



MINISTRY
TOURISM
REPUBLIC OF SOUTH AFRICA

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SPEECH BY MINISTER OF TOURISM, PATRICIA DE LILLE ECONOMIC IMPACT OF THE TOURISM SECTOR: TOURISM IS A KEY ECONOMIC DRIVER AND IT IS ON THE RISE

Note to editors and journalists: The following speech was delivered by Minister Patricia de Lille at a press conference in Johannesburg today where the Minister and Tourism Sector Partners highlighted the economic impact and performance of the tourism sector. Read more below...

The tourism sector is often overlooked as a key economic sector yet it is a significant contributor and driver of economic growth and job creation.

As we commence the 7th administration, our mission is to elevate the profile of tourism by supporting efforts to grow the sector and demonstrating this growth and the sector's impact on the economy and communities.

As articulated by President Cyril Ramaphosa in the Opening of Parliament address, Cabinet has defined the three priority areas for government for the next 5 years.

Cabinet will develop a Medium-Term Development Plan, which will translate these priorities into a detailed plan and interventions that government will implement over the next five years.

The Government of National Unity has resolved to dedicate the next five years to actions that will advance three strategic priorities:

- Firstly, to drive inclusive growth and job creation.
- Secondly, to reduce poverty and tackle the high cost of living.
- Thirdly, to build a capable, ethical and developmental state.

We have placed inclusive economic growth at the center of the work of the Government of National Unity and at the top of the national agenda.

Those are the three priorities for government and all departments, entities and sectors must make a contribution to achieving these priorities within the next 5 years.

The Department of Tourism is currently working on finalising our 5 year plan which will align to the GNU priorities, the National Development Plan, the Tourism Sector Master Plan and the National Tourism Sector Strategy.

As the NDP states: Tourism is one of the fastest growing economic sectors and there is an opportunity to increase employment in this sector.

As part of our plan, our target will be to increase arrivals to 15million by 2030 as stated in the NDP.

We have just finalised a 2-day departmental Lekgotla together with SA Tourism where we have made an assessment of where we are now.

The next part of the plan is to map where we want to go and how we will get to the 15million arrivals by 2030.

We have an opportunity now to design the future of tourism for the next 5 to 10 years and it is not going to be business as usual.

We have to drive urgency in the implementation in our plans for us to success in reaching our targets.

These action plans will be implemented together with the private sector inclusive of the whole tourism value chain.

I want to recognise and thank all the hard working people in the tourism sector – both public and private. We have done very well to rebuild the sector after COVID 19 but now we have to do even more and better. I also want to thank you in advance for the work you are going to do.

To address the first two priorities of the GNU, we will also work to increase the number of jobs created in the tourism sector by driving greater implementation of programmes which support the private sector to create more jobs.

We will also be working with Operation Vulindlela in the Presidency and Departments of Home Affairs, Transport and Sport, Arts and Culture to:

- Facilitate improvements in the visa regime
- Grow the number of direct flights to and from South Africa
- Implement a more seamless tour operator licence process and
- Invest in infrastructure and tourism sites that reflect and showcase our diverse culture and heritage for visitors to enjoy

In terms of the 3rd priority to build a capable, ethical and developmental state, our five year plan and targets will implement programmes for demand-led skills and a greater use of technology such as AI to enhance our tourism offering.

We have already engaged with the University of Johannesburg – with professors Arthur Mutambara and Chris Landsberg to assist us with this third priority.

IMPORTANCE OF TOURISM IM SOUTH AFRICA

- Tourism is an engine for economic growth and is vital for South Africa for several reasons:

- **Economic Growth:** Tourism is a major source of revenue, significantly contributing to the national GDP
- **Employment:** The sector supports thousands of jobs directly and indirectly, providing livelihoods for many South Africans.
- **Infrastructure Development:** The demand from tourism drives infrastructure development, benefiting other sectors

Tourism is a serious business, employing millions in our country and enabling many to own and operate their own businesses. It is a multi-billion Rand economic sector for our country and it is on the rise.

As one of the world's most diverse and beautiful destinations, South Africa offers a variety of experiences, from wildlife safaris and natural scenic wonders to vibrant cities and cultural heritage.

As a country we have claimed many tourism awards for being a top destination, our cities have claimed awards, our airports have claimed awards and our establishments such as hotels and tourism experiences have clinched many awards.

Today I will outline an in-depth analysis of the tourism sector's importance, global performance comparisons, South Africa's specific performance metrics, economic impact, and a detailed comparison of arrivals performance and tourism spend.

GLOBAL TOURISM PERFORMANCE

ARRIVALS

According to the United Nations (UN) Tourism organisation, of which South Africa is a member state, 2023 ended with global tourism arrivals at 11% below 2019 levels.

Europe was 4% below, the Asia Pacific region was 35% below, the Americas were 9% below, and Africa was 4% above 2019 levels.

That already demonstrates how well the African tourism sector fared in 2023 compared to the rest of the world.

All over the world, countries have risen from the ashes of the pandemic and indeed our growth for arrivals to South Africa has seen robust improvement.

GLOBAL TOURISM INCOME

In 2023, international tourism receipts reached 1.5 trillion US dollars, nearly matching pre-pandemic levels according to statistics released by UN Tourism.

Tourism's direct contribution to GDP also recovered to pre-pandemic levels, reaching an estimated 3.3 trillion US dollars, equivalent to 3% of global GDP.

The UN Tourism Panel of Experts highlighted ongoing economic and geopolitical challenges across the world leading to tourists being more likely to seek value for money and travel closer to home due to economic pressures.

These findings guide us and places the imperative on us to make it easier for people to choose South Africa as a destination through a seamless visa regime, improved air access and putting together innovative and affordable travel packages.

INTERNATIONAL AIR ACCESS TO SOUTH AFRICA

Seat availability has not yet returned to 2019 levels.

In 2022, there were 7.8 million seats available, compared to 9.3 million in 2019.

Similarly, the number of flights decreased from 55 000 in 2019 to 52 000 in 2024.

Direct flights are essential for boosting arrivals from various markets, and South Africa needs to establish more direct connections and recover those that were lost.

Over the past year, we have seen the return of many new direct flights from the United States, Brazil, China, Australia and many others.

However there are still many gaps where we need to secure direct flights to help grow arrival numbers. A key gap is a direct flight between South Africa and India.

We are working on plugging these gaps and have developed a National Air Access Strategy to present to Cabinet.

This strategy will be a holistic approach involving all partners to secure more direct flights to South Africa

SOUTH AFRICA'S PERFORMANCE

In 2023, we welcomed around 8.5million international arrivals – up by 48.9% from the 5.7million arrivals in 2022 which contributed R95 billion in terms of spend.

The R95billion Total Tourist Foreign Direct Spend was an increase of 92% in 2023, surpassing 2019 levels a new all-time high for the destination.

From January to May this year, we welcomed 3.8million international arrivals, up by 9.7% compared to 2023.

For the first Quarter of 2024: Total spend was R25.7 billion from foreign travel into South Africa.

The regional distribution of tourists into South Africa from January to May 2023 highlights the varied share across different markets:

- Africa Land Market: Dominated with 72% of arrivals (2.78 million)
- Africa Air Market: 3.1% (117 000)
- Europe: 15.2% (578 000)
- The Americas: 5.3% (203 000)
- Asia, Australasia, and the Middle East: 3.9% (149 000)

According to projections by Oxford Economics, arrivals by the end of 2024 are estimated to reach 10.7 million, surpassing 2019 levels.

International arrivals to South Africa is expected to grow to 15.1 million by 2030, based on Oxford's updated projections for 2024.

TOURISM'S CONTRIBUTION TO GDP IN SOUTH AFRICA

According to the World Travel and Tourism Council (WTTC), Tourism's contribution to South Africa's GDP was 9.5% in 2019.

Tourism's contribution to the GDP naturally dipped during COVID-19 but recovered to 8.2% in 2023.

It is estimated to rise to 8.8% by the end of 2024 and reach 10.4% of GDP by 2030.

For comparability, according to WTTC's 2023 estimates, Thailand's contribution to GDP was 13.3%, Australia's was 8.1%, Brazil's was 7.8%, and Kenya's was 6.7%.

Tourism is therefore a vital sector for South Africa, contributing more to GDP than transport, mining, and agriculture, and nearly matching the government's contribution to GDP.

TOURISM'S EMPLOYMENT STATISTICS

According to WTTC statistics, South Africa's tourism sector employed 1.46million people in 2023 and is expected to grow to nearly 1.7 million jobs in 2024.

The WTTC further projects that employment in the tourism sector for South Africa is projected to grow to and 2.23million jobs in 2030.

DOMESTIC TRAVEL

We also recorded 38 million domestic trips which contributed R121 billion in terms of spend for 2023.

The domestic market's spending was higher than international arrivals spend, underscoring the significant economic impact of domestic tourism.

DOMESTIC AIR ACCESS

Domestic air travel has yet to return to 2019 levels in terms of the number of flights.

In 2024, there are 143 000 flights compared to 167 000 flights in 2019.

Although seat capacity has been increasing over the past three years, it reached 18 million seats in 2024 but it is still below the 22 million seats in 2019.

Domestic tourism is the bedrock of our sector and we are working closely with partners such as TBCSA, SATOVITO, SATSA and others to drive further improvements for domestic travellers such as making travel more affordable and accessible.

We also have the annual Sho't Left Campaign encouraging locals to travel and explore their own country where South African establishments offer discounted deals.

Sho't Left Travel week takes place in September where South Africans can get discounted travel deals between the 2nd and 8th September but they can travel when it suits them later .

Last year more than 900 tourism establishments offered deals and we are pushing to surpass those numbers this year.

I therefore want to encourage tourism businesses to sign up their deals on the Sho't Left platform so that more South Africans can explore and experience all our diverse and amazing, affordable tourism offerings.

Several factors have contributed to the increase such as South Africa having a strong brand and our country offers a unique and compelling destination with a diverse range of attractions that set it apart from other destinations.

These efforts paid off as we saw arrival and domestic travel numbers increase through what we call revenge travel.

We have done well, but this is not enough and we want to increase the arrival numbers substantially because that translates to more economic growth and job creation from the tourism sector.

Growth in arrival numbers translates to more people becoming economically active, more people being freed from poverty, more people expanding their businesses because more people are travelling to and enjoying our beautiful Mzansi.

MEETINGS, INCENTIVES, CONFERENCES AND EVENTS (MICE) PERFORMANCE

South Africa is also known as a prime business travel destination and hosts hundreds of meetings, conferences and events each year.

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.

We remain 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.

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.

According to Allied Market Research (AMR), South Africa's MICE industry was valued at an estimated R72 billion in 2022 and R122 billion in 2023 – a 69% increase.

SAFETY

To enhance tourism safety, the Department of Tourism invested R174million to deploy more than 2 300 tourism monitors to be deployed to key tourist sites to enhance visitor safety.

The private sector has also made investment to enhance safety measures and this work together with the police and all partners will continue to ensure that all travellers are safe in South Africa.

The majority of travellers have a safe, pleasant and unforgettable experience in South Africa but we must do more to clamp down on crime.

VISAS

South Africa has visa waivers in place for 132 countries meaning travellers from these countries do not need a visa to come to South Africa for periods of up to 90 days so there we have already made it easy for people to get to South Africa from all these countries.

We have also launched the e-visa application system to 34 countries however there are substantial improvements needed here especially for key source markets such as China and India.

I have requested a meeting with the Minister of Home Affairs shortly to continue working with this department to streamline this process.

This is a key area of work we must improve with Home Affairs to grow our arrival numbers.

TOUR OPERATOR LICENCES

In another area of work around reducing red tape for the sector, we have been working closely with the Department of Transport to reduce the waiting time for tour operator licences.

We welcome the signing of the National Land Transport Amendment Bill into law, by the President in June 2024. The amended Act 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 to enhance the efficiency and effectiveness of the system, and we look forward to working with the Minister of Transport on this key need.

Private sector partners such as the Southern Africa Tourism Services Association (SATSA) have been instrumental in unblocking these challenges and working with government to resolve this matter.

Together with the Minister of Transport and her department, SATSA and other partners, we will continue to improve and streamline this process so that tour operators can operate effectively.

MARKETING

Last year we held several engagements with the private sector and we have agreed on a collaborative effort with all partners to market South Africa as a prime tourist destination with one message and one marketing strategy.

This is to address the fragmentation in marketing South Africa as a destination,

To take our marketing efforts to the next level, we will be rolling out our new global campaign, which we launched at Africa Travel Indaba, to all markets across the world.

We will continue to engage tourism departments and authorities in key source markets and new markets to establish closer relations and implement joint marketing and trade initiatives.

Last year we conducted an outreach to China and Kenya and this year, we will be conducting an outbound mission to several cities in India and Nigeria.

We will continue to exhibit and participate at global travel trade shows such as IMEX in America, World Travel Market in London, IBTM in Spain, ITB in Berlin and this week we will be attending the Fikani International Tourism Fair in Mozambique.

We have supported and will continue to support South African SMEs to travel to and exhibit at national and international trade shows.

Just a few days ago, we approved funding for 25 South African businesses to travel to and exhibit at travel trade shows in Portugal and the USA later this year.

Our work is also geared to have a clear bias towards Africa and working with countries on our beautiful continent to grow arrivals and intra-continental travel and trade.

INFRASTRUCTURE INVESTMENT

To stimulate demand as outlined in the Tourism Sector Master Plan – we will continue to invest in infrastructure development of new and existing tourism establishments.

As outlined in the Tourism Budget Speech, last year, the Department spent approximately R 95 million on 25 maintenance projects various provinces.

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.

These are tourism establishments and attractions which are government owned and community owned projects.

CONCLUSION

Tourism remains a vital sector in South Africa, essential for economic growth and job creation.

While the global tourism market is on the path to recovery, South Africa must intensify its efforts to align with global and regional growth trends.

Strategic investments in marketing, infrastructure, and policy adjustments are critical to ensuring South Africa maximizes its potential in this vital sector.

Although tourist arrivals are increasing, there is potential for growth at a faster pace to meet global trends.

Spending by tourists is performing well, surpassing 2019 levels.

Tourism's contribution to GDP is promising, highlighting its importance as a key sector in South Africa.

There are significant opportunities to enhance the tourism sector, including especially since we are a value for money destination.

In terms of innovation, for travel in the post-pandemic era, we must adapt to meet the needs of consumers who are more aware of their environmental and local economic impact, with increased access to information and implementing advanced technology such as AI in our tourism offerings.

Ladies and gentlemen, that is in-depth overview of the tourism sector's performance. We are achieving good numbers but we can do much more.

It is up to all of us to take tourism to the next level and this will require a greater level of collaboration, working together each day and most importantly, increasing the level and standard of technology we are using to enhance the tourism sector's work.

Thank you to the media for being here today and help us on this journey by telling the unique and amazing stories of South Africa to entice people from all over the world to visit this beautiful country we call home.

There is truly no place like South Africa and we need to make sure more people know this and experience this. Thank you all again and God Bless.

Illustrations:

Figure 1: Annual arrivals annual performance and Jan-May cumulative performance



Figure 2: Oxford Economic Arrivals Projections

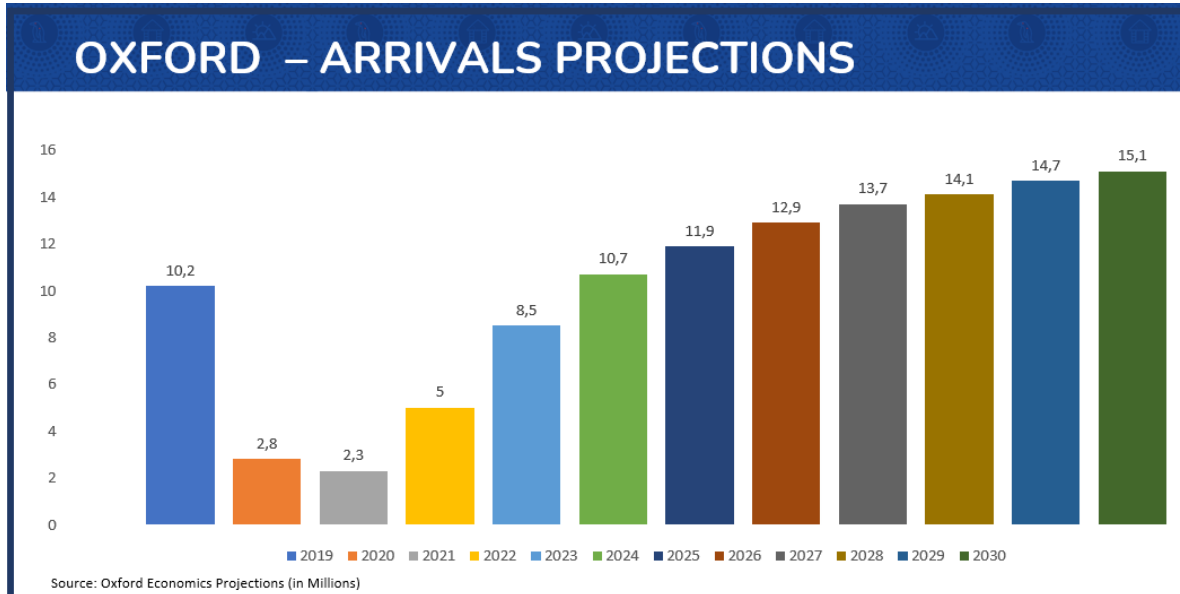
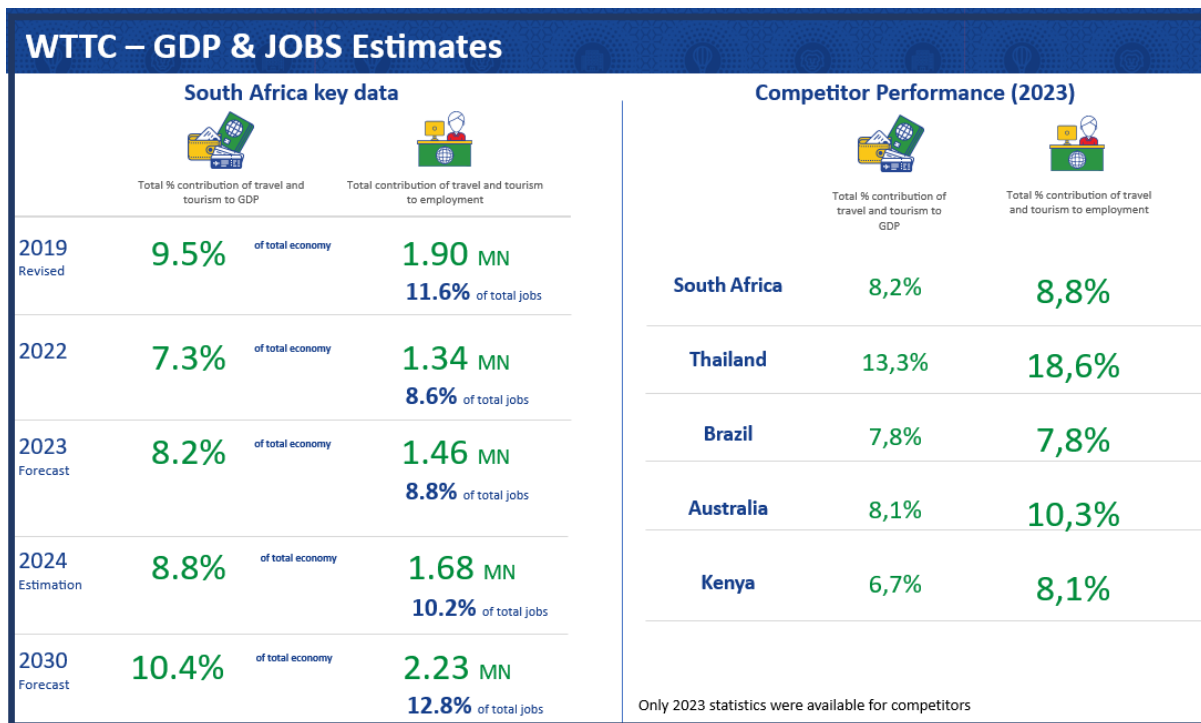
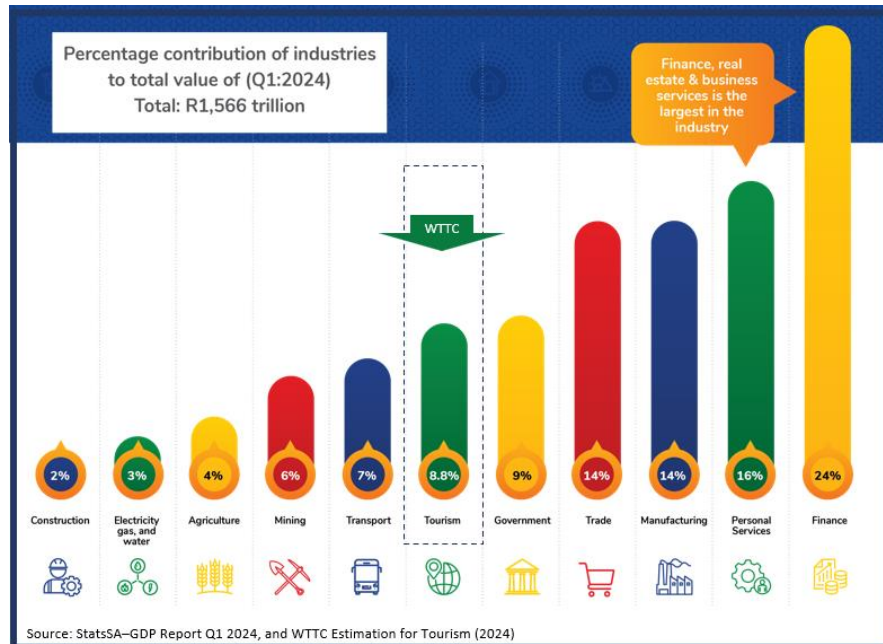


FIGURE 3: WTTC GDP AND JOBS



SECTOR COMPARISON

Figure 4: Sector Contribution with WTTC Tourism Estimates



Sources:

- UN Tourism
- Stats SA (Arrivals and GDP report)
- World Tourism Barometer May 2024
- World Travel and Tourism Council (WTTC)
- AMR
- Oxford Economics

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