSA in this regard and look forward to working with all partners on actions we can take to grow tourism infrastructure and investment.

INFRASTRUCTURE AND MAINTENANCE PROJECTS

Tourism infrastructure and maintenance of the assets are aligned to both the “Protect and rejuvenate” and the “Reignite Demand” Pillars of the Tourism Sector Recovery Plan and in this regard, the Department has rolled out an infrastructure and maintenance programme.

For the 2023/24 financial year, the target according to the Department’s Annual Performance Plan contains a target to monitor the implementation of 29 Community Based Tourism Projects, 11 in Limpopo; 5 in Eastern Cape, 3 in the Free State, 2 each in KwaZulu Natal and Mpumalanga and 3 each in the North West and Northern Cape.

The Department also has a total budget of R95 million for 25 maintenance projects for the 2023/24 financial year.

The infrastructure maintenance programme is aimed at refurbishing tourism assets, increasing visitor experience, supporting the sustainability of tourism attractions and providing employment opportunities.

AIR ACCESS

Air access is another key priority for us is to bring more direct flights to South Africa and ensure that the planes also leave the country with travellers so that we grow reciprocal relationships with countries around the world.

The African Union (AU) has also launched the Single African Air Transport Market (SAATM), which aims to liberalise air transport on the continent and promote greater competition and connectivity.

Air capacity has risen since last year, with a 56% increase in Q1 2023 compared to the same quarter in 2022. In 2023, we reached 1.8 million seats, and South Africa welcomed around 23 new routes.

New direct flights, such as Cape Town to New York and Washington by United Airlines commenced last year and Air China resumed its direct flight to OR Tambo International Airport in March.

The upcoming LATAM flight from Brazil to OR Tambo International Airport in August will also contribute to our nation's appeal.

We are also looking to establish a national mechanism to increase air access for destination South Africa.

We will also continue to participate in the provincial air access forums to ensure that insights into inbound global markets are made available to support efforts to secure new entrants.

BUDGET VOTE:

Honourable House Chairperson, turning to the Department of Tourism's Budget for the 2023/24 financial year which is R2.524billion.

The main allocations of the budget are as follows:

- R1.344billion to the Department's main entity - SA Tourism
- R347million on the compensation for employees
- R303million for the Expanded Public Works Programme
- R225million for the various Tourism Incentive Programmes

The largest portion of the Department's budget allocation in the past and over the medium is allocated to its public entity, South African Tourism (SAT) whose primary mandate is the marketing of South Africa as a tourist destination to local and international tourists.

The Department is left with R1.1180billion to implement Programmes which support the most vulnerable in society, including unemployed youth, as well as SMMEs in rural villages and towns, and are targeted nationally.

The department's programmes broadly include Working for Tourism Programme through EPWP, Tourism Incentive Programme which supports the Green Tourism Incentive Programme and other enterprise development projects.

Most of the department's activities are carried out through the expanded public works programme and are aimed at enhancing and developing tourism infrastructure through labour-intensive methods targeted at young people, women, unemployed people, people with disabilities and small, medium and micro enterprises (SMMEs).

The Department's Enterprise Development and Transformation Programme also enables us to implement projects that provide various support packages to SMMEs, drive transformation and ensure the development of emerging operators.

SA TOURISM

Key activities for SA Tourism in the 2023/24 financial year includes:

Continuing to prioritise domestic tourism, followed by regional and then international tourism as per the Tourism Sector Recovery Plan.

Key to this will be the Global Tourism Brand Campaign that seeks to ensure that South Africa is embedded as a top-of-mind destination for all potential tourists.

Through the Global Trade component, SA Tourism will continue to participate in various local and intentional platforms to connect and promote South Africa as a lucrative destination to international airlines.

We live in a globally competitive village and we must work much harder at destination marketing initiatives.

Department of Tourism's key programmes to support the sector:

In terms of the key programmes by the Department to support the growth of the sector, one of the key programme by the Department is the Tourism Incentive Programme (TIP) which is a tool to stimulate the growth, development and transformation of the South African Tourism sector.

The TIP has been allocated R225.6million in this financial year for implementation of the following interventions: The Market Access Support Programme, The Green Tourism Incentive Programme, The Tourism Transformation Fund and the Tourism Grading Support Programme to name a few.

The following are the key interventions by the department's budget for this financial year:

INTERVENTION 1: SAFETY AND SECURITY

Chairperson, safety and security are critical for tourism in South Africa, impacting visitor safety, destination reputation, economic growth, regulatory compliance, and community support.

We need to confront the safety issues and in this regard we need collaboration, ideas and solutions from the public and private sector.

I have put together a safety forum for next week to work on the action plan with all Tourism MECs, private sector representatives from the Tourism Business Council of South Africa (TBCSA), the South African Tourism Services Association (SATSA) and other role-players.

In terms of the department's Tourism Safety Monitors programme, we are reviewing the training curriculum for tourism safety monitors, where they are recruited from and where they are deployed to in terms of priority areas.

I also want to appeal to the private sector to also deploy more resources into this so that both the public and private sector can work together on safety issues.

The current budget to train and deploy 1 845 Tourism Monitors across the country is estimated to be R147.6million. We are working with the private sector to increase these numbers.

The Tourism Monitors Programme is part of the broader government intervention that involves training, mentorship and deployment of unemployed youth in identified tourism attractions and sites.

We must also work hand in hand with communities in tourist attraction areas for them to take ownership of the tourism assets and understand the value and need to protect the tourist spaces around them.

INTERVENTION 2: Market Access Support Programme (MASP):

The MASP offers partial financial support towards the cost of exhibition space, return airfare, hotel accommodation to qualifying small tourism enterprises that wish to participate and exhibit at selected tourism trade platforms.

The Department is well positioned to build on the success of the last financial year and has already supported more than 152 small enterprises to exhibit at travel trade shows in the first two months of this financial year.

The Department supported 30 enterprises to exhibit at World Travel Market Africa 2023 and 122 enterprises at the Africa Travel Indaba 2023 to the value of R11.8million.

For the MASP for this financial year, between R3million and R8million is still available for this financial year to support enterprises at travel trade shows.

INTERVENTION 3: Green Tourism Incentive Programme (GTIP):

The GTIP offers partial grant funding on the cost of retrofitting tourism facilities with energy and water efficiency equipment/ systems based on the outcome of a resource efficiency audit.

The total GTIP Budget for the current and next two financial years is R199million.

The beneficiaries of the GTIP programme are tourism establishments in all 9 provinces.

The 8th application window opened on 2 May and is open until 30 June and I encourage tourism establishments to apply for this funding to retrofit their establishments with energy and water efficient measures.

All information on the GTIP is available on the department's website.

INTERVENTION 4: The Tourism Grading Support programme (TGSP):

This incentive programme offers discounts of 80% or 90% on grading assessment fees for accommodation and meeting venues that apply for star grading by the Tourism Grading Council of South Africa (TGCSA).

Under the Tourism Grading Support Programme, for Q1 and Q2 2023, a total of 1 952 applications were approved representing a combined value of R7.9million in discounts on grading assessment fees.

An anticipated R17 million will be required for transfer to SA Tourism and the Tourism Grading Council of South Africa to ensure continued implementation of the Tourism Grading Support Programme.

INTERVENTION 5: The Tourism Transformation Fund (TTF):

This is another incentive programme and offers a combination of grant funding, debt finance and equity contributions to facilitate capital investment in new and expansion projects in the tourism sector.

This is a multi-year project with R120million available for this work.

House chairperson, it is vital that we leave no one behind and ensure that budgets are geared to support upcoming and emerging businesses.

INTERVENTION 6: TOWNSHIP TOURISM

The township tourism sector is a vital one for our economy and I had a fruitful engagement with the South African Township and Village Tourism Association (SATOVITO).

Working with them, the Department of Tourism is finalizing plans to ensure our communities enjoy the full economic benefits of tourism.

We will do this by broadening participation in the tourism value chain for SATOVITO members and other businesses to develop new tour programs into Townships and Villages while focusing on skills development and business acumen training.

Chairperson, I am committed to driving greater implementation of all programmes within the department and working in close partnership with the private sector and tourist associations to achieve our collective goals that will see South Africa lead the way in tourism.

I thank you

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