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TOURISM BUDGET VOTE 38 SPEECH BY MINISTER PATRICIA DE LILLE

Date: 16 July 2024

House Chairperson

Ministers and Deputy Ministers

Tourism Portfolio Committee Chairperson, Ms Lungi Annette Mnganga-Gcabashe and PC members

Honourable members

DG for the Department of Tourism, Victor Tharage

SA Tourism CEO, Ms Nombulelo Guliwe

Entity Representatives

Good afternoon, goeie middag, molweni, dumelang, as Salam Alaikum

It gives me great pleasure to present the Department of Tourism's Budget Vote speech for the 2024/25 financial year.

I am deeply honoured to have been appointed as the Minister of Tourism again as it affords me the opportunity to build on the work of the past 16 months and focus on more effective implementation.

I want to start by thanking the entire tourism sector for all their hard work in keeping our tourism sector thriving.

I also wish to thank all our partners in advance for the work we will continue doing together to take tourism to greater heights.

The tourism sector is made up of the public sector and social partners such as the private sector and communities who play significant role in driving growth in the tourism sector.

During the 7th administration, our mission is to elevate the profile of tourism as a key driver of economic growth and job creation as identified in the National Development Plan and the Tourism Sector Master Plan.

We are implementing the last financial year of the 6th administration and the plan for the next five years for the 7th administration will be informed by NDP and the Tourism Sector Master Plan.

The NDP envisions rising employment, productivity, and incomes as a way to ensure a long-term solution to achieve a reduction in inequality, an improvement in living standards, ensuring a dignified existence for all South Africans.

The NDP recognises tourism as one of the main drivers of employment, economic growth and it is a demand stimulator.

It also offers skills development opportunities for semi and unskilled workers.

It is well positioned to link under-developed regions with the developed ones as it transcends spatial and geographic boundaries.

Tourism ensures that people have access to socioeconomic services, opportunities and choices.

It creates jobs, generates incomes, and creates viable communities.

It is the main bridge for building understanding and has a unique ability to promote peace between and among people everywhere.

The NDP gives expression to UN Sustainable Development Goal (SDG) No. 8 which is to: Promote inclusive and sustainable economic growth, employment, and decent work for all.

TOURISM SECTOR MASTER PLAN

House Chairperson, last year, Cabinet approved the Tourism Sector Master Plan – a collaborative effort between the Department of Tourism and social partners such as the private sector, labour and community representatives.

The Tourism Sector Master Plan guides government and all social partners on how we should act collectively on shared goals to deliver tourism economic activity and jobs for the benefit of all South Africans.

The Tourism Sector Master Plan seeks to assist the tourism sector in moving towards full recovery by focusing on:

Protecting and rejuvenating supply;

Re-igniting tourism demand and Strengthening the enabling capabilities.

The goal is to preserve jobs and livelihoods within the sector, facilitate the creation of new job opportunities, match demand and supply, and strengthen transformation in the sector, including empowerment of women, youth, and people with disabilities.

GLOBAL TOURISM PERFORMANCE

House Chairperson, according to the World Tourism Barometer released by UN Tourism in May 2024, there was an estimated increase of 33,4% of tourist arrivals globally during 2023 compared to 2022.

Global tourist arrivals also went up by 19% during the January to March 2024 period compared to the same period in 2023.

Global Economic Value of Tourism

In 2023, all regions experienced an increase in tourist arrivals and generated a total of about 1,5 trillion US dollars in international receipts.

According to World Travel and Tourism Council's (WTTC) figures released in 2023, the estimated total contribution of the travel and tourism sector to the global economy for 2023 increased to 9.4trillion US dollars which is 9,2% of global GDP.

This was a 23,3% increase compared to 2022.

Globally, the total contribution of the travel and tourism sector to employment estimate was about 319,5million jobs (9,6% of total employment) in 2023, which was a growth of 8,2% compared to 2022.

Likewise, South Africa's tourism performance has seen remarkable growth in 2023 as total tourist arrivals went up by 48,9% in 2023 compared to 2022.

From January to December 2023, South Africa welcomed close to 8.5million tourists from the rest of the world.

Of the 8,5million in international arrivals for 2023, around 6.4million of those visitors were from the rest of the African continent.

Across all markets, we saw a notable increase in arrivals to South Africa from Asia, Europe, America, the United Kingdom, Africa and the Middle East.

The latest figures available for January to May 2024, revealed that South Africa welcomed nearly 3.8million arrivals.

This represents an increase of 9,7% compared to the same period in 2023.

In terms of the economic impact for South Africa, total foreign direct spend grew by 27.5%, reaching R95.1 billion in 2023/24 financial year, up from R74.6 billion in 2022/23 financial year.

It is worth noting that the rand value of international tourist spend has exceeded the pre-pandemic baseline of R90.7 billion.

In 2023, the average length of stay for all arrivals was 13.6 days. This represents a growth of 18.8% compared to 2019, indicating a significant post-COVID recovery.

House Chairperson, for South Africa the WTTC has estimated that the total combined contribution of tourism to GDP increased from R421,7 billion in 2022 to an estimated R458,9 billion in 2023 (6,8% of GDP), which was an increase of 8,8%.

The WTTC further reports that for South Africa in 2023, the total travel and tourism sector contribution to employment was estimated at 1,3million jobs, which was an increase of 5,5% compared to 2022.

DOMESTIC PERFORMANCE

Our domestic tourism is doing very well and we want to thank South Africans for exploring their country and supporting our tourism sector.

We need to continue building a culture of travel domestically though making travel accessible and affordable.

We also need to ensure that our people travel more often, more frequently, building an understanding of our varied cultures as we do so.

Domestic revenue for the past financial year reached R123.8 billion, increasing by 19.2% compared to the 2022/23 financial year.

Total domestic overnight trips amounted to 37.7 million in 2023/24 financial year marking a 3% increase when compared to 2022/23 financial year.

TOURISM BUDGET

House Chairperson, it now gives me great pleasure to present the Department of Tourism's budget.

For the 2024/25 financial year, the department's budget is R2.3 billion.

The main allocations of the budget are as follows:

- R1.2billion to the Department's main entity - SA Tourism
- R266 million for the Expanded Public Works Programme (EPWP)
- R172 million for the various Tourism Incentive Programmes (TIP).

The largest portion of the Department's budget is allocated to its entity, SA Tourism whose primary mandate is marketing of South Africa as a tourist destination to local and international tourists.

The Department is left with just over R1.1billion to implement Programmes that support the most vulnerable in society, including unemployed youth and Small-Medium Enterprises (SMEs) in rural villages and towns, and are targeted nationally.

The Department's programmes broadly include the Working for Tourism Programme through EPWP, TIP which supports greater destination competitiveness, transformation, and accelerated tourism and enterprise growth.

The EPWP is allocated R 266 million for the 2024/2025 Financial Year in the Destination Development programme.

Our target this year is to create 5 820 work opportunities through this programme.

TOURISM INFRASTRUCTURE PROJECTS

The work of the Destination Development Branch focuses on tourism places, spaces, infrastructure, routes, and tourist experience development.

The Working for Tourism EPWP funds both the skills programme and the jobs programme under infrastructure development.

For the 2024/25 financial year, 22 Community Based Tourism Projects will be implemented including the Matsila Lodge and Tisane Lodge projects in Limpopo, the Mthonsi Lodge in the Eastern Cape and the Mdlui Gate Project in Mpumalanga.

The Maintenance Imperative

The Department initiated a maintenance programme targeting our National Parks and has extended this to some provincial parks.

Wildlife and safari remain a mainstay of our tourism offering – we cannot allow these assets to fall into a state of disrepair.

Last year, the Department spent approximately R 95 million on 25 maintenance projects in five provinces namely; Limpopo, Eastern Cape, Mpumalanga, Free State, and the Western Cape.

For this financial year, the Department has allocated just over R 81 million on maintenance projects in the Gauteng, KwaZulu-Natal, the Northern Cape and the North West.

SECTOR TRANSFORMATION AND SMME DEVELOPMENT

House Chairperson, one of the most impactful programmes by the Department of Tourism is our Tourism Incentive Programme (TIP).

The TIP has been allocated R172.1 million in this financial year for the 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.

The TIP was introduced as a tool to stimulate the growth, development, and transformation of the

SA Tourism sector.

- The Market Access Support Programme (MASP): The MASP offers partial financial support (contribution towards the cost of exhibition space, return airfare, hotel accommodation, etc.) to qualifying small tourism enterprises that wish to participate and exhibit at selected tourism trade platforms.
- Tourism Grading Support Programme (TGSP): The TGSP offers discounts of 80% on grading assessment fees for accommodation and meeting venues that apply for star grading by the Tourism Grade Council of South Africa (TGCSA).
- Green Tourism Incentive Programme (GTIP): The GTIP offers partial grant funding on the cost of retrofitting tourism facilities with energy and water efficiency systems. Tourism establishments can apply for funding support (50% to 90% up to R1 million) on the cost of installing relevant technologies and equipment recommended in the resource efficiency audit during the first stage.
- Tourism Transformation Fund (TTF): The TTF offers a combination of grant funding, debt finance, and equity contributions to facilitate capital investment in new and expansion projects in the tourism sector by black entrepreneurs. The grant funding portion (limited to 50% of the approved loan amount and capped at R5 million) is used to reduce the approved loan finance and/or equity contribution by the National Empowerment Fund where the commercial viability of the tourism project has been established.
- Tourism Equity Fund (TEF): The revised R1.2billion TEF was launched on 6 November 2023 after being approved by the Cabinet in September 2023. The TEF aims to accelerate the quantitative and qualitative increase in participation by entrepreneurs including women, youth and persons with disabilities in the tourism sector as reflected by their contribution to growth, investment, and employment creation. The fund is split to assist 80% existing businesses and 20% new businesses. The TEF is an initiative funded by the Department and the Small Enterprise Finance Agency (sefa) is the implementing agent.

House Chairperson, while we present our budgets for the new financial year, it is also important to report back to Parliament and the people of South Africa on how we spent our previous financial year's budget.

In this regard, I am pleased to report the following for the Tourism Incentive Programme:

The total TIP budget allocation for 2023/24 was over R225million and was used as follows:

- R18million was disbursed by the department under the Market Access Support Programme to support small enterprises to participate at domestic and international trade exhibitions. A total of 130 MASP applications/ SMEs were supported.

These SMEs exhibited at trade shows including Africa's Travel Indaba, Meetings Africa, World Travel Market Africa, Magical Kenya Travel Expo and ITB in Berlin.

- R17million was disbursed to recapitalise the Tourism Grading Support Programme which offers discounts on tourism grading fees. A total of 798 applications were approved in the last financial year.
- Since the opening of the TEF application window on 6 November 2023, Sefa has received 441 applications. The focus in the coming year is to increase the number of approvals for the TEF and to focus on the implementation of approved projects.
- In 2023/24 financial year, a total of 63 GTIP applications were approved for a combined grant value of over R40million to tourism establishments all over the country. For this financial year, R163million is available to tourism establishments to apply for funding to retrofit their facilities with green technologies such as PV panels and water saving measures.
- A total of nine Tourism Transformation Fund applications were approved in 2023/24 to a combined value of R31.3million in grant funding.

YOUTH SKILLS DEVELOPMENT PROGRAMMES

In our quest to train our youth with requisite skills, during the last financial year, we implemented Youth Skills Development Programmes which benefitted over 1 900 youth.

Additionally, 276 SMMEs in Tourism were trained on occupational health and safety norms and standards for safe tourism operations.

In 2023, 50 Chefs were enrolled in a Recognition of Prior Learning process to obtain a professional qualification or designation in Western Cape and Kwa Zulu-Natal provinces.

During the current financial year, the Department has planned to train 450 unemployed youth in various skills development programmes from a committed budget of R12 million and 2 300 Tourism Monitors with a budget of R140 million through the EPWP funding.

We will continue working with social partners to identify essential and demand-led skills required in the tourism sector and build the requisite skills through our departmental funding.

TOURISM SAFETY

House Chairperson, tourism safety is a key priority for the department in and 2023, we made great strides in reviving the National Tourism Safety Forum who met regularly in the last financial year.

Safety stakeholders for Tourism include the Department of Tourism, South African Police Services (SAPS), Provincial Departments of Community Safety, the Department of Home Affairs (DHA), other departments, Community Policing Forums, local municipalities and the private sector.

Last year we invested R174.5million and deployed more than 2 300 Tourism Monitors to key tourist attractions to enhance safety measures.

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

For this financial year, the Programme will be training and placing 2 305 Tourism Monitors in all 9 provinces, ACSA Airports, iSimangaliso, Ezemvelo, SANBI, and SANParks.

AIR ACCESS

House chairperson, the National Tourism Sector Strategy (NTSS) identifies ease of access, in particular, air access as one of the priorities.

The strategy underlines the significance of removing barriers that limit the ability of potential international tourists to travel to South Africa.

We are advocating for a nationally driven air access programme that will work towards attracting more air services into the country.

We have developed a national Air Access Strategy to take to Cabinet and will be working with the relevant departments and aviation stakeholders to implement this to grow the number of direct flights to and from South Africa.

We also welcome the progress and commend the team at SAA for the improvement and additional direct flights secured over the past year such as the direct flights to Brazil and Australia.

We are delighted by the efforts by SAA, other global and domestic airlines to continue to invest in routes in South Africa as this will certainly bring great benefits for growing our arrival numbers.

For the past financial year, we saw robust performance with the return of direct flights between South Africa and Brazil, China, Australia and Hong Kong.

VISAS

The Department acknowledges the significant progress that has been made with visa waivers where passport holders from 132 countries can enter South Africa without requiring a visa for varying periods of up to 90 days.

The Department will continue to work closely with the Department of Home Affairs and Operation Vulindlela to monitor progress regarding visas.

This includes closely following the discussion around the Chinese and Indian market visa challenges spearheaded by the project management office from the Presidency.

I will be meeting with the Minister of Home Affairs to follow up on progress.

The priority source markets for South Africa are India, China and Nigeria as these countries are critical to help increase our international arrivals.

The biggest win over the past year has been Kenya and Ghana's outstanding performance following the visa waiver for travellers from Ghana and Kenya.

These visa waivers, coupled with continuous targeted, integrated marketing initiatives executed by South African Tourism to attract visitors from this market, made for a winning formula for the growth of the tourism sector.

TOUR OPERATOR LICENCES

We note the progress by the Department of Transport on the work done towards clearing the previous backlog of operating licenses.

The Department also welcomes the signing of the National Land Transport Amendment Bill into law, by the President in June 2024.

This enables the Department of Transport to appoint full-time or part-time members of the National Public Transport Regulator (NPTR) from outside the Department to serve as members of the NPTR Board.

This initiative will enhance efficiency.

From June 2023 to June 2024, the NPTR held 19 adjudication meetings and adjudicated a total of 952 applications for operating licenses for tourist transport services.

There is still a lot of work to be done on enhancing the efficiency and effectiveness of the system, and we look forward to working with the Minister of Transport on this key need.

MARKETING CAMPAIGNS

Chairperson, we continue our marketing campaigns to encourage South Africans to explore their own country.

We have established a marketing forum to deal with the fragmentation of marketing South Africa as a destination.

South Africa's domestic travel performance has been outstanding as we showcased a variety of affordable, desired experiences in a clear and accessible manner, that are underlined by personal safety message, through #TravelWiseMzansi.

The “It’s Your Country, Enjoy It, because nothing’s more fun than a Sho’t Left” campaign was continued under the Sho’t Left umbrella.

The Summer Campaign aimed to revitalise South Africa's tourism sector amidst global challenges. By promoting domestic travel and increasing domestic spending within the tourism ecosystem, the campaign not only reignited the passion for exploration among South Africans, but also addressed youth unemployment by creating job opportunities within the sector.

The Summer Campaign had a significant economic impact, creating 914 jobs, supporting 85 businesses and involved 81 SMMEs.

South African Tourism successfully employed 340 young people, during the festive season, offering them valuable real-life experience and fostering personal development.

For past financial year, South African Tourism’s Africa regional seasonal campaigns highlighted lesser-visited provinces by showcasing hidden gem experiences.

These campaigns, together with the distribution channel marketing and engagement activities, resulted in an estimated 78 SMMEs both in the tourism sector and other industries being promoted, featured, and/or given access to the African market.

South African Tourism collaborated with the industry to ensure a significant number of deals on a monthly basis on our site, www.shotleft.co.za, that are promoted directly to the consumer.

This included a variety of experiences in villages, townships and small dorpias, further advancing the objectives of the Economic Reconstruction and Recovery Plan (ERRP).

The industry responded positively to the call to collaborate, with 920 deals being loaded during the Sho’t Left/Travel Week campaign in last year’s campaign.

In driving geographic spread and promoting sustainable, inclusive economic growth during the fiscal year, South African Tourism assisted five organisations in hosting their conferences in villages, towns, and small dorpias in Uptington, Addo, and two events in Mossel Bay, and Krugersdorp.

We also supported the inaugural SA Townships and Villages Tourism Organisation (SATOVITO) with their inaugural conference last year at the Cradle of Humankind.

Africa's Travel Indaba (ATI) 2024, the largest tourism trade exhibition on the continent, aimed at showcasing the diverse tourism offerings of the continent, took place at the Inkosi Albert Luthuli International Convention Centre (Durban ICC) in May this year.

A record breaking 26 African countries participated in the trade show.

Overall, 55 countries participated in this year’s Africa Travel Indaba where more than 1 200 exhibitors showcased and 965 buyers attended.

The buyers include inbound tour operators, foreign travel agents, destination marketing companies, online booking agents and airlines.

The Department of Tourism funded the participation of 120 South African small to micro enterprises to exhibit their tourism offerings at our truly Pan African travel trade show.

Meetings Africa, Africa's premier business events trade exhibition, was hosted at the Sandton Convention Centre in February 2024.

This trade show experienced significant growth, with more than 3 400 delegates in attendance.

The exhibition floor reached full capacity with 382 exhibitors including 9 airlines.

MEETINGS, INCENTIVES, CONFERENCES AND EVENTS (MICE)

Chairperson, I am pleased to report that South Africa has improved its global ranking as a business event destination, moving up five spots in the 2023 International Congress and Convention Association (ICCA) Global Ranking Report.

South Africa remains the number one meeting and conference destination in Africa and the Middle East, according to the 2023 ICCA ranking report.

In 2023, South Africa hosted 98 international and regional association meetings and conferences that met the criteria set by the International Congress and Conventions Association (ICCA).

These meetings contributed significantly to the South African economy, with a total estimated economic impact of just over R2 billion.

For the 2023/24 financial year, through South African Tourism's National Convention Bureau, we sourced and submitted 95 bids for international business events to be hosted in South Africa between 2024 and 2032 were submitted.

These submissions have a combined estimated economic value of over R1.5billion and can potentially attract more than 60 000 international and regional delegates to South Africa.

So far, South Africa has won 19 of the bids submitted, which have a combined economic contribution of R84,1 million between 2024 and 2025 and attract over 3 000 international and regional delegates.

INTERNATIONAL OUTREACH

For this financial year, in terms of our Annual Performance Plan (APP), we need to do two outreach programmes to engage tourism trade, airlines, and media in prioritised countries.

For this year's APP, we have so far identified India as one of our key source markets and this mission will be conducted in collaboration with the South African High Commission, SA Tourism with a specific focus on tourism recovery and airlift development.

Last year we had a hosted a Ministerial Outreach Programme in Beijing, China.

The Outreach Programme was conducted in collaboration with SA, the Department of Transport, the Department of Home Affairs, the South African Mission in China, and Airports Company South Africa.

Last year, we also hosted an outreach engagement in Nairobi, Kenya.

The Outreach Programme in Kenya was conducted in collaboration with the South African Tourism, Department of Transport, and the South African Missions in Kenya, Uganda, and Tanzania while targeting the tourism trade, airlines, our operators, and media.

SA TOURISM

Chairperson, the department's entity, SA Tourism will continue their work to market South Africa as a prime tourist destination.

SA Tourism's budget is allocated across the entity's five budget programmes, with a significant portion allocated to its core programmes, namely, leisure tourism marketing, business events and visitor experience.

For this financial year, South African Tourism has a total budget allocation of over R1,2billion.

The allocations to the entity's core programmes include R836,8million for leisure tourism marketing, R199,9million for business events, and R86,4million for visitor experience.

One of the key areas of work for this financial year will be implementation of our new Global Tourism Brand Campaign to showcase South Africa as a top-of-mind destination for all potential tourists in partnership with the private sector.

South African Tourism's Global Brand Campaign will be expertly tailored for each of South Africa's priority source markets.

Our strategy is rooted in consumer-centric, integrated marketing communications and high-impact media strategies, particularly digital channels, that are tailored to specific target markets.

These efforts will highlight South Africa's wildlife, breath-taking landscapes, rich cultural heritage, vibrant urban experiences, and thrilling adventures, all while promoting sustainable tourism practices that safeguard our environment and support local communities.

Internationally, SA Tourism, together with the department and provincial tourism authorities plan to showcase at the Holiday World Show in Dublin, Destinations London, World Travel Market London, ITB Berlin 2025 and IMEX America.

Many of these shows have a strong SMME focus and allows the department, SA Tourism and South African businesses to engage directly with trade partners from various countries.

CONCLUSION

House Chairperson, we have made great strides in tourism over the past year by working in close partnership with social partners including communities and the private sector.

The department together with SA Tourism will continue and aggressively ramp up efforts to market South Africa as a top tourist destination, implement programmes to stimulate economic growth, job creation and transformation.

I thank you

/ENDS

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