



WHEN THE SUN RISES
WE WORK HARD TO DELIVER

Economic Contribution by Tourism in Mpumalanga

Augmentation of Provincial Data

Tourism Statistics Workshop
25-27 July 2023



**economic development
& tourism**

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA





Reason for augmentation

- Lack of sub-national Tourism Satellite Accounts (TSA) and therefore no provincial data on the contribution by Tourism to GDP and employment in provinces.



National Contribution by Tourism

Latest Stats SA TSA estimates economic contribution up to 2020

- Tourism direct gross domestic product in 2020 = **R123 616 million**
- Direct contribution to national GDP in 2020 = **2.2%**
- Persons directly engaged in producing goods and services purchased by visitors in 2020 = **459 533**
- Direct contribution to national employment in 2020 = **3.1%**



4 Techniques to Estimate Provincial Data

**Headline national
TSA ratios**

**Disaggregated
national TSA ratios**

**Provincial shares
of tourism spend &
bednights**

**Provincial shares
of tourist arrivals
& bednights**



Headline National TSA ratios

- Assumed that the tourism industry's economic impact in Mpumalanga mirror exactly that of SA.
- In such a scenario, the 2.2% direct contribution by the tourism industry to provincial GDP in 2020 would have been:
 - smaller than the contribution of construction,
 - the smallest contribution to Mpumalanga's economy in 2020.
- The 3.1% direct contribution to employment by the tourism industry to provincial employment in 2020 would have been:
 - larger than the contribution of utilities but smaller than the contribution of the mining industry,
 - the second smallest contribution to Mpumalanga's employment number in 2020.

*Sources: Stats SA – Tourism Satellite Account for South Africa, final 2018 and provisional 2019 and 2020
Stats SA – Quarterly Labour Force Survey, 2023
S&P Global – Regional eXplorer, April 2023*



Disaggregated National TSA ratios

- Stats SA disaggregates the TSA into tourism connected and tourism related industries.
- Assumed that the tourism connected and related sub-industries in Mpumalanga mirror exactly that of SA.
- The ratios for these national sub-industries were applied to the Mpumalanga GDP data for 2020 obtained from the Regional eXplorer (S&P Global) & the Mpumalanga QLFS data for 2020 obtained from Stats SA.



Disaggregated National TSA ratios

Tourism-characteristic & related industries	Tourism Industry Ratio
Accommodation for visitors	75.3%
Food and beverages serving industry	25.1%
Railway passenger transport	4.9%
Road passenger transport	22.3%
Water passenger transport	65.6%
Air passenger transport	96.0%
Transport equipment rental	58.8%
Travel agencies & reservation services	98.0%
Cultural industry	13.0%
Sports and recreational industry	14.8%
Retail trade of tourism connected goods	5.1%



Disaggregated National TSA ratios

- In this technique, the direct contribution by the tourism industry to provincial GDP in 2020 would have been:
 - 2.3%, which is slightly larger than in the first exercise,
 - on par with the contribution of construction,
 - the joint smallest contribution to Mpumalanga's economy in 2020.
- The direct contribution to employment by the tourism industry to provincial employment in 2020 would have been:
 - 2.5%, which is smaller than in the first exercise,
 - only slightly larger than the contribution of utilities but smaller than the contribution of the mining industry,
 - still the second smallest contribution to Mpumalanga's employment number in 2020.

Sources: Stats SA – *Tourism Satellite Account for South Africa, final 2018 and provisional 2019 and 2020*
Stats SA – *Quarterly Labour Force Survey, 2023*
S&P Global – *Regional eXplorer, April 2023*



Provincial Shares of Tourism Spend & Bednights

- In this technique, it is assumed that Mpumalanga's share of tourism spend is an indication of its share of the national tourism GDP.
 - Mpumalanga's share of total foreign direct spending (TFDS) in South Africa was 9.6% in 2020 & therefore its tourism GDP is estimated at R11.9 billion.
 - In 2020, an R11.9 billion contribution to the Mpumalanga GDP would have been equal to 3.0%, which was larger than the construction industry but smaller than the mining industry.
- It is further assumed that Mpumalanga's share of tourism employment correlates with its share of bednights & is an indication of its share of the national tourism employment.
 - Mpumalanga's combined share of foreign and domestic bednights was equal to 14.1% in 2020 & therefore its tourism employment is estimated at 64 794.
 - In 2020, a 64 794 contribution to total employment would have been equal to 5.6%, which was larger than the construction and mining industries and equal to the transport industry.

Sources: *South Africa Tourism – Tourism Performance Report 2021*
Stats SA – Quarterly Labour Force Survey, 2023
S&P Global – Regional eXplorer, April 2023



Provincial Shares of Tourist Arrivals & Bednights

- In this simulation, it is assumed that Mpumalanga's share of tourism arrivals is an indication of its share of the national tourism GDP.
 - Mpumalanga's combined share of domestic and foreign arrivals in South Africa was 9.8% in 2020 & therefore its tourism GDP is estimated at R12.1 billion.
 - In 2020, a R12.1 billion contribution to the Mpumalanga GDP would have been equal to 3.0%, which was larger than the construction industry but smaller than the mining industry.
- It is further assumed that Mpumalanga's share of tourism employment correlates with its share of bednights & is an indication of its share of the national tourism employment.
 - Mpumalanga's combined share of foreign and domestic bednights was equal to 14.1% in 2020 & therefore its tourism employment is estimated at 64 794.
 - In 2020, a 64 794 contribution to total employment would have been equal to 5.6%, which was larger than the construction and mining industries and equal to the transport industry.

Sources: *South Africa Tourism – Tourism Performance Report 2020*

Stats SA – Domestic Tourism Survey 2020

Stats SA – Quarterly Labour Force Survey, 2023

S&P Global – Regional eXplorer, April 2023



Summary

- From the four calculations, it is evident that tourism is not a very large contributor to output and employment in Mpumalanga.
- In terms of GDP, tourism's direct contribution in 2020 ranged between 2.2% and 3.0%.
- In 2020, tourism's employment contribution ranged between 2.5% and 5.6%.