



MINISTRY OF TOURISM REPUBLIC OF SOUTH AFRICA

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Minister of Tourism, Mr Marthinus Van Schalkwyk addresses the Cape Town Press Club

The state of Travel and Tourism in South Africa

Globally, the outlook for travel and tourism is fairly optimistic. The United Nation's World Tourism Organisation (UNWTO) indicates that the total number of tourist arrivals globally increased by 5% during the period January to June 2012 compared to the same period in 2011. This was an increase from 445 million in 2011 to 467 million in 2012. It is estimated that, by the end of 2012, total global tourist arrivals will surpass one billion, recording growth of between 3% and 4%. However, the forecast indicates that demand will slow down for the remaining six months of 2012. The 2012 World Travel and Tourism Council (WTTC) estimates further indicate that direct and indirect tourism's contribution to gross domestic product (GDP) was about R252 billion in 2011, which accounted for about 8,6% of total GDP. Tourism's direct and indirect contribution to employment was estimated at 1,2 million jobs in South Africa in 2011. The WTTC further indicated that travel and tourism in South Africa directly employs more people than the mining, communication services, automotive manufacturing and chemicals manufacturing sectors. In South Africa, tourist arrivals went up by 10,5% during the first six months of 2012 compared to the same period in 2011. This represented an increase from 3 996 760 in 2011 to 4 416 373 in 2012. This local growth figure is double the global growth figure recorded for the same period.

Government identified tourism as one of the key contributing sectors to the medium-term strategic priorities of growing the economy and creating decent work. This led to the development of the National Tourism Sector Strategy (NTSS), which was approved by Cabinet in March 2011. The NTSS identified an increase in foreign tourist arrivals and growth of the domestic contribution as the most critical strategies. Our five focus areas are (i) the African market; (ii) emerging markets; (iii) sustaining traditional markets; (iv) business tourism, and (v) domestic tourism.

The African continent is starting to bear fruit and recorded a growth of 7% in tourists arrivals during January to June 2012 compared to the same period in 2011. North Africa recorded a growth of 11% whilst destinations in Sub-Saharan Africa registered a growth of 6%, largely due to the returning stability after the Arab Spring. The continent remains the main source of tourist arrivals to South Africa. Arrivals from the continent from January to June 2012 recorded a growth of 8.3%. The growth experience from the continent confirms the importance of this market for long term sustainability of the South African tourism industry, which is a global trend. AFCON 2013 presents an opportunity to further position South Africa's destination brand in the continent. In this regard, South African Tourism will run an extensive marketing campaign in the qualifying participating countries.

With regard to overseas markets, tourist arrivals registered a staggering growth of 17.1% during the same period under review. This was a growth from 993 364 during the first six months of 2011 to 1 163 477 during the same period in 2012. Growth was registered from all the regions:

From the emerging markets, the picture looks positive. Arrivals from China recorded 68,4% growth, with a record 60 272 tourist arrivals during the period under review. The launch of the SAA direct flight between Beijing and Johannesburg in January 2012 has certainly also contributed to this increase. By June 2012, China had become South Africa's fourth-largest source market for arrivals ahead of France and the Netherlands. Other BRICS countries also recorded significant growth during this period, with Brazil and India showing growth of 68,3% and 21,2% respectively. Growth from Brazil could be attributed to, amongst others, agreements signed between South African Tourism and some of Brazil's leading tour operators.

From our Traditional markets, the United Kingdom (UK) continues to be the main source market, with a total of 215 524 tourists arriving from that country during the first six months of 2012, which represented 5% growth over the first six months of 2011. The UK was followed by Germany, with a total of 118 776 tourist arrivals, which is 12,2% growth compared to 2011. Although Europe registered the lowest growth compared to other overseas regions, at 9,6%, it remains the largest source of tourist arrivals from overseas markets, accounting for 55% of all overseas arrivals.

Looking at business tourism, we, as government, continue to focus on business tourism as an area with significant growth potential. That is why we have announced the formation of the first South African National Convention Bureau (SANCB). We remain among the top-15 'long-haul' business events destinations in the world, and we are the premier business events destination in Africa. For the next five years, South Africa has already secured over 200 international conferences, of which 115 are hosted by international associations, which are estimated to attract 300 000 delegates and provide an economic boost of more than R1,6 billion to the economy. In 2011, according to our departure survey, we received 392 000 business travellers, of whom 140 000 were pure meetings, incentive, conference and events (MICE) delegates.

Domestically, the total tourist spend went up from R9,2 billion in 2011 to an estimated R10,2 billion in 2012. This was due to an increase in average spend per trip, which was recorded as R870 this time around compared to R690 in 2011. A domestic tourism strategy to turn around this market's performance was launched in May 2012. This is supported by a campaign that is currently running in the national media under the theme "Vaya Mzansi – whatever you're looking for, it's here".

Turning to tourism business and accommodation performance: Statistics released by Statistics South Africa (Stats SA) indicate that total income for accommodation increased by 14,3% during the period June to August 2012 compared to the same period in 2011. Income from accommodation increased by 13,4% in the three months ended August 2012 compared to the three months ended August 2011. This increase was due to a 10,5% growth in the number of stay-unit nights sold.

The third-quarter index results of the TBCSA FNB Tourism Business Index (TBI) show that tourism business performance has returned to the highs of the first quarter, following a somewhat disappointing second-quarter report. For the third quarter, tourism businesses registered a performance index of 101, which is an overall improvement from the second-quarter index of 88,2. Notably, the third-quarter TBI also marks the first quarter in which the accommodation sector showed a positive outlook in terms of employment. In this quarter, the performance index for tourism businesses was higher, at 103,3. The latest results show us that there is a positive balance in both accommodation and other tourism businesses.

The South African Reserve Bank reported that, over the past year, South Africa's travel receipts have increased by an encouraging R10,6 billion, or 14% year on year. In September, the Reserve Bank reported that travel receipts increased again in the second quarter of 2012, rising by R5 billion to R83,5 billion. This is an all-time record high, and now far exceeds the level of travel receipts recorded during the second quarter of 2010, more or less at the time of the 2010 Soccer World Cup.

With the constantly changing global environment, positioning of the country's brand becomes the highest priority. Our growth in the South African tourism sector can be ascribed to our marketing approach and our investment in targeted brand-building. We also focused on niche product development, such as the cultural and heritage tourism product offerings, and on balancing leisure and business tourism. The National Department of Tourism will continue to work together with partner departments, agencies and industry to ensure that the South African tourism sector remains globally competitive. Some of the critical collaborations in this regard include travel facilitation, airlift strategy implementation and strengthening domestic tourism.

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