

South Africa

Tourism in the economy and outlook for recovery

In 2019, the tourism sector's direct contribution to South Africa's GDP was ZAR 209 billion, representing 3.7% of GDP. A total of 773 532 direct jobs were sustained, representing 4.7% of total employment. The direct contribution of tourism to employment declined to 509 000 employees in 2020, 3.4% of total employment and a decrease of 35% from 2019. The sector's contribution to GDP decreased to 1.1%.

In 2020 the number of international tourists fell to 2.8 million, a decrease of 72.6%. International arrivals declined further in 2021 to 2.3 million, impacted by the discovery of the Omicron variant of COVID-19, which subdued demand. International tourism expenditure amounted to ZAR 20.8 billion in 2021, 74.4% below 2019 revenue. The African continent is South Africa's main source of tourist arrivals, contributing 76% of total international arrivals in 2020. Europe is the main overseas source market.

Domestic tourism in South Africa remained significantly impacted in 2021. Domestic tourists were 47.9% below 2019 levels at 14.8 million, with same-day visitors more heavily impacted, with 68.8 million visitors in 2021, 70.9% below 2019.

South Africa sees a stronger recovery in 2022. A full recovery to pre-pandemic levels is projected for 2024.

Tourism governance and funding

Tourism is a concurrent function in South Africa's Constitution, meaning that all three levels of government (national, provincial and local) have jurisdiction and direct responsibility. The Minister of Tourism oversees both South African Tourism (the national tourism organisation) and the Department of Tourism which is responsible for promoting the inclusive growth of tourism through research, policy, destination development, international relations and sector support services.

The Department of Tourism co-ordinates the activities of public and private sector stakeholders through the implementation of the National Tourism Sector Strategy. A multi-stakeholder sector forum, the National Tourism Stakeholder Forum (NTSF), is regularly convened and chaired by the Director-General among the main co-ordination structures.

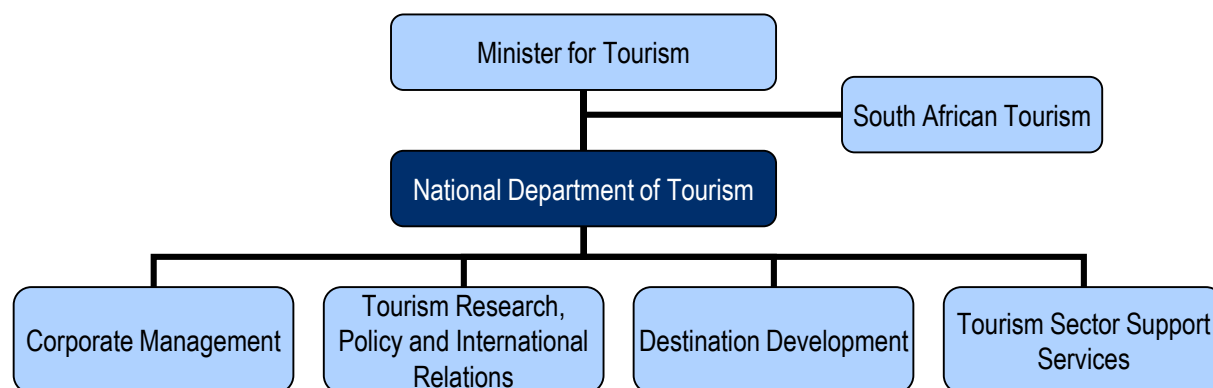
Horizontal co-ordination is pursued through bilateral engagement and co-operation with key ministries on areas including visa policy, air connectivity and licensing. Vertical co-ordination is conducted through a model of strategy implementation outlined in the National Tourism Sector Strategy (NTSS). The model identifies local, provincial and national structures for co-ordination, joint planning and reporting involving the private and public sectors. Workstreams to allow vertically co-ordinated action with respect to the Strategy's focus areas continue to operate with the integration of emerging issues from the COVID-19 pandemic and the Tourism Sector Recovery Plan.

South Africa has collaboration arrangements in place with ministries responsible for areas such as immigration and transport. These ministries are participants in implementing the NTSS, with further

interaction on a case-by-case basis. For example, the Ministry of Environmental Affairs is a key partner in developing and implementing programmes focusing on responsible and sustainable tourism.

The national budget was ZAR 2.4 billion for the 2021/22 financial year, of which ZAR 1.3 billion was transferred to the national destination marketing authority, South African Tourism. The 2020/21 allocation was revised downwards in the first half of the fiscal year to fund COVID-19 responses and is therefore an anomaly. The national budget for the year 2019/20 was ZAR 2.3 billion.

South Africa: Organisational chart of tourism bodies



Source: OECD, adapted from the Department of Tourism, 2022.

Tourism policies and programmes

South Africa's policy ecosystem for tourism includes the White Paper on the Development and Promotion of Tourism (1996), currently under redesign (see box below), the Tourism Act (2014), the National Tourism Sector Strategy (NTSS, a ten-year strategy to 2026), and the Tourism Sector Recovery Plan (2020). These constitute a framework guiding tourism development and growth promotion in the country.

South Africa implemented a variety of measures to support the economy during the initial restrictions related to COVID-19, including The Tourism Relief Fund targeting small enterprises through which some 4 000 entities benefited. The Temporary Employee Relief Scheme supported workers by paying wages directly to employees to enable businesses to avoid laying off their workforce.

The country's economic recovery plan prioritises tourism recovery as one of the key inputs into the overall economic recovery. Among others, it is critical to recover tourism jobs to contribute to easing the challenge of unemployment in the country. Priorities include enhanced demand stimulation, the protection of supply and regaining adequate aviation capacity to support demand. Norms and standards were developed and implemented to enable safe operations throughout the tourism value chain and cultivate confidence within the market regarding the health-related safety protocols in place.

South Africa developed a Tourism Sector Recovery Plan to systematically respond to the effects of the pandemic and facilitate joint collaboration with the sector and key actors. The Plan aims to deliver a comprehensive set of actions for the sector and its partners to support and enable recovery. Implementation has a government-wide mandate and is monitored at the Cabinet level.

The Plan identifies three pillars as drivers of recovery:

1. Protecting and rejuvenating supply (including supporting the protection of core tourism infrastructure and assets); interventions include developing and implementing standards for safe

operations across the tourism value chain and increased consumer confidence, and a Tourism Infrastructure Maintenance in National Parks programme.

2. Reigniting demand: this pillar includes launching a global brand campaign to reposition South Africa as a domestic and international tourism destination in the post-COVID era. The campaign comprises leisure, business events, lifestyle and cultural tourism across domestic, regional and international markets and is positioned to drive tourism growth over the next five to ten years.
3. Strengthening enabling capability: interventions included an incubator programme to increase the resilience of SMEs during the pandemic and beyond.

Key factors that have emerged due to the pandemic include the need for accelerated economic digital transformation and promoting enhanced resilience of SMEs. South Africa has initiated a crisis management framework to address these issues and developed training programmes to include resilience. South Africa has also incorporated targeted surveys into their programmes and plans to better understand and cater for the domestic market.

The Green Tourism Incentive Programme, focused on assisting small and micro tourism enterprises to adopt sustainable tourism practices, was reviewed in view of the pandemic to cover the full energy and water audit costs and the grant funding range increased. The resource efficiency grant funds approved water and energy efficiency interventions up to a capped amount of ZAR 1 million (see Box 3.3).

A new global advocacy campaign has been launched to stimulate renewed demand from key source markets and domestically. Moving towards a greener economy aligns with South Africa's long-standing commitment to responsible tourism, as outlined in the 1996 White Paper on the Development and Promotion of Tourism and other country-level commitments such as reducing emissions (see Box below). A review of tourism policy to provide enhanced support for sector growth and development has begun. The exercise will update the White Paper and result in a revised Policy for tourism, taking into account environmental changes.

Review of the White Paper on the Development and Promotion of Tourism in South Africa

Despite successes registered since the country moved to pursue tourism growth in a comprehensive manner in the mid-1990s, South Africa's tourism economy is yet to fully exploit its potential. The need to stimulate tourism growth in line with its unrealised capacity has been recognised in various country-level economic revitalisation assessments and strategies.

With the vast impacts of COVID-19 on the sector as an impetus, the review of the overall policy for tourism was identified in the Tourism Sector Recovery Plan as one of the actions to develop a responsive, updated policy framework to guide the sector to sustainably recover and grow in line with its potential. The process to review the White Paper on the Development and Promotion of Tourism in South Africa (1996) was initiated, guided by a panel of experts in consultation with sector stakeholders and supported by research on trends and a consideration of the current and future context.

Key themes addressed in the review respond to the demand and supply side and include adaptability (incorporating approaches to digitalisation and the platform economy), tourism human resource development and employment creation, destination marketing, and sector transformation. Cross-cutting policy issues, such as transport, immigration and safety, and tourism governance and co-operation, are also included. Amongst the policy objectives is a desire to increase tourism's contribution to the broader economy through geographically spread visitor volumes and revenue. Policy proposals to cement South Africa's commitments to sustainable, responsible tourism are also core to the updated framework.

Statistical Profile

South Africa: Domestic, inbound and outbound tourism

	2017	2018	2019	2020	2021
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	152 200	133 650	264 980	125 077	83 597
Overnight visitors (tourists)	17 200	17 650	28 456	17 038	14 837
Same-day visitors (excursionists)	135 000	116 000	236 524	108 039	68 760
Nights in all types of accommodation	70 100	69 300	94 144	56 808	51 185
Hotels and similar establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Inbound tourism					
Total international arrivals	14 976	15 004	14 797	3 886	2 664
Overnight visitors (tourists)	10 285	10 472	10 228	2 802	2 256
Same-day visitors (excursionists)	4 691	4 532	4 569	1 084	408
Top markets					
Mozambique	1 339	1 361	1 333	423	523
Zimbabwe	2 040	2 209	2 259	685	411
Lesotho	1 747	1 739	1 563	449	355
Eswatini	877	884	918	215	178
Botswana	681	689	668	129	103
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	5 786	6 015	6 076	1 624	1 624
Overnight visitors (tourists)
Same-day visitors (excursionists)
Top destinations					
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TOURISM RECEIPTS AND EXPENDITURE, MILLION USD					
Inbound tourism					
Total international receipts	9 706	9 790	9 064	2 717	2 113
International travel receipts	8 817	8 989	8 390	2 607	2 108
International passenger transport receipts	889	800	674	109	5
Outbound tourism					
Total international expenditure	6 068	6 348	5 866	1 594	1 669
International travel expenditure	3 258	3 402	3 141	928	991
International passenger transport expenditure	2 810	2 946	2 725	666	678

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/mdc9zq>

South Africa: Enterprises and employment in tourism

	Number of establishments	Number of persons employed ¹				
	2021	2017	2018	2019	2020	2021
Total	..	..	..	..	..	..
Tourism industries	49 488	575 909	611 737	773 532	..	..
Accommodation services for visitors	10 876	127 228	125 819	118 346	..	..
Hotels and similar establishments	3 189	..	..	..	..	..
Food and beverage serving industry	19 732	94 397	96 725	147 833	..	..
Passenger transport	6 922	186 990	201 694	276 393	..	..
Air passenger transport	1 215	28 541	29 050	28 541	..	..
Railways passenger transport	37	5 137	4 779	6 318	..	..
Road passenger transport	5 383	148 769	165 144	241 155	..	..
Water passenger transport	287	4 543	2 721	379	..	..
Passenger transport supporting services	..	..	..	..	..	..
Transport equipment rental	416	8 845	11 402	9 966	..	..
Travel agencies and other reservation services industry	2 164	30 960	31 318	32 536	..	..
Cultural industry	4 944	17 089	18 487	19 564	..	..
Sports and recreation industry	4 434	8 323	9 430	17 269	..	..
Retail trade of country-specific tourism characteristic goods	..	102 077	116 862	151 625	..	..
Other country-specific tourism industries	..	..	..	..	..	..
Other industries	..	..	..	..	..	..

.. Not available

1. Data refer to number of jobs.

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/d1xsef>


South Africa: Internal tourism consumption

Million ZAR

	2019		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
Total	..	..	..
Consumption products	329 962	121 512	451 474
Tourism characteristic products	217 938	81 678	299 616
Accommodation services for visitors	26 456	21 011	47 467
Food and beverage serving services	44 508	13 778	58 286
Passenger transport services	108 271	25 372	133 643
Air passenger transport services	45 586	9 220	54 806
Railways passenger transport services	475	216	691
Road passenger transport services	47 084	15 269	62 352
Water passenger transport services	1 977	422	2 400
Passenger transport supporting services	..	..	..
Transport equipment rental services	13 148	246	13 394
Travel agencies and other reservation services industry	15 624	6 567	22 191
Cultural services	5 558	4 266	9 824
Sports and recreation services	17 521	10 683	28 204
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	..	..	..
Other consumption products	112 024	39 835	151 758
Tourism connected products	22 732	19 620	42 352
Non-tourism related consumption products	89 292	20 215	109 406
Non-consumption products	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/c193ru>



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