

Draft 2**ADDRESS TO THE MEDIA BY LN SISULU, MP, MINISTER OF
TOURISM****PRESENTATION OF DOMESTIC AND INTERNATIONAL TOURISM
PERFORMANCE FOR THE FIRST HALF OF 2022****1 SEPTEMBER 2022**

Deputy Minister of Tourism, Mr Fish Mahlalela;

Chairperson and members of the Interim Board of SA Tourism;

Director General and senior management of the Department of Tourism;

Acting Chief Executive Officer of SA Tourism and Executive Management of South African Tourism

Members of the media and ladies and gentlemen.

It gives me great pleasure to join you today to present the tourism performance for the first half of 2022. We are doing well after lockdown and we have recovered.

The sector has done incredibly well and has made significant strides towards recovery and it would be amiss of us not to share this good news.

South Africa is optimistic about its tourism prospects, following the total rescinding of the Covid-19 restrictive regulations and lockdowns in June 2022.

As Government, we are confident that we made the right call, as shown in the continued downward trajectory of the Covid-19 statistics, while vaccination numbers are growing, steadily.

We are poised for a tremendous bounce back and positive growth, as a sector. Our mood is buoyant because we know the resilient nature of our people who drive the tourism industry.

I want to recognise the enormous support from the tourism sector itself and to pay tribute to the various service providers in the tourism value chain, from our trade partners, car guards, taxi drivers, petrol attendants, tourism guides, restaurateurs and hoteliers and all our diligent operators. The Tourism Sector can only thrive with your unequivocal support at work.

Domestic performance

The biggest driver of domestic travel in the first six months of 2022 was the easing of Covid-19 travel restrictions.

In the first quarter of 2021, South Africa was on adjusted alert level 3, with the closure of beaches including other restrictions which impacted the movement and gathering of people. The ease and removal of travel bans have released a pent-up demand for travel locally and across Provinces, to beaches and the mountains, connecting with family and friends and socialising.

Between January and June 2022, 15,2 million domestic trips were taken. This is a major win for the tourism sector, as this is higher than pre-pandemic levels, indicating that South Africa's domestic tourism sector also experienced the revenge travel trend.

Furthermore, the share of holiday trips has increased by 23,8% compared with the same period in 2021.

Additionally, the average spend per trip has increased by 28,6% meaning South Africans saved their travel money during lockdown travel restrictions to take that one trip they have been looking forward to for almost two years. On average South Africans spend R 2,850 on their domestic trips. Many of our small tourism businesses that struggled during the travel restrictions benefitted from this direct spend.

I would like to pause here to say how grateful I am to all those in the tourism and greater hospitality sector who kept their doors open and to ordinary South Africans who came out to support local tourism.

International Performance

International arrivals are still 54% below 2019 levels. Yet, there has been a steady improvement from January to June 2022. In the first half of the year, Europe was the best performing region, despite security concerns mounting due to the conflict in Ukraine.

The Americas are the second-best performing region, this market is slowly making its way back to pre-pandemic levels, performing at minus 40% below 2019 levels. Recovery in Asia and the Pacific is much slower, due to border closures and strict travel policies.

The total arrivals for January to June 2022 were 2,285,746 and this was a 147% increase from January to June of 2021.

The biggest market in terms of absolute numbers was the African Land markets; these markets had a 109% increase in arrivals compared to the same period in 2021. The Africa Air markets brought in 1,634,244 arrivals.

So far in 2022, Zimbabwe accounted for most arrivals to South Africa. Mozambique tailed closely in second place, shadowed by Lesotho in third place.

Arrivals from the Americas increased by 331% and represented 128,991 arrivals.

Europe had the most considerable percentage increase in arrivals of 563%. The total number of European arrivals from January to June 2022 was 356,352.

Nevertheless, African Land arrivals still accounts for the bulk of arrivals to South Africa. Europe is the second biggest region for arrivals this year, followed by the Americas.

The top countries that drove growth between January and June 2021 and 2022 were Lesotho, Mozambique and the United Kingdom (UK).

The UK was the largest overseas market, followed by the United States of America (USA) and Germany. In other words, the region that drove the growth in arrivals between 2021 and 2022 was predominantly African land. The second most significant region for growth was Europe and then the Americas.

Looking Ahead

The future for our tourism and hospitality sector looks even brighter. In August, forward bookings increased by 328% (85,960). Between August to October, there was an impressive 287% (187,667) increase in bookings. For August to January 2023, there was a 227% (294,220) increase in bookings. This is a new emerging trend, as we are seeing that international tourists are now booking further in advance for their future travel.

For August to January 2023, the United Kingdom had by far the most forward bookings. The USA was in second place and Germany was in third place with their forward bookings.

Airlift – Global seat capacity on the rise

We are also seeing a steady increase in global seat capacity - Air capacity makes up just 61% of the 2019 levels, with Airlink as the largest airline, which has seen fares up 7%. Only Qatar saw prices dip below pre-pandemic levels and below 2021 among the top airlines.

On international routes 75% of seat capacity in South Africa is on the Johannesburg routes. Seat capacity on the routes to Johannesburg grew 71% over 2021 – Qatar is the largest source route.

Cape Town has 1.2 million seats with Emirates Airways being the largest route.

Durban – King Shaka International Airport which has 4% of all seats saw a 150% growth from 2021.

The Durban routes grew with Emirates seats up over 400% and was the most extensive route in the region.

The Kruger route has 23 100 seats in 2022 and has less than 1% of all seats on international routes. The two airlines active on the Kruger route are Lufthansa from Frankfurt and Airlink from Livingstone.

Emirates

During our four-day working visit to Dubai EXPO from 12 to 16 December 2021 we held bilateral engagements with potential investors, members of the trade that sell South Africa to the world as well as airline executives.

His Highness, Sheik Ahmed Bin Saeed Al Makhtoum, indicated during his engagement with us that Emirates' long-term plan is to grow the tourism business and position the UAE as a destination rather than being a hub dependent on passenger transit.

South Africa has a code sharing agreement with the Emirates, which gives the Airline access to South Africa's domestic routes while Emirates promotes South Africa on its Airline's Global Network.

We have since signed a Memorandum of Understanding (MOU) with Emirates to grow the tourism market in South Africa.

We view our collaboration with Emirates as critical in supporting our turnaround strategy and rebuilding trust in travel to the Global South 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.

Qatar

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.

Africa's Travel Indaba from 2-5 May 2022

We held a very successful Travel Indaba in May and this provided the necessary springboard for the continent to achieve even greater levels of recovery.

We had over 600 buyers at the Indaba, who have come from various parts of the world to come to experience the diverse, authentically African products and experiences that our continent has on offer. We thank these buyers as they are a valued partner in helping to package Africa as an attractive tourism destination, to various travelers from across the world.

We are confident that a lot of mutually beneficial business deals will be borne out of Africa's Travel Indaba.

Meeting with Airlines Association of Southern Africa

Last month (5th August 2022) I met with the Airlines Association of Southern Africa (AASA) following reports relating to shortages of airline seats, and the rising cost of flight tickets, as we are concerned this would impact the recovery of the tourism sector. For us to understand what is happening in the airline industry, the meeting reflected on regulatory, operational and global economic impacts on the sector and revealed a number of key issues that affect travel and tourism, and which we are intent to help resolve.

While South African airlines are resilient and have led the pack on the continent, the disruptions and the escalation in operations, regulatory costs have been hard to absorb. For example, Jet fuel is 73% higher than January 2022.

Specifically, AASA shared with us that the airline industry is cash intensive, where a lot of investment is made up front. Given that the most important investment airlines have made is towards people and skills, the airlines were determined to do whatever is possible to defend the gains they've made in people, which investment has ensured that South Africa is ranked amongst the safest in global aviation.

Lastly, a key challenge continues to be the issue of Visas. We are supporting efforts by the industry to resolve the bottlenecks in Visas, including at cabinet level.

It was a very welcome interaction and I was particularly encouraged by the airlines commitment to lead solutions, including by placing resources on the table and to work with government in dealing with both regulatory and other constraints.

Conclusion

The numbers we are presenting today show unequivocally that there is renewed hope on the horizon. Our visitors are responding positively to our call to come to South Africa and "Live Again".

Political stability, safety and robust institutions supporting our democracy are critical to industries such as tourism. As a country, we are miles ahead. We routinely hold free and fair elections every five years. And our democratic institutions are robust. Not only are we open for business but we offer a uniquely South African experience – our beautiful landscapes and beaches, our world heritage sites and our warm generous people. Moreover, the tourist numbers reaffirm faith in our unique tourism products.

We are aware of safety issues and our analysis shows that any crime that affects a tourist is accidental, the tourist is not a targeted victim.

As an active stakeholder in preventing crimes against tourists, we urge you to understand the issue of safety and security in its broader sense, beyond just pickpocketing as in other geographies. We also appeal to our tourists to use only star-graded and accredited tourism enterprises for their superior quality assured experiences and appropriate safety measures. This is particularly key as tourists embrace technology that alleviates travel anxiety. Hoteliers are implementing contactless experiences such as self-service check-in, mobile keys and digital payments, hence the importance of dealing with scrupulous operators.

As a destination of choice for 15 million visitors annually, we can safely say we guarantee happiness for all. South Africa offers the perfect leisure and pleasure tourism experiences, and you will agree with me that no other tourism destination offers our people warmth and legendary smiles coupled with clear skies and bright sun rays.

I thank you