



**TBCSA**

TOURISM BUSINESS COUNCIL OF SOUTH AFRICA

THE LEADING VOICE IN TOURISM

# 2022 - Revised Growth Strategy for Tourism

# The 2018/2019 Economic Value of Tourism in SA



**8.6%**  
**Total GDP**  
Contribution  
3,9% Direct



**R122bn**  
**forex**  
**3rd largest**  
**Export industry**



**1,5m**  
**Total Jobs**  
Geographically  
distributed  
(773k direct  
60% Youth!)



**+ - 49 000**  
High numbers  
**SMMEs**  
Geographically  
distributed



**R451,5bn**  
**Total spend**  
2019



**R20,6bn**  
**11% of Retail**  
**Sector**  
Direct spend

**Apex Industry -  
Long & Deep  
Supply Chain!**

- **211,1bn** in Capital and supply chain
- **Eg >12.5%** of locally manufactured vehicles - Car Rental (2018)
- **Huge Impact on**
  - ❖ Manufacturing
  - ❖ Services
  - ❖ Fuel
  - ❖ Construction
  - ❖ Agriculture

# Tourism is BIG – Holiday Travel & Much More

All Domestic Travel

All International Travel

- Holiday
- Business
- Sport – participate or spectate
- Conference, symposium
- Training and education
- Exhibitions
- Concerts and Festivals
- Medical
- Religious
- Funeral
- Visiting friends and Family (VFR)

- Car hire
- Airlines
- Airports
- Cross country coach operators
- Long distance passenger trains
- All types of accommodation – hotels, guest houses, B&Bs, Airbnbs, backpackers, national and provincial parks and reserves, self-catering, timeshare & resorts
- Tour, trip & shuttle operators
- Travel agents
- Booking platforms
- Inbound tour operators
- Retail & crafts
- Restaurants
- Casinos
- Conference centers
- Exhibition centers & ICCs
- Attractions – museums, heritage, cultural & other
- Activities & adventure operators
- Sporting facilities & events
- Festivals, performing arts & creative industries

# The PPGI TBCSA Tourism Growth Strategy 2018

The principles in the strategy still pertain - specifically:

- Tourism underperforms relative to comparator countries
- South Africa has huge potential to grow the industry
- To achieve its potential to contribute to economic stimulation and employment creation, tourism must be positioned at the highest priority as a **serious economic sector**
- **Key constraints in the business and enabling environment must be addressed to allow the industry to flourish**

World Economic Forum  
Tourism Competitive Ranking/Development Index



WEF Tourism Index	2015	2017	2019	2012
South Africa Rank	48	53	61	68

- Worldwide average contribution to GDP in 2019 10,3% - South Africa has the basic resources to achieve more than the average
  - Australia 9,3%
  - Chile 10,0%
  - Botswana 12,5%
  - New Zealand 13,7%
- Our international arrival growth from 2010 to 2019 averaged 2,9%
- World outbound tourism grew by an average 4,9% 2010 to 2019
- South Africa is losing market share

# Revised Growth Strategy Forecasts - Totals

COVID and a globally depressed growth outlook require a revision to the 2030 PPGI Growth Strategy targets

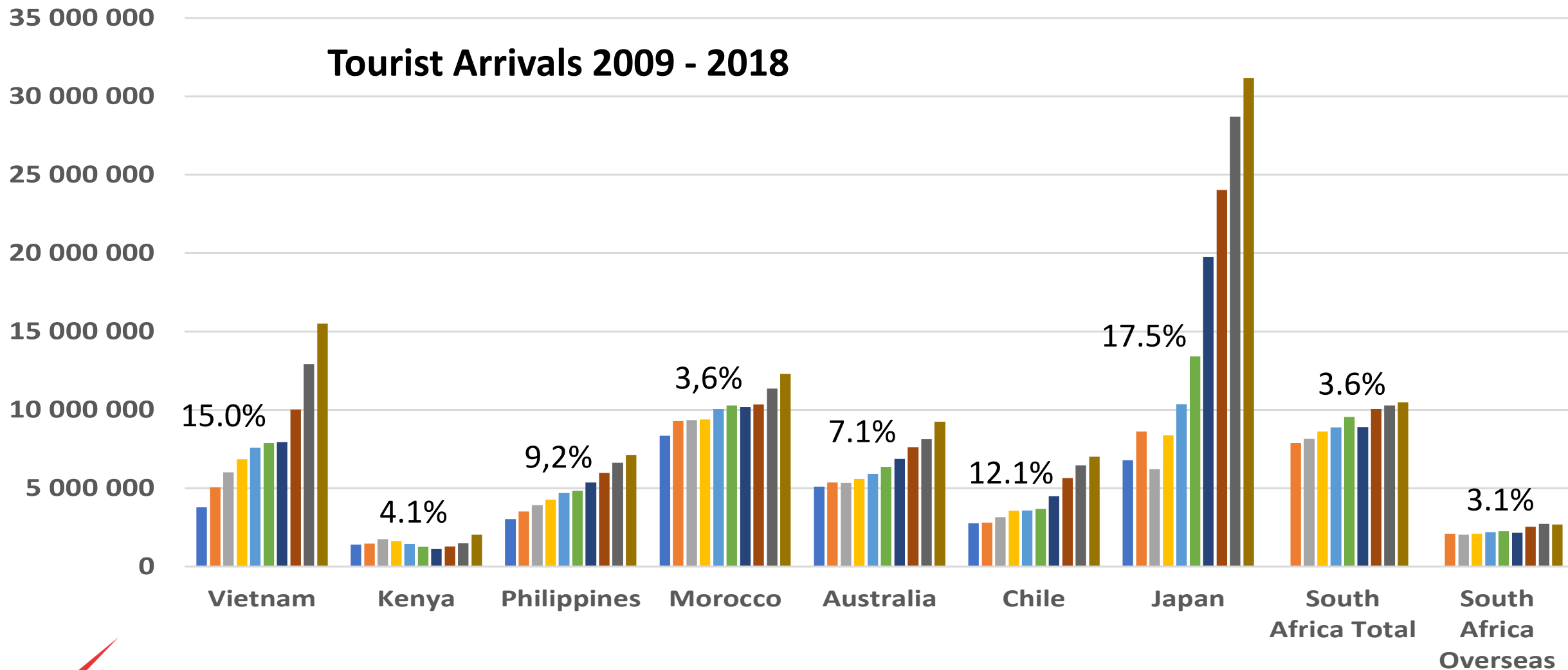
What could we achieve with the appropriate enabling environment?

International Tourist Arrivals	2019	2030	2035	2018 PPGI Target	avg growth pa 2025 -2035	PPGI avg growth
<b>Total</b>	<b>10 228 593</b>	<b>15 577 257</b>	<b>20 119 973</b>	<b>21 204 706</b>	<b>6.0%</b>	<b>6.0%</b>

- Tested and discussed with industry market facing operators in key markets
- Below 2018 PPGI strategy
  - China late opening of borders
  - More subdued global (incl China) economic growth in 2020s
- Compound average growth of 5,9% - eminently achievable

# Some Comparisons – Arrivals Growth CAGR

## Tourist Arrivals 2009 - 2018



# Revised Growth Strategy Forecasts – Key Growth Markets

International Tourist Arrivals	2019	2030	2035	2018 PPGI Target	avg growth pa 2025 -2035	PPGI avg growth
	China	93 370	626 938	1 416 566	1 935 775	36.4%
India	95 621	643 855	1 118 994	1 636 196	26.3%	26.7%
Africa Air markets	640 168	1 314 363	1 758 447	1 754 484	8.7%	8.2%

- India and China high growth rates - base adjustment as we are under-weight in these markets (also China still significant rebound growth in 2025 – 2027)

China – 154,5 million outbound in 2019

- Biggest out-bound market again by late 2020s and 2<sup>nd</sup> biggest long-haul outbound in 2030
- Likely to be the biggest global economy by the early 2030s
- South Africa’s 2019 market share 0,06% - Australia was over 1%
- South Africa can attain 60% of what Australia achieves
- Now – more than ever - higher spending FITs – seeking culture/heritage, adventure, scenery, gourmet experiences
- More subdued than PPGI strategy – late opening of borders and more subdued economic growth

# Revised Growth Strategy Forecasts – Key Growth Markets

International Tourist Arrivals				2018 PPGI	avg growth	PPGI avg
	2019	2030	2035	Target	pa 2025 -2035	growth
China	93 370	626 938	1 416 566	1 935 775	36.4%	28.5%
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India – 26,9 million outbound in 2019

- Fastest growing economy in the 2020s
- Strong outbound tourism growth
- Growing middle and professional class
- Find South Africa highly attractive destination
- South Africa share 0.4% - grow to 60% of top competitor destination – 1,3% share
- COVID outbound growth hiatus – less than PPGI target

Africa – potential target market likely more than 70 million

- In spite of increased poverty and lower growth – still growing absolute number of upper middle & upper classes
- Stronger economic growth than traditional markets
- Growth of COVID domestic tourism – now understand and enjoy their own continent more



# Revised Growth Strategy Forecasts - Traditional and other Markets

International Tourist Arrivals				2018 PPGI	avg growth	PPGI avg
	2019	2030	2035	Target	pa 2025 -2035	growth
Japan	28 388	40 817	53 827	54 477	7.0%	5.7%
South East Asia (excl India)	55 076	75 903	96 398	125 807	6.2%	6.3%
Europe	1 468 686	2 180 128	2 864 801	2 929 788	5.8%	5.8%
North America	440 271	954 163	1 387 799	1 543 266	10.2%	14.8%
Central & South Americas	92 814	144 747	195 532		6.5%	
Australasia	127 849	218 699	291 269	307 034	7.1%	7.2%
Russia	16 276	32 268	86 833	148 425	17.0%	19.2%
Turkey & Middle East	85 195	113 178	137 699	28 123	4.2%	4.0%
Other	124 204	160 286	194 977	512 397	3.9%	4.8%

\*  
\*

- Mainly reach similar potential as PPGI strategy – slightly below
- Remain globally significant outbound markets
- South Africa – very attractive – same fundamentals as 5 in 5 strategy
- Similar growth as 5 in 5 in best growth years (late 2020s to early 2030s)
- More subdued growth 2023 – 2028 – lower economic growth and set back from inflation and cost of living pressures in next 3 years

\* Different groupings of countries

# Revised Growth Strategy Forecasts

International Tourist Arrivals				2018 PPGI	avg growth	PPGI avg	5 in 5 avg
	2019	2030	2035	Target	pa 2025 - 2035	growth	growth
China	93 370	626 938	1 416 566	1 935 775	36.4%	28.5%	
India	95 621	643 855	1 118 994	1 636 196	26.3%	26.7%	
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Other	124 204	160 286	194 977	512 397	3.9%	4.8%	2.4%
Africa "Land"	6 960 675	9 071 910	10 516 831	10 228 933	3.5%	3.1%	6.1%
<b>Total</b>	<b>10 228 593</b>	<b>15 577 257</b>	<b>20 119 973</b>	<b>21 204 706</b>	<b>6.0%</b>	<b>6.0%</b>	

Africa land arrivals – more or less the same target – same fundamentals

# Domestic Tourism

- COVID has catalysed middle- income and upper income domestic tourism
- Domestic market potential always there – growing size of middle class since 1994
- Base StatsSA 2019 survey
- LSM 5 -7 leisure & sport markets – higher growth 2024 – 2028
- LSM 8 – 10 leisure & sport – slightly high growth 2024 – 2028
- Business slightly high growth 2024 – 2030 (LSM 5-7) and 2024 – 2026 (LSM 8 -10)
- Rest (VFR & Other) growth in line with projected SA economic growth

Grow LSM 5 – 10 from 10,1 m leisure & sport in 2019 to 15,5m in 2035

Annual growth of 3,6%

5,4 million more domestic leisure & sport trips

# What this would mean to South Africa!

26% to 39% **higher spending** long-haul tourists - average tourist spend growth of 45%

**Export earnings**  
R122bn to R380bn

**Tourism Consumption**  
R451bn to R850bn

**Cummulative Investment** more than R2 000bn

2,8 million **total jobs**  
1,3 million more employment opportunities



864 000 **youth employment**  
- 400 000 more jobs for youth

**Annual supply chain spend** from R211bn to R389bn

**GDP Contribution** from R209bn to R394bn

# What is needed to deliver on these targets

## **A Whole of Government Approach**

- Many key national departments' actions have a major bearing on tourism
- Home Affairs for tourist visas, border controls, and critical skills visas
- The Department of Transport - transport licensing, bilateral air service agreements, and much essential road infrastructure
- Many others - Environment Affairs, Forestry and Fisheries – think SANParks -, Sports Art and Culture, Public Enterprises, Water Affairs, Police, DIRCO, COGTA, Public Works, Land Affairs and Rural Development ..... the list goes on....
- The Ministry and Department of Tourism have no executive powers over other departments

## **International best practice – OECD UNWTO**

- Countries recognizing the potential for tourism and also its cross-functional nature
- create special forums to drive tourism
- often an inter-ministerial committee which may be chaired by a President or Prime Minister
- E.g. Japan 2013 – and saw average growth exceed 17%

## **A Public Private Partnership Governs Tourism Policy & Strategy – OECD UNWTO**

- Tourism is private sector driven
- Government provides the enabling environment for it to flourish
- The parties collaborate at all levels to ensure the right environment and beneficial industry growth

# What is needed to deliver on these targets

1

A “real” fully automated world-class **e-Visa** with improved airport **e-infrastructure**

2

Waive visas for **more source** markets

3

Critical **skills** visas, temporary **work** visas

4

**Vehicle** licensing fixed!

5

**Reduce** or **Fix** other red tape - VAT, Liquor licences, tour guides

**A whole of Government Approach**



**A Trusted Public Private Partnership**

6

**China Ready Strategy**  
Destination Readiness

7

**Additional funds** for tourism marketing

8

**Private Public Partnership** to radically improve and implement marketing – especially in key growth markets

9

Air liberalization and national air **access** initiative

10

Investment **incentives** – resort IDZs



**TBCSA**  
TOURISM BUSINESS COUNCIL OF SOUTH AFRICA

Let's enable beneficial growth in this key sector in a Post COVID19 world and deliver transformation, and generate the next **1,3 million jobs!**

**Thank-you**