

South Africa

Tourism in the economy

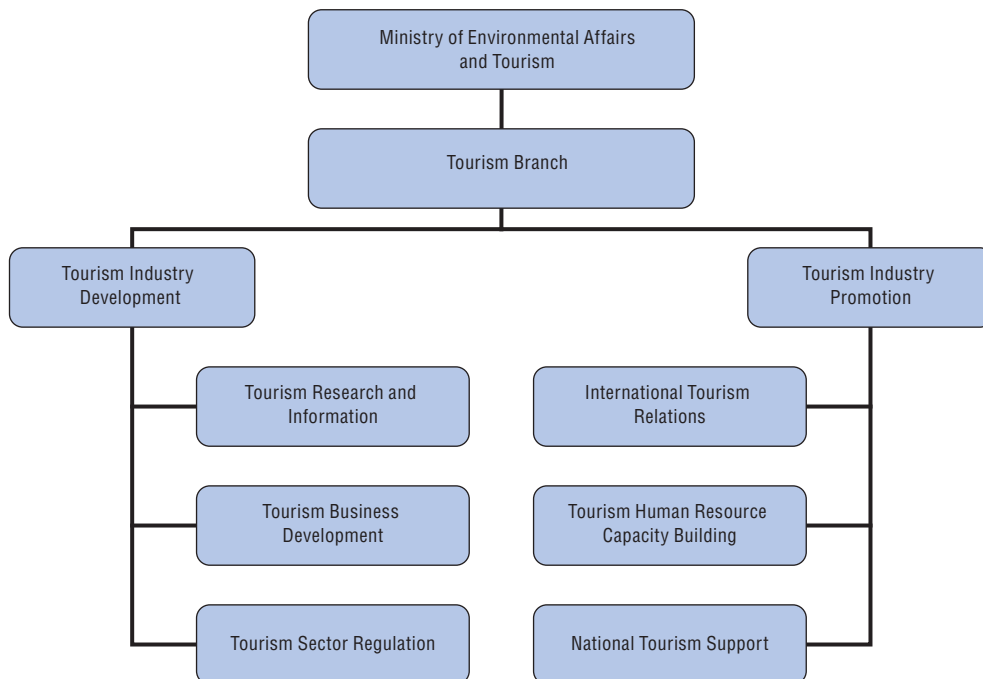
In 2006, almost 8.4 million foreign nationals visited South Africa. This was easily the highest number of arrivals South Africa has ever experienced, and it represented a 13.9% increase over the previous year (2005). The global average growth was 4.5% over this period.

Tourism has been recognised at the highest possible level for its significant impact on the economy. The industry's contribution to the GDP has increased from 4.6% in 1993 to 8.3% in 2006. South Africa is now looking to increase its GDP contribution to 12% by 2014. Tourism brings in over ZAR 66 billion (South African Rand) per annum to the economy and contributes over half a million jobs.

Tourism organisation

The National Tourism Administration (Department of Environmental Affairs and Tourism) engages national tourism authorities and provinces on key issues affecting the development of tourism in South Africa (Figure 3.35).

Figure 3.35. **Organisational chart of tourism bodies in South Africa**



Source: OECD, adapted from Department of Environmental Affairs and Tourism, 2007.

Tourism budget

The budget of the National Tourism Administration/Organisation is ZAR 556.8 million.

Tourism related policies and programmes

To gain competitiveness in tourism, research, quality assurance, training and development initiatives are fully supported by all tourism stakeholders. At a national level research is conducted by the Department of Environmental Affairs and Tourism (DEAT) with South African Tourism (marketing arm), the nine tourism provinces also conduct their own research to meet their unique needs. These various researches promote innovative ways of managing and monitoring tourism trends and strategies. The Tourism Grading Council is responsible for grading tourism products to ensure that they meet a certain set standards to ensure sustainable competitiveness.

Tourism supports the triple bottom effect of tourism in all its strategies and programmes, and Agenda 21 on sustainable development is fully supported and implemented. The 2010 FIFA Soccer World Cup is an initiative that South Africa aims to utilise to promote sustainable tourism through the Greening of South Africa for 2010 and beyond. South Africa's efforts therefore will go well beyond showcasing South Africa as a soccer nation, and into a whole range of legacy projects that support sustainable tourism.

South Africa has acknowledged the challenges the nation faces in human resources in many sectors including tourism. An Accelerated and Shared Growth Initiative of South Africa (ASGISA) and Joint Initiative for Priority of Skills in Acquisition (JIPSA) were launched by the country to accelerate economic growth. Tourism stakeholders gathered in Johannesburg in October 2006 to develop strategies to address skills shortages in the tourism industry to gain competitiveness. The tourism stakeholders committed to working together to address the skills challenge in tourism, taking small-, medium- and micro-enterprises (SMMEs) as a critical component of the sector.

The National Tourism Administration (DEAT) develops and regulates the South African tourism environment. The development of legislative policies is done through a transparent and consultative manner where input and comments from all stakeholders and the general public is taken seriously.

South African Tourism is responsible for developing and implementing marketing strategies for domestic inbound and outbound tourism to encourage South Africans to travel in their own country. A *Sho't Left* campaign (*sho't left* is local slang in the South African taxi industry, meaning that if a person says "sho't left", it means they intend to alight at the next corner) is the initiative that promotes domestic tourism in South Africa.

At a regional level in the Southern African Development Community (SADC), through the Regional Tourism Organisation of Southern Africa (RETOSA), South Africa interacts with other member States on issues of regional development and co-operation. A strategy to involve all SADC member states as a part of the 2010 Soccer World Cup is underway. At international level South Africa engages with other countries at a bilateral and multilateral level (UNWTO, OECD, Africa Travel Association, etc.) to develop tourism, co-operation, learn best practices and drive the Africa development agenda.

Gender mainstreaming is viewed as key to tourism development and poverty alleviation. The role played by women in the tourism sector is significant and gender mainstreaming is considered seriously in the tourism sector as all programmes and projects are measured amongst other issues on gender mainstreaming.

Support exists for SMMEs in tourism, which receive assistance in setting up, financing, managing their enterprises as well as with training in financial administration, business administration, human resources and general understanding of the whole hospitality industry, and of the economic, social, environmental and competitiveness arenas to gain sustainability in tourism.

Transport

Tourism has engaged the transport sector to ensure that all transport policies developed take the needs of tourism into consideration. The result has been the development of a joint aviation strategy that is also tourism driven. Tourism now also sits in bilateral air services negotiations with the Transport Department and relevant airlines.

Education


On education, tourism engages with the Tourism Hospitality Sport Education and Training Authority on developing the skills of workers in the sector, increasing the levels of investment in education and training in the tourism and hospitality sector, encouraging employers in the sector to train their employees, providing opportunities for work experience and employing new staff, encouraging workers to participate in training programmes and improving the employment prospects of disadvantaged people. Tourism also interacts with schools and universities on the inclusion of hospitality studies in the curriculum. The challenges of skills shortages are being addressed with all tourism stakeholders.

Issues of Trade and Foreign Direct Investment are led by the Department of Trade and Industry (DTI). Tourism co-operates with the DTI on a number of initiatives and investment missions (*e.g.* The Gulf Co-operation Council Tourism and Trade road shows will be undertaken with the DTI and tourism stakeholders in February 2007 to attract Foreign Direct Investment and create trade linkages).

Statistical profile

Table 3.120. **Inbound tourism: International arrivals and receipts**


	Units	2002	2003	2004	2005	2006
Visitors	Thousands	6 550	6 640	6 815	7 518	8 464
<i>of which:</i>						
Lesotho	Thousands	1 163	1 291	1 480	1 669	1 920
Swaziland	Thousands	789	809	853	912	993
Zimbabwe	Thousands	613	569	558	783	990
Mozambique	Thousands	580	475	406	649	926
United Kingdom	Thousands	449	463	463	477	495
Tourism receipts	Million USD	3 695	6 533	7 380	8 448	8 967

StatLink  <http://dx.doi.org/10.1787/157101214882>

Source: South African Tourism (SAT), 2007.

Table 3.121. **Outbound tourism: International departures and expenditure**


	Unit	2001	2002	2003	2004	2005
Departures	Thousands	3 794
Tourism expenditure	Million USD	2 251	3 654	4 237	4 811	5 230

StatLink  <http://dx.doi.org/10.1787/157122112846>

Source: South African Tourism (SAT), UNWTO, 2007.

Table 3.122. **Tourism in the national economy**

	Units	2001	2002	2003	2004	2005
Tourism as % of:						
Government expenditure	Percentage	0.52	0.52	0.53	0.54	0.54
Capital investment	Percentage	14.74	14.41	14.41	14.4	14.4
Exports	Percentage	12.19	13.2	16.31	14.88	14.65
Employment (direct impacts only)	Percentage	3.08	3.53	3.51	3.3	3.35
Employment (direct and indirect impacts)	Percentage	6.79	7.55	7.55	7.26	7.42
Gross domestic product (direct impacts only)	Percentage	3.07	3.5	3.48	3.27	3.32
Gross domestic product (direct and indirect impacts)	Percentage	7.53	8.27	8.28	7.98	8.15

StatLink  <http://dx.doi.org/10.1787/157122426611>

Source: Travel and Tourism Accounts, 2007.

Synthesis

The following chapter presents summary details of the tourism sector in 32 countries, 30 of which are OECD members, in addition to Romania and South Africa. Each country section is set out under five main headings:

- Tourism in the economy.
- Tourism organisation.
- Tourism budget.
- Tourism related policies and programmes.
- Statistical profile

For further information, a synopsis table in Annex 3.A1 indicates the main websites for national tourism administrations, national tourism organisations and other important Tourism related organisations.

This chapter focuses mainly on international tourism (inbound and outbound). It also includes some partial data on domestic tourism based on Tourism Satellite Account sources or on national surveys. The measurement of domestic tourism, in terms of the number of tourist trips taken each year, is not generally provided by most countries on a consistent basis and does not readily lend itself to aggregations and international comparisons.

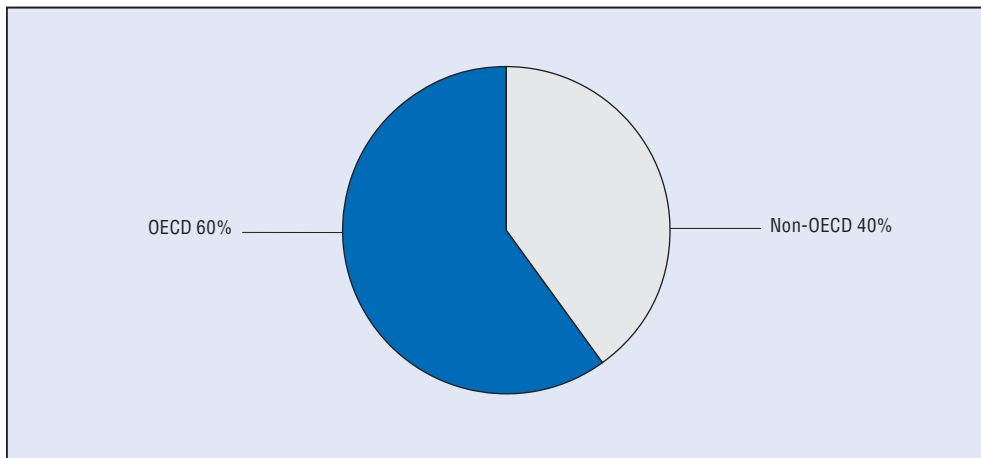
International tourist arrivals, however, are recorded for almost all countries. Data for 2005, the latest year for which complete data are available, show that globally there were 802 million international tourist arrivals (World Tourism Organisation). In the OECD member countries, international tourist arrivals in that year totalled 481.5 million, and thus these countries account for 60.0% of all international tourism by this measure (Figure 3.1).

Eight out of the top ten international tourism destinations are included in this chapter, the exceptions being China and Russia. These eight – France, Spain, USA, Italy, UK, Germany, Mexico and Austria – together accounted for 308.9 million arrivals in 2005, 38.5% of the global total.

Tourism in the economy

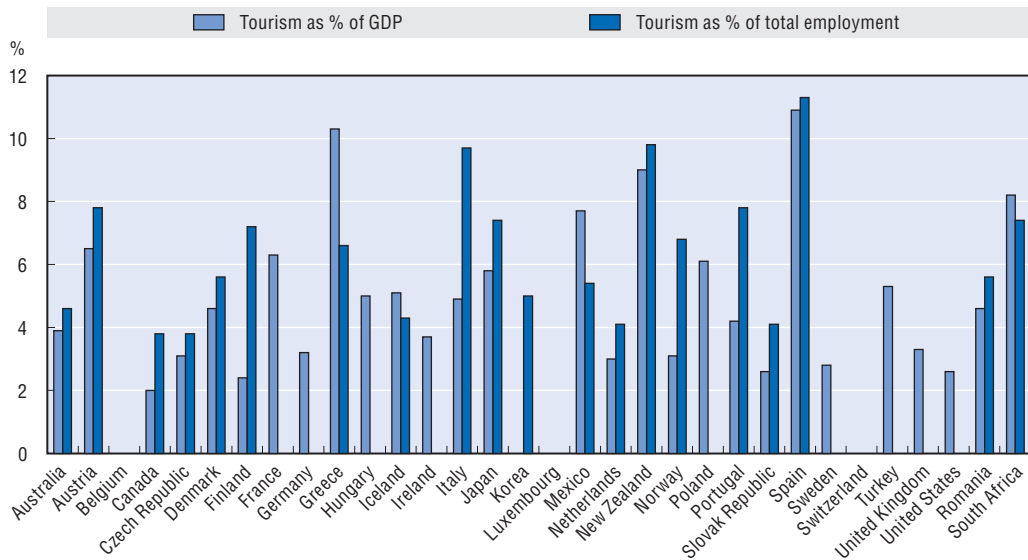
The importance of the tourism sector in the economies of these 32 countries varies widely. To generalise however, tourism accounts for an important share of Gross Domestic Product (GDP) and of services exports in many countries (see Chapter 1, *New Paradigm for International Tourism Policy*), and also generates a substantial share of total employment. Although data coverage of these measures is variable (see individual sections for country details), an idea of tourism's economic importance is given in the Figure 3.2.

Figure 3.1. **International tourist arrivals, world, 2005**



StatLink <http://dx.doi.org/10.1787/153030008744>

Figure 3.2. **Tourism in the economy, 2006**



StatLink <http://dx.doi.org/10.1787/152847245261>

Clearly tourism is an important economic force in many of the countries covered here. For some of the world’s major tourism destinations, tourism plays a crucial role in sustaining employment and in earning foreign currency receipts.

Tourism organisation

The treatment of the tourism sector within the government structures of the countries covered in this chapter varies considerably. Moreover, due to variations in government structures it is difficult to be precise about which portfolio includes tourism. However, the growing economic and political importance of tourism is reflected by the fact that 15 OECD countries have a Ministry or a Secretariat of State with Tourism named in their title.

Several countries have their own dedicated tourism ministries (Greece, Mexico and New Zealand), however in most cases, the tourism portfolio is attached to Economy,

Industry, Trade or SME ministries (Australia, Austria, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, Portugal, Romania, Slovak Republic, Spain, Sweden, Switzerland and United States). For a few others, the tourism portfolio is linked to Regional Development (Czech Republic and Hungary), Culture and Sports (Ireland, Korea, Poland, Turkey and United Kingdom), Environment (South Africa) or Transportation (Japan).

Tourism budgets

A comparison of tourism budgets is complicated by issues of exchange rates and, especially, of the different approaches to the public funding of tourism support adopted by governments. Readers are referred to the country sections for details.

As a generalisation, however, the largest item in public budgetary support for tourism tends to be the marketing budgets granted to national tourist offices or their equivalents for international marketing purposes. Again as a generalisation, it is typically the national tourist office that is responsible for marketing the country as a tourism destination to foreign visitors. Regions or specific destinations within countries are then responsible for their own promotion within the country concerned, but generally national governments discourage regions from direct (and usually costly) international marketing themselves. In some countries, such as the United States for example, where it is felt that the country's international profile is inherently high, international marketing budgets are limited.

For domestic tourism, countries are becoming increasingly aware of the economic benefits to be gained from encouraging nationals to take their holidays in their own countries, both in terms of balance of payments benefits (by avoiding expenditure on holidays abroad) and in terms of the economic stimulation that a vigorous domestic tourism sector can generate. As a result, national tourist offices or other public tourism organisations are taking on more responsibility for the active promotion of tourism opportunities within their own countries to their resident population.

Tourism related policies and programmes

Public investment in tourism is again highly varied across countries, and the reader is referred to the country sections for detailed information.

As an economic activity with the potential to create jobs, add value and earn foreign exchange, tourism is increasingly being seen as a sector in which public investment can be justified, in a number of areas. The most common are:

- Investment programmes in infrastructure which can contribute to facilitating access to the tourism industry for nationals and foreigners alike.
- Programmes supporting the small business sector which, in terms of the number of enterprises engaged, is dominated by SMEs; programmes to enhance quality in tourism most commonly through action of training.
- Programmes aimed at the quality of tourism facilities and services (these often involve the introduction and maintenance of national quality standards and quality accreditation schemes).
- Licensing schemes for personnel engaged in tourism (e.g. the licensing of tourism guides).
- The creation of a business and investment climate that is supportive of the tourism sector and which encourages the participation of the private sector as prime investors.

Governments are also increasingly conscious of their role in facilitating international access for visitors to their countries by means of the pursuit of increasingly liberal air transport policies. In the area of environmental policy and conservation, governments are also becoming more directly involved in the promotion of ecologically-friendly policies aimed at minimising the adverse impact of tourism on the physical environment and maximising the sustainability of their tourism sectors.

The concept of public-private partnerships in tourism is being pursued actively by a number of countries, both in the financing of national tourist offices and the development of tourism networks such as those providing information to tourists at a local level, as well as investment programmes geared to leveraging private investment in the tourism sector by means of public pump-priming money.

Policy advice and enabling measures are also increasing, led by national governments, to assist tourism industries and especially small businesses to meet the fast-growing competition in global tourism. A notable emphasis is now being seen on maximising the use of on-line technologies to enable tourism businesses to benefit from and cope with the rapid globalisation of tourism marketplaces and of tourism marketing. Information and reservation systems are at the heart of many of these initiatives, as the direct linkages via the Internet between the tourist and the tourism service supplier strengthen and disintermediation (the elimination of the need for the use of travel intermediaries such as travel agents) increases.

Finally, in addition to the pursuit of national policies and programmes and the promotion of tourism clusters and networks, governments are becoming increasingly aware of the potential benefits to be gained from international co-operation in tourism marketing and promotion and generally take the lead in developing tourism linkages with other, often contiguous, states.

Summary

To summarise, tourism is gaining in importance in the eyes of governments as an economic activity which justifies serious consideration at the level of national policy. Tourism in many countries has already surpassed in economic importance some of the more traditional sectors such as agriculture which historically have commanded greater political attention at national government level. Governments are becoming more aware of the benefits and of the potential pitfalls of the tourism sector in national economic development terms. Closer study of this chapter will illustrate the many initiatives taken by governments in the tourism field and will assist the reader in comparing their own national experience with international best practice.

Basic methodological references

The following definitions are based on UN and UNWTO (1994), International Recommendations on Tourism Statistics (IRTS), UN, Madrid and New York.

Inbound tourism

Arrivals associated to inbound tourism correspond to those arrivals by international (or non-resident) visitors within the economic territory of the country of reference.

Visitors include: a) *Tourists (overnight visitors)*: “a visitor who stays at least one night in a collective or private accommodation in the country visited”; b) *Same-day visitors*: “a visitor who does not spend the night in a collective or private accommodation in the country visited”.

When a person visits the same country several times a year, an equal number of arrivals is recorded. Likewise, if a person visits several countries during the course of a single trip, his/her arrival in each country is recorded separately. Consequently, *arrivals* cannot be assumed to be equal to the number of persons travelling.

Tourism receipts data are obtained from the item “travel, credits” of the Balance of Payments of each country and corresponds to the “expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

Fare receipts data are obtained from the item “transportation, passenger services, credits” of the Balance of Payments of each country and corresponds to the “fare expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

Outbound tourism

Departures associated to outbound tourism correspond to the departures of resident visitors outside the economic territory of the country of reference.

Tourism expenditure data in other countries are obtained from the item “travel, debits” of the Balance of Payment of each country and corresponds to the “expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

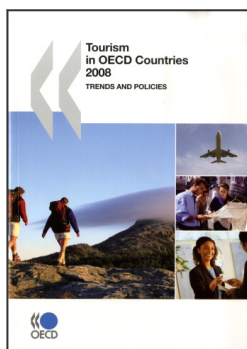
Fare expenditure data in other countries are obtained from the item “transportation, passenger services, debits” of the Balance of Payment of each country and corresponds to the “fare expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

Symbols and abbreviations used

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