Futureneer Advisors

Cape Town TOURISM

CITY OF CAPE TOWN
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The Economic Value of Tourism in Cape Town

2024 Year

Presented to: Cape Town Tourism
Compiled by: I and M Furtureneer Advisors Pty Ltd
Date: 12 June 2024

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Executive Summary

Introduction

Cape Town Tourism has appointed I and M Futureneer Advisors Pty Ltd (Futureneer Advisors) to compile an update of the EVT for Cape Town for the 2024 year. Care should be taken when comparing these projections to previous reports due to the impact of the COVID-19 pandemic and data that was retrospectively revised by South African Tourism (SAT) and Statistics South Africa (Stats SA).

Summary of Projections

	Number of Overnight Tourists		Average Length of Stay (Nights)		Bed Nights Sold		Average Spend per Day (R)		Total Direct Tourism Spend (R'billions)		
	Foreign Tourists	Domestic Tourists	Foreign Tourists	Domestic Tourists	Foreign Tourists	Domestic Tourists	Foreign Tourists	Domestic Tourists	Foreign Tourists	Domestic Tourists	Total
2013	1 260 002	775 500	9.2	6.7	11 570 401	5 203 860	806	186	9.3	1.0	10.3
2014	1 222 540	454 400	9.6	11.4	11 736 076	5 196 980	879	232	10.3	1.2	11.5
2015	1 214 774	533 975	9.1	6.7	11 015 651	3 575 880	952	245	10.5	0.9	11.4
2016	1 508 759	705 870	8.0	6.3	12 022 607	4 468 990	851	243	10.2	1.1	11.3
2017	1 655 341	507 840	10.1	4.8	16 776 214	2 413 031	670	290	11.2	0.7	11.9
2018	1 659 924	425 040	10.2	4.9	17 003 787	2 085 462	699	384	11.9	0.8	12.7
2019	1 944 942	1 447 506	9.5	5.0	18 572 533	7 240 483	942	461	17.5	3.3	20.8
2020	407 702	863 152	11.0	4.4	4 480 533	3 796 211	752	780	3.4	3.0	6.3
2021	266 320	289 290	13.0	11.4	3 468 800	3 302 400	762	892	2.6	2.9	5.6
2022	832 306	1 101 787	11.9	5.9	9 913 770	6 471 983	1 243	862	12.3	5.6	17.9
2023	1 238 567	1 242 851	9.5	4.3	11 794 680	5 332 000	1 454	1 194	17.1	6.4	23.5
2024	1,315,663	1,074,490	9.4	5.2	12,326,077	5,596,374	1,331	1,427	16.4	8.0	24.5
Annual Growth 2013 - 2024	0.4%	3.0%	0.2%	-2.3%	0.6%	0.7%	4.7%	20.4%	5.3%	21.2%	8.2%

Source: SAT data and Futureneer Advisors Projections

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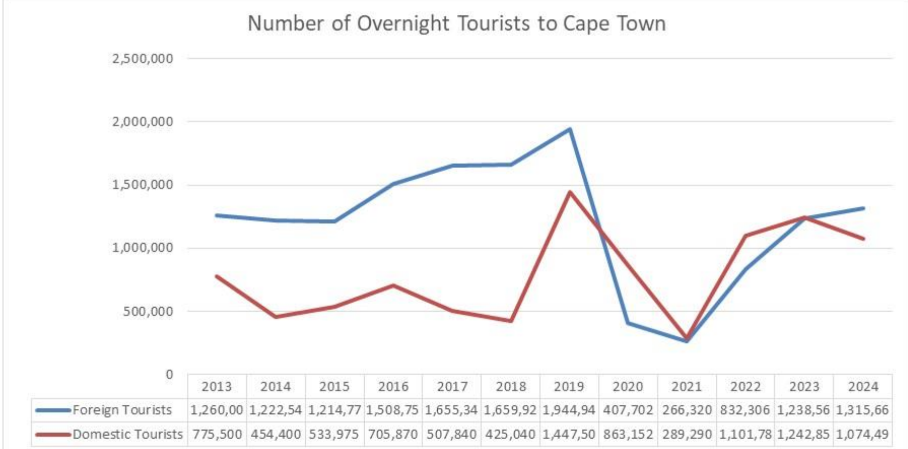
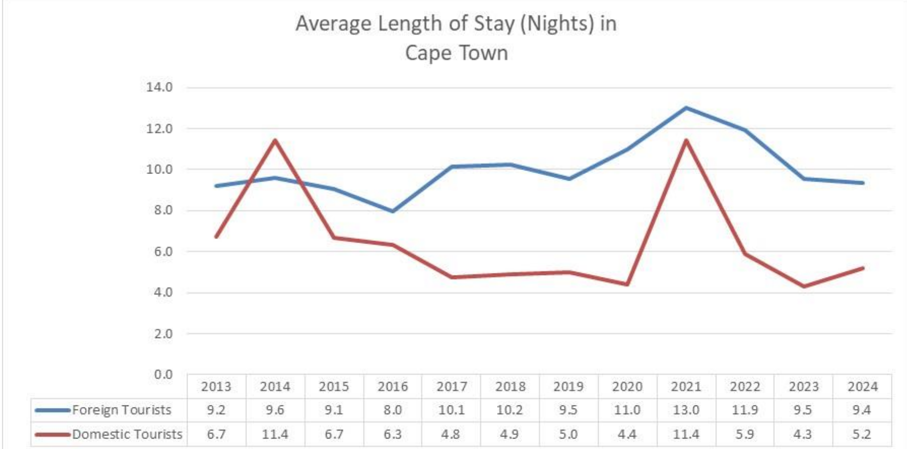
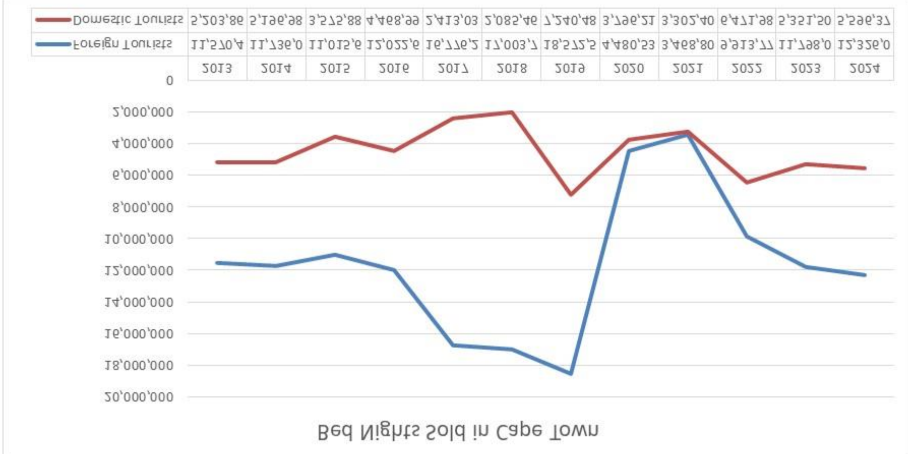
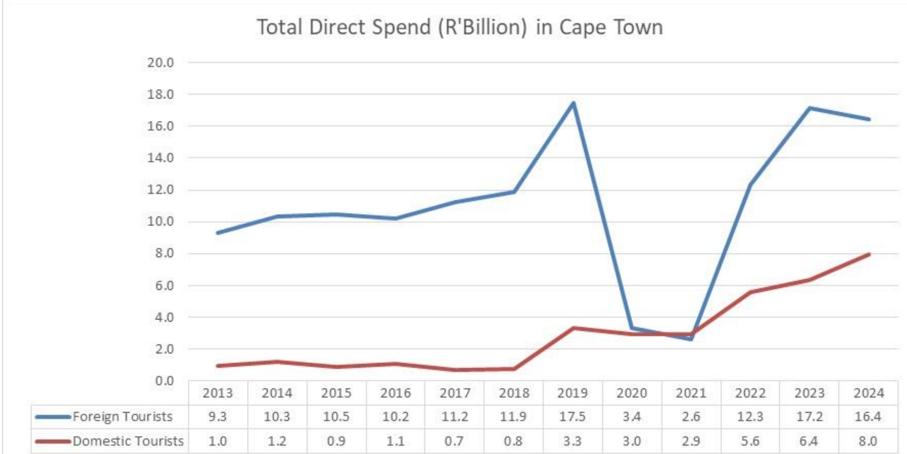
Summary of Projections









Source: SAT data and Futureneer Advisors Projections

An analysis of number of foreign tourists to Cape Town indicate that Cape Town has not made a full recovery since the impact of the Covid-19 travel restrictions. Foreign tourists to South Africa in 2024 recovered to 87% of the number of foreign tourists to South Africa in 2019. Foreign tourists to Cape Town in 2024 recovered to 68% of the number of foreign tourists to Cape Town in 2019. The reason for this discrepancy in performance may be explained by:

- The recovery in foreign tourists to South Africa includes a variety of source markets and purpose of visit including cross-border arrivals that mainly visit for shopping purposes. These source markets are able to recover much quicker due to their proximity to South Africa, while source markets from long-haul destinations may take longer to recover. The source markets for foreign tourists to Cape Town include more tourists from long-haul destinations than cross-border arrivals;
- Data from SAT indicates that 2019 was a particular good year for foreign tourists to Cape Town based on 19.6% of foreign tourists visiting the Western Cape compared to an average of 15.5% per annum between 2013 and 2018.

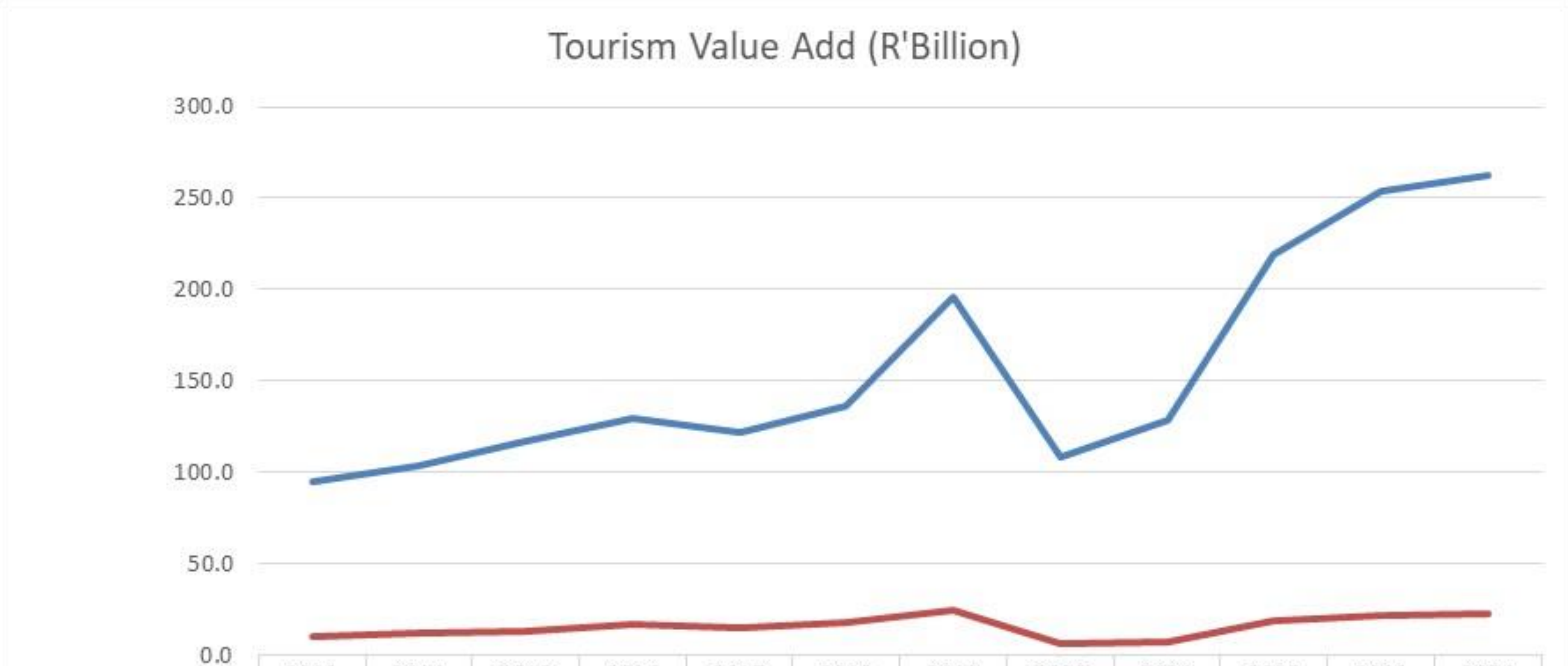
A similar explanation can be relevant for the recovery in domestic overnight trips to Cape Town, which is at 77% compared to 2019, while the national recovery is 141%. The SAT data indicates that in 2019 the Western Cape received 15.6% of all domestic overnight trips, compared to an average of 7.7% per annum between 2013 and 2018.

The slow recovery in the number of tourists were countered by a strong increase in the average spend per day for both foreign and domestic tourists between 2019 and 2024. The average spend by foreign tourists declined slightly in 2024 from R1,455 per day to R1,331 per day resulting in a decline in total direct spend by foreign tourists from R17.2 billion 2023 to R16.4 billion in 2024. The average spend by domestic overnight tourists has for the first time surpassed that of foreign tourists reaching R1,427 per day in 2024. This increase in average daily spend as well as an increase in average length of stay resulted in total direct spend by domestic overnight tourists increasing from R6.4 billion in 2023 to R8 billion in 2024.

A review of the difference between the tourism direct spend as published by SAT and the tourism expenditure as compiled by Stats SA for the Tourism Satellite Account resulted in a revision of the gross value add for Cape Town in 2023 to R21.8 billion. The estimate for 2024 is R22.5 billion which represents 6.1% of Cape Town’s total gross value add.

The number of people directly employed in the Cape Town’s tourism industry was revised from 2020. The employment in Cape Town’s tourism industry in 2024 increased to 106,707 and represents 6.9% of total employment in Cape Town.

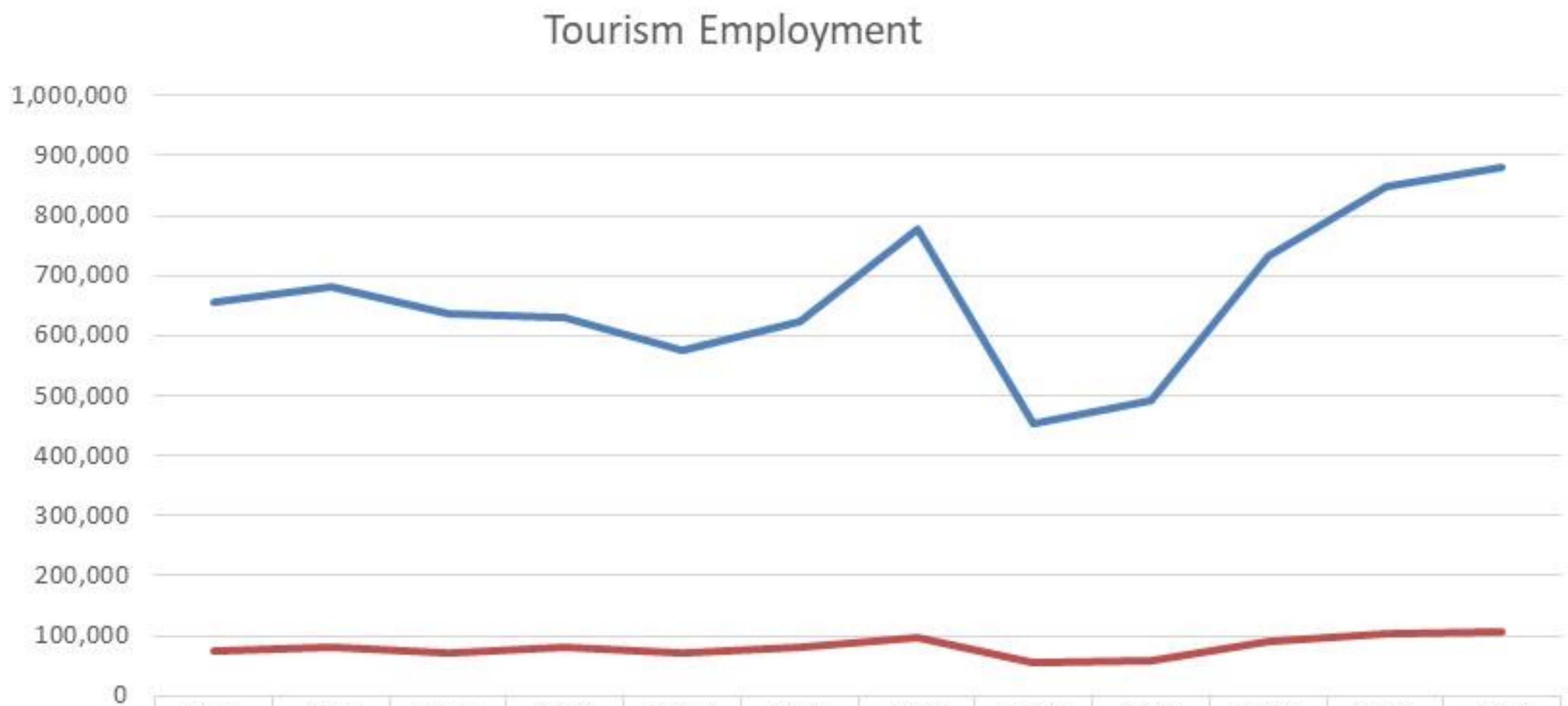
Projected Tourism Value Add (R'billion)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
South Africa	94.5	104.0	117.5	129.3	121.7	135.9	195.7	108.8	128.7	219.1	253.4	262.7
Cape Town	10.5	12.5	13.3	16.4	15.3	17.7	24.5	6.6	7.3	19.0	21.8	22.5

Source: Stats SA and Futureneer Advisors Projection

Projected Tourism Employment



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
South Africa	655,587	681,915	635,544	630,509	575,910	623,514	777,686	454,114	492,561	733,385	848,050	879,297
Cape Town	73,191	81,865	71,991	80,001	72,514	81,381	97,181	55,353	60,039	89,394	103,371	106,706

Source: *Stats SA and ** Futureneer Advisor Projection

1. Introduction

1.1 Background

The City of Cape Town (CoCT) started to monitor the economic value of tourism in Cape Town in 2008, and the responsibility was allocated to Cape Town Tourism in 2018. The main purpose of the monitoring was to create baseline data on the economic value of tourism (EVT).

Cape Town Tourism (the Client) has appointed I and M Futureneer Advisors Pty Ltd (Futureneer Advisors) to compile an interim update the EVT for Cape Town for the 2024 year. At the time of writing this report, the key data available for the EVT include:

- Foreign tourists to South Africa:
    - The full 2024 calendar year data from Statistics South Africa with its monthly P0350 – International Tourism, December 2024 published on 28 January 2025.
    - The annual Report 03-51-02 – Tourism 2024 published on 27 March 2025.
    - South Africa Tourism (SAT) foreign tourism survey results for 2024;
- Domestic tourists to South Africa – SAT domestic tourism survey results for 2024;
- Tourism Satellite Account for South Africa – Statistics South Africa have published the provisional data for 2020, 2021 and 2022. The Statistics South Africa website indicates that Report-04-05-07 - Tourism Satellite Account for South Africa, final and provisional, 2023 is due on 26 March 2026.

1.2 Our Approach, Methodology, Deliverable and Timing

1.2.1 Approach

Our approach to this assignment was to utilise the same approach and methodology as for the previous EVT studies to conduct the projection for the 2024 calendar year.

The Tourism Performance Report published by South Africa Tourism for the full 2024 calendar year was utilised in conjunction with the latest available Tourism Satellite Account from Statistics South Africa and checked against the reports utilised for the 2022 EVT study as Statistics South Africa and South Africa Tourism, at times, do revise their data retrospectively. In addition, data from ACSA on arrivals on international, regional, and domestic flights to Cape Town International Airport was utilised to identify growth trends for foreign and domestic tourism, where appropriate.

The data was then disaggregated to quantify the number of foreign and domestic arrivals to Cape Town, the number of bed nights and the total spend.

Data on the change in the economy of South Africa and the Western Cape was used to update the EVT for Cape Town i.e. the contribution to the economy and employment.

1.2.2 Methodology

During the compilation of the EVT for the 2024 year we have:

- Conducted an inception meeting with the Client to ensure that all parties agree on the proposed approach, deliverables, and timeframes;
- Obtained the relevant data from South Africa Tourism, Statistics South Africa, ACSA, and others;
- Analysed the data and formulated relevant assumptions for the disaggregation of the foreign and domestic tourists;
- Quantified the number of foreign and domestic arrivals to Cape Town, the number of bed nights and the total spend for the year 2024;
- Analysed the latest Tourism Satellite Account and formulated relevant assumptions;
- Quantified the employment in Cape Town’s tourism industry and the contribution to gross value add for Cape Town for the year 2024; and
- Compiled a report detailing the approach, assumptions, and results of the process for the interim projections.

1.3 Terminology and Abbreviations

The following terminology and abbreviations were used in this report:

ACSA	Airports Company of South Africa
Cape Town	The geographical area represented by the municipal boundaries of the City of Cape Town
CoCT	City of Cape Town
EVT	Economic Value of Tourism
GVA	Gross value add
SAT	South African Tourism
Stats SA	Statistics South Africa
The Client	Cape Town Tourism
TSA	Tourism Satellite Account
UNWTO	United Nations World Tourism Organisation
WTTC	World Tourism and Travel Council

2. Projected Direct Tourism Spend in Cape Town

2.1 Introduction

The projection of direct tourism spend in Cape Town between 2013 and 2024 was based on:

- Information contained in the SAT, Tourism Performance Report 2024;
- Information contained on the dashboard on SAT's website at www.southafrica.net;
- Information contained in the ACSA Cape Town International Airport Passenger Movement release; and
- Projections by Futureneer Advisors regarding Cape Town's share of arrivals, bed nights and spend utilising data obtained directly from SAT during previous studies.

The data previously obtained directly from SAT and arrivals on international and domestic flights at Cape Town International Airport was utilised to benchmark and serve as proxy for the change in Cape Town's share where data were not available from SAT.

The timeframe of the COVID-19 pandemic and the various travel restrictions should be taken into account, particularly when comparing data between 2020, 2021 and 2022. It should be kept in mind that travel restrictions were not imposed until 26 March 2020, so the first three months of 2020 contributed positively to the annual results of 2020. Also, during 2021 the 2nd, 3rd and 4th waves of the COVID-19 pandemic followed by the discovery of the omicron variant in December 2021 resulted in voluntary and involuntary travel restrictions in South Africa and its source markets.

2.2 Foreign Arrivals and Domestic Trips

Table 2.1 indicates the Foreign Arrivals to South Africa, the Western Cape and Cape Town. Total foreign arrivals to South Africa recovered to 8.9 million in 2024 (87% of the 2019 foreign arrivals).

An analysis of number of foreign tourists to Cape Town indicate that Cape Town has not made a full recovery since the impact of the Covid-19 travel restrictions. Foreign tourists to South Africa in 2024 recovered to 87% of the number of foreign tourists to South Africa in 2019. Foreign tourists to Cape Town in 2024 recovered to 68% of the number of foreign tourists to Cape Town in 2019. The reason for this discrepancy in performance may be explained by:

- The recovery in foreign tourists to South Africa includes a variety of source markets and purpose of visit including cross-border arrivals that mainly visit for shopping purposes. These source markets are able to recover much quicker due to their proximity to South Africa, while source markets from long-haul destinations may take longer to recover. The source markets for foreign tourists to Cape Town include more tourists from long-haul destinations than cross-border arrivals;
- Data from SAT indicates that 2019 was a particular good year for foreign tourists to Cape Town based on 19.6% of foreign tourists visiting the Western Cape compared to an average of 15.5% per annum between 2013 and 2018. If the Western Cape received 15.5% of foreign tourists in 2019, the recovery of foreign tourists to Cape Town would have been 85% rather than 68% due to a lower number of foreign tourists in 2019.

Table 2.1: Projected number of Foreign Arrivals to Cape Town

	Total Foreign Arrivals to South Africa*	Share of Foreign Arrivals to the Western Cape*	Number of Foreign Arrivals to the Western Cape*	Share of Foreign Arrivals to Cape Town**	Number of Foreign Arrivals to Cape Town**
2013	8 961 565	14.8%	1 330 520	94.7%	1 260 002
2014	9 549 236	14.5%	1 386 100	88.2%	1 222 540
2015	8 903 773	14.9%	1 323 283	91.8%	1 214 774
2016	10 044 163	15.6%	1 568 357	96.2%	1 508 759
2017	10 285 197	16.8%	1 727 913	95.8%	1 655 341
2018	10 472 105	16.5%	1 729 087	96.0%	1 659 924
2019	10 228 593	19.6%	2 005 095	97.0%	1 944 942
2020	2 802 320	15.3%	429 160	95.0%	407 702
2021	2 255 699	13.0%	292 659	91.0%	266 320
2022	5 698 062	15.5%	885 432	94.0%	832 306
2023	8 483 333	15.3%	1 296 308	95.5%	1 238 567
2024	8,919,370	15.5%	1,384,908	95.0%	1,315,663

Source: *SAT **Futureneer Advisors Projection

Table 2.2 indicates the Domestic Overnight Trips to South Africa, the Western Cape and Cape Town. The total number of domestic overnight trips in South Africa increased to 40.1 million but the share of domestic overnight trips to the Western Cape declined from 10.1% in 2023 to 8.2% in 2024.

This decline in the Western Cape's share of domestic overnight trips resulted in a decline in domestic overnight trips to Cape Town from 1,242,851 in 2023 to 1,074,490 in 2024. It could be argued that the share of domestic overnight trips to Cape Town could have increased from the 32.6% estimated in 2023, but unfortunately there are no statistical evidence or benchmarks that could support such an assumption.

The recovery in domestic overnight trips to Cape Town, is at 74% compared to 2019, while the national recovery is 141%. This recovery should be seen against the SAT data for 2019 that indicates that the Western Cape received 15.6% of all domestic overnight trips, compared to an average of 7.7% per annum between 2013 and 2018. The 2019 year was thus a statistical anomaly compared to previous years.

Table 2.2: Projected number of Domestic Overnight Trips to Cape Town

	Total number of domestic trips taken in South Africa*	Share of domestic trips taken to the Western Cape*	Number of domestic trips taken to the Western Cape*	Share of domestic trips taken to Cape Town**	Number of domestic trips taken to Cape Town**
2013	25 175 080	9.3%	2 350 000	33.0%	775 500
2014	28 022 099	5.1%	1 420 000	32.0%	454 400
2015	24 450 804	6.7%	1 643 000	32.5%	533 975
2016	24 279 633	8.8%	2 139 000	33.0%	705 870
2017	17 168 428	9.2%	1 587 000	32.0%	507 840
2018	17 645 342	7.3%	1 288 000	33.0%	425 040
2019	28 456 033	15.6%	4 431 140	32.7%	1 447 506
2020	17 000 000	15.5%	2 642 302	32.7%	863 152
2021	14 800 000	6.0%	885 583	32.7%	289 290
2022	34 028 713	9.9%	3 379 716	32.6%	1 101 787
2023	37 886 187	10.1%	3 812 426	32.6%	1 242 851
2024	40,141,269	8.2%	3,295,982	32.6%	1,074,490

Source: *SAT **Futureneer Advisors Projection

2.3 Foreign and Domestic Bed Nights

Table 2.3 indicates the Foreign Bed Nights in South Africa, the Western Cape and Cape Town.

Based on the assumptions used it is projected that Cape Town received 12,326,077 foreign bed nights during 2024. This represents an increase in the total number of foreign bed nights in 2024, despite a slight decrease in the average length of stay from 9.5 nights in 2023 to 9.4 nights in 2024.

Table 2.3: Projected number of Foreign Bed Nights in Cape Town

	Total Number of Bed Nights by Foreign Arrivals to SA*	Share of Foreign Bed Nights in the Western Cape*	Number of Bed Nights by Foreign Arrivals to the Western Cape*	Share of Foreign Bed Nights in Cape Town**	Number of Bed Nights by Foreign Arrivals in Cape Town**
2013	73 429 569	22.2%	16 296 340	71.0%	11 570 401
2014	78 852 721	20.9%	16 483 252	71.2%	11 736 076
2015	81 341 230	19.2%	15 625 036	70.5%	11 015 651
2016	88 819 067	18.9%	16 744 578	71.8%	12 022 607
2017	120 560 518	19.3%	23 300 297	72.0%	16 776 214
2018	118 100 000	19.7%	23 292 859	73.0%	17 003 787
2019	112 253 674	22.9%	25 700 000	72.3%	18 572 533
2020	34 900 000	17.8%	6 200 000	72.3%	4 480 533
2021	27 510 138	17.4%	4 800 000	72.3%	3 468 800
2022	69 467 626	19.7%	13 700 621	72.4%	9 913 770
2023	111 777 628	14.6%	16 300 000	72.4%	11 794 680
2024	114,622,600	14.9%	17,034,380	72.4%	12,326,077

Source: *SAT **Futureneer Advisors Projection

Table 2.4 indicates the Domestic Bed Nights in South Africa, the Western Cape and Cape Town.

Despite the decline in the number of domestic overnight trips to Cape Town in 2024, the projected number of domestic bed nights sold in Cape Town increased in 2024 due to an increase in the average length of stay.

The number of domestic bed nights sold in Cape Town is estimated at 5,596,374 in 2024 which is a 4.6% increase over 2023, despite an estimated decline of 13.5% in domestic overnight tourists to Cape Town. The average length of stay increased from 4.3 nights in 2023 to 5.2 nights in 2024.

Table 2.4: Projected number of Domestic Bed Nights in Cape Town

	Total number of domestic bed nights in South Africa*	Share of domestic bed nights on trips taken to the Western Cape*	Number of domestic bed nights on trips taken to the Western Cape*	Share of domestic bed nights on trips to Cape Town**	Number of domestic bed nights on trips to Cape Town**
2013	111 215 716	10.9%	12 102 000	43.0%	5 203 860
2014	113 224 026	10.7%	12 086 000	43.0%	5 196 980
2015	102 486 081	8.1%	8 316 000	43.0%	3 575 880
2016	103 417 517	10.0%	10 393 000	43.0%	4 468 990
2017	70 146 253	8.0%	5 611 700	43.0%	2 413 031
2018	69 284 437	7.0%	4 849 911	43.0%	2 085 462
2019	94 144 447	17.9%	16 838 332	43.0%	7 240 483
2020	56 800 000	15.5%	8 828 397	43.0%	3 796 211
2021	51 200 000	15.0%	7 680 000	43.0%	3 302 400
2022	118 646 218	12.7%	15 051 124	43.0%	6 471 983
2023	132,979,175	9.4%	12,445,356	43.0%	5,351,503
2024	155,033,179	8.4%	13,014,824	43.0%	5,596,374

Source: *SAT **Futureneer Advisors Projection

2.4 Foreign and Domestic Direct Spend

Table 2.5 indicates the Foreign Direct Spend in South Africa, the Western Cape and Cape Town.

Utilising similar assumptions as for the number of foreign tourists and number of foreign bed nights, it was projected that the spend by foreign tourists in Cape Town declined to R16.4 billion in 2024 from R17.2 billion 2023.

The reason for the decline is related to the data from SAT that indicates:

- A decline in the Western Cape's share of total foreign direct spend from 25% in 2023 to 24.8% in 2024;
- A decline in the average spend per day by foreign tourists from R1,455 in 2023 to R1,331 in 2024.

Table 2.5: Foreign Direct Spend in Cape Town (R'billion)

	Total Foreign Direct Spend in South Africa (R billion)*	Share of Foreign Direct Spend in the Western Cape*	Total Foreign Direct Spend in the Western Cape (R billion)*	Share of Foreign Direct Spend in Cape Town**	Total Foreign Direct Spend in Cape Town (R billion)**
2013	63.9	20.6%	13.1	71.0%	9.3
2014	64.2	22.6%	14.5	71.2%	10.3
2015	68.2	21.8%	14.9	70.5%	10.5
2016	75.5	18.9%	14.2	71.8%	10.2
2017	80.7	19.3%	15.6	72.0%	11.2
2018	82.5	19.7%	16.3	73.0%	11.9
2019	81.2	29.8%	24.2	72.3%	17.5
2020	22.3	20.9%	4.7	72.3%	3.4
2021	20.8	17.6%	3.7	72.3%	2.6
2022	59.6	28.5%	17.0	72.4%	12.3
2023	94.8	25.0%	23.7	72.4%	17.2
2024	91.6	24.8%	22.7	72.4%	16.4

Source: *SAT **Futureneer Advisors Projection

Table 2.6 indicates the Domestic Direct Spend in South Africa, the Western Cape and Cape Town.

Utilising similar assumptions as for the number of domestic overnight tourists and the number of domestic bed nights, it was projected that the spend by domestic overnight tourists in Cape Town increased to R8 billion in 2024 from R6.4 billion in 2023 despite a decline of domestic overnight trips to Cape Town in 2024 compared to 2023. The reason for the increase relates to the data from SAT that indicates:

- An increase in the average length of stay from 4.3 nights in 2023 to 5.2 nights in 2024;
- An increase in the average spend per day from R1,193 in 2023 to R1,427 in 2024.

Table 2.6: Domestic Direct Spend in Cape Town (R'billion)

	Total spend by domestic tourists in South Africa (R billion)*	Share of total domestic spend in the Western Cape*	Total spend by domestic tourists in the Western Cape (R billion)*	Share of domestic spend in Cape Town**	Total spend by domestic overnight tourists in Cape Town (R billion)**
2013	24.0	9.0%	2.3	43.0%	1.0
2014	26.9	10.0%	2.8	43.2%	1.2
2015	23.6	9.0%	2.0	43.2%	0.9
2016	26.5	10.0%	2.5	43.0%	1.1
2017	22.1	7.0%	1.6	43.4%	0.7
2018	26.4	7.0%	1.8	43.4%	0.8
2019	43.9	17.6%	7.7	43.2%	3.3
2020	53.1	12.9%	6.8	43.2%	3.0
2021	45.4	15.0%	6.8	43.2%	2.9
2022	99.1	13.0%	12.9	43.3%	5.6
2023	121.4	12.2%	14.8	43.0%	6.4
2024	136.4	13.6%	18.6	43.0%	8.0

Source: *SAT **Futureneer Advisors Projection

3. Projected Tourism Gross Value Add in Cape Town

3.1 Introduction

The compilation of a tourism satellite account on a city or regional level to quantify the gross value add and employment of the tourism industry has various limitations and challenges. These include the ability to accurately measure the tourism economy of the city or region due to the lack of border posts where goods and services and the movement of tourists could be surveyed to allocate the flow of money through the economy.

For example, a scheduled tour of foreign tourists to South Africa may include overnight stays in Johannesburg, the Kruger National Park and Cape Town. When compiling a tourism satellite account for Cape Town, the total accommodation spend would need to be allocated between the various destinations. More problematic would be the allocation between the destinations of the transport costs and the commission earned by the tour operator.

Two approaches to regional tourism satellite accounts have been formulated to address these issues. Firstly, a regionalization approach can be adopted where the national tourism satellite account is apportioned on a regional basis using different indicators and methods. Secondly, a regional estimation approach can be followed where a tourism satellite account is calculated for a region on a similar basis as a national tourism satellite account. This approach requires sufficient data on a regional basis.

Given the lack of data on a city and regional level, a regionalization approach was adopted to quantify the economic contribution of tourism to the economy of Cape Town. The approach disaggregates the National Tourism Satellite Account produced by Stats SA to project the tourism gross value add in Cape Town.

3.2 Methodology

Statistics South Africa (Stats SA) publish the Tourism Satellite Account (TSA) for South Africa, provincial 2020, 2021 and 2022 on 14 March 2024. The Stats SA website indicated that Report-04-05-07 - Tourism Satellite Account for South Africa, final and provisional, 2023 will be published on 26 March 2026. Given the availability of data relevant estimates for the TSA was compiled based on the change in direct expenditure by foreign and domestic tourists during 2023 and 2024 as indicated by data from SAT.

The national tourism satellite account quantifies the foreign, domestic, and outbound tourism expenditure for South Africa. The foreign and domestic direct tourism expenditure, as calculated utilising the disaggregation of national tourism data, was used to calculate a comparable figure for Cape Town. Unfortunately, the outbound tourism expenditure for Cape Town is not available and there is no reliable source available to estimate this figure.

The national tourism satellite account deducts the intermediate consumption from this tourism expenditure to calculate the gross value added by the tourism industry. The intermediate consumption relates to the expenses related to the tourism expenditure such as salaries of staff, consumables, etc.

The intermediate consumption for Cape Town was assumed to have the same ratio of tourism expenditure to intermediate consumption as South Africa. The national tourism satellite account utilises input-output tables to calculate the intermediate consumption but given the lack of detail on a Cape Town level it was assumed that Cape Town tourism enterprises would have intermediate consumption on a similar ratio than tourism enterprises in South Africa as a whole.

The national tourism satellite account also quantifies the number of persons directly engaged in producing goods and services purchased by visitors. It was assumed that Cape Town's share of the number of persons engaged would be the same as the ratio of Cape Town's gross value add for tourism to South Africa's gross value add for tourism.

It should be noted that the national tourism satellite account produced by Stats SA measures the direct contribution of tourism to the economy. The World Tourism and Travel Council (WTTC) approach measures the direct, indirect, and induced contribution of tourism to the economy. For example, the expenditure by a guest in an hotel (direct) result in expenditure by the hotel on food, (indirect) and expenditure by the hotel's employees in local shops (induced). The direct, indirect, and induced contribution is often used to compare to the contribution of other industries to the economy while this report quantifies the direct contribution.

The projection of the gross value add for Cape Town in this report utilises the foreign and domestic direct spend, disaggregated from the data published by SAT as a base and extrapolates it taking into account the conceptual and methodological differences as described below.

The Tourism Satellite Account for South Africa, final 2016 and provisional 2017 and 2018, published by Stats SA in November 2019 states that: "*It is important to note that there are conceptual and methodological differences between the tourism foreign direct spend (TFDS) published by SAT, the BoP as compiled by the SARB, and consequently also the total inbound tourism expenditure in the TSA (Table 1 of the TSA).*

TFDS includes all expenditure by foreigners in South Africa. From this total, SAT excludes capital expenditure and the shopping expenditure of traders ('shuttle trade') as this is already included elsewhere in BoP statistics. The BoP is inclusive of concepts such as 'travel' receipts and 'international transportation' receipts. 'Travel' receipts include the domestic spending of seasonal and non-resident workers. The total inbound tourism expenditure as *reflected in Table 1 of the TSA therefore includes the 'travel' receipts and 'international transportation' receipts from the BoP as provided by the SARB, but excludes the domestic spending of seasonal and non-resident workers."*

Table 3.1 indicates the difference between the foreign direct spend in South Africa as projected by SAT and the inbound tourism expenditure in South Africa as projected by Stats SA. On average, between 2013 and 2012, the Stats SA projection was 147% more than the SAT projection.

Table 3.1 also indicates the difference between the domestic direct spend in South Africa as projected by SAT and the domestic tourism expenditure in South Africa as projected by Stats SA. On average, between 2013 and 2022, the Stats SA projection was 161% more than the SAT projection.

Table 3.1: Projections by SAT and Stats SA (R'million)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Foreign direct spend in South Africa*	63 937	64 171	68 162	75 546	80 725	82 500	81 187	22 336	20 810	59 641
Inbound tourism expenditure in South Africa**	94 183	106 728	108 760	121 400	120 979	120 037	121 512	35 855	24 014	71 087
Difference	147%	166%	160%	161%	150%	145%	150%	161%	115%	119%
Domestic direct spend in South Africa*	120 242	131 448	130 506	93 287	102 764	103 710	232 982	138 000	110 800	266 435
Domestic tourism expenditure in South Africa**	124 137	133 990	168 468	183 019	163 685	195 434	344 169	224 798	286 253	435 756
Difference	103%	102%	129%	196%	159%	188%	148%	163%	258%	164%

Source:
*SAT
** Stats SA

3.3 Projected Tourism Value Add and Employment

Table 3.2 and Table 3.3 indicates the tourism value add for Cape Town between 2013 and 2024 when the projected foreign direct spend in Cape Town is adjusted by the difference between the foreign direct spend in South Africa as per SAT and the inbound tourism expenditure in South Africa as per Stats SA.

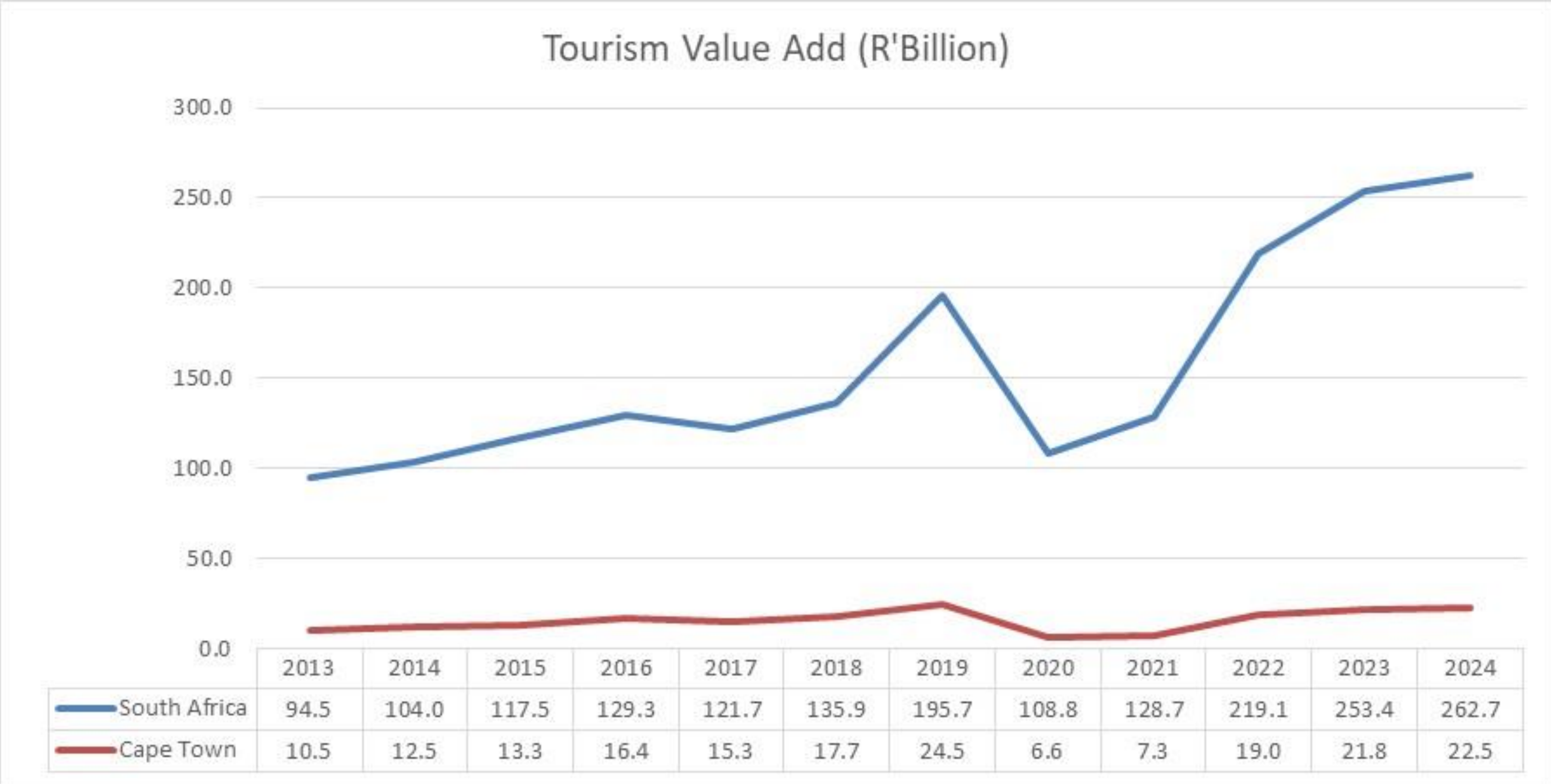
Table 3.2: Projected Tourism Value Add (R'billion)

Year	Location	+ Foreign tourism expenditure	+ Domestic tourism expenditure	= Total output	- Total intermediate consumption	= Total gross value add	Tourism GVA as % of Total GVA
2013	South Africa*	94.2	124.1	218.3	123.8	94.5	3.0%
2013	Cape Town**	13.7	10.6	24.4	13.8	10.5	3.4%
2014	South Africa*	106.7	134.0	240.7	136.7	104.0	3.0%
2014	Cape Town**	17.2	11.7	28.9	16.4	12.5	3.9%
2015	South Africa*	108.8	168.5	277.2	159.8	117.5	2.9%
2015	Cape Town**	16.7	14.7	31.4	18.1	13.3	4.1%
2016	South Africa*	121.4	183.0	304.4	175.1	129.3	2.9%
2016	Cape Town**	16.4	22.2	38.6	22.2	16.4	5.0%
2017	South Africa*	121.0	163.7	284.7	163.0	121.7	2.6%
2017	Cape Town**	16.8	19.0	35.8	20.5	15.3	4.5%
2018	South Africa*	120.0	195.4	315.5	179.6	135.9	2.7%
2018	Cape Town**	17.3	23.9	41.2	23.4	17.7	5.2%
2019	South Africa*	121.5	334.2	455.7	259.9	195.7	3.7%
2019	Cape Town**	26.2	30.8	56.9	32.5	24.5	7.1%
2020	South Africa*	35.9	224.8	260.7	151.9	108.8	1.1%
2020	Cape Town**	5.4	10.3	15.7	9.2	6.6	2.0%
2021	South Africa*	24.0	286.3	310.3	181.5	128.7	1.1%
2021	Cape Town**	3.0	14.4	17.5	10.2	7.3	2.1%
2022	South Africa*	71.1	435.8	506.8	287.7	219.1	2.9%
2022	Cape Town**	14.7	29.3	44.0	25.0	19.0	5.5%
2023 Rev	South Africa*	147.1	439.0	586.1	332.7	253.4	3.2%
2023 Rev	Cape Town**	25.3	25.1	50.4	28.6	21.8	6.1%
2024 Est	South Africa*	142.2	465.5	607.7	345.0	262.7	3.2%
2024 Est	Cape Town**	24.2	27.8	52.0	29.5	22.5	6.1%

Source: *Stats SA and **Futureneer Advisors Projection

Please note that a review of the difference between the tourism direct spend as published by SAT and the tourism expenditure as compiled by Stats SA for the Tourism Satellite Account resulted in a revision of the gross value add for Cape Town in 2023 to R21.8 billion. The estimate for 2024 is R22.5 billion which represents 6.1% of Cape Town's total gross value add.

Graph 3.1: Tourism Value Add



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
South Africa	94.5	104.0	117.5	129.3	121.7	135.9	195.7	108.8	128.7	219.1	253.4	262.7
Cape Town	10.5	12.5	13.3	16.4	15.3	17.7	24.5	6.6	7.3	19.0	21.8	22.5

Source: Stats SA and Futureneer Advisors Projection

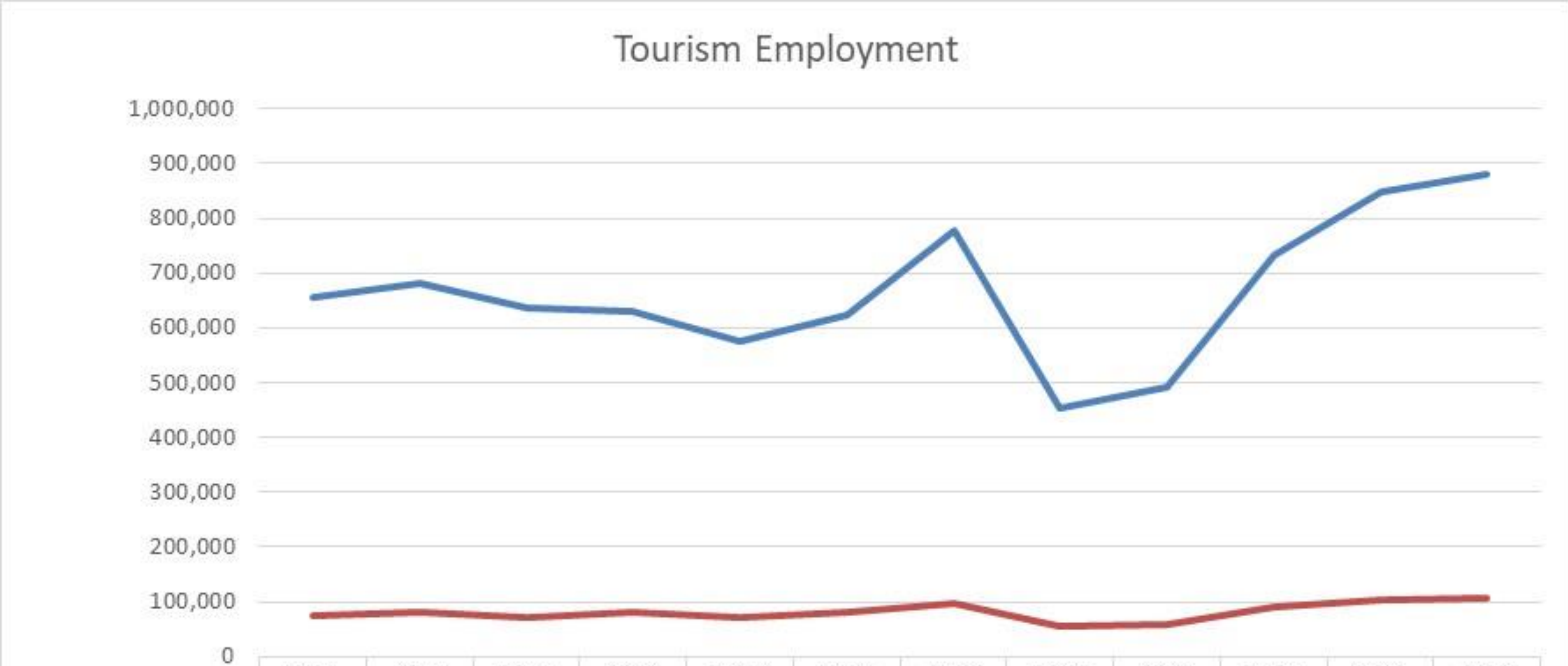
Table 3.3: Projected Tourism Employment

Year	Location	Employment	Tourism Employment as % of Total Employment
2013	South Africa*	655 587	4.4%
2013	Cape Town**	73 191	5.9%
2014	South Africa*	681 915	4.5%
2014	Cape Town**	81 865	6.5%
2015	South Africa*	635 544	4.0%
2015	Cape Town**	71 991	5.6%
2016	South Africa*	630 509	4.0%
2016	Cape Town**	80 001	6.1%
2017	South Africa*	575 910	3.6%
2017	Cape Town**	72 514	5.4%
2018	South Africa*	623 514	3.8%
2018	Cape Town**	81 381	6.0%
2019	South Africa*	777 686	4.8%
2019	Cape Town**	97 181	7.0%
2020	South Africa*	454,114	3.0%
2020	Cape Town**	55,353	4.4%
2021	South Africa*	492,561	3.4%
2021	Cape Town**	60,039	4.7%
2022	South Africa*	733,385	4.7%
2022	Cape Town**	89,394	6.2%
2023 Rev	South Africa*	848,050	5.0%
2023 Rev	Cape Town**	103,371	6.7%
2024 Est	South Africa*	879,297	5.2%
2024 Est	Cape Town**	106,706	6.9%

Source: *Stats SA and **Futureneer Advisors Projection

The number of people directly employed in the Cape Town's tourism industry was revised from 2020 to account for a change in the employment elasticity. Employment elasticity quantifies the relationship between job creation and economic growth. In this case the number of jobs created or lost based on the increase or decrease in the size of the tourism industry. Between 2013 and 2019 the employment elasticity was consistent, but it did change from 2020. It would seem that despite a significant decrease in the tourism industry during Covid-19 the tourism industry found ways to keep its staff employed. The employment in Cape Town's tourism industry in 2024 increased to 106,707 and represents 6.9% of total employment in Cape Town.

Graph 3.2: Tourism Employment



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
South Africa	655,587	681,915	635,544	630,509	575,910	623,514	777,686	454,114	492,561	733,385	848,050	879,297
Cape Town	73,191	81,865	71,991	80,001	72,514	81,381	97,181	55,353	60,039	89,394	103,371	106,706

Source: Stats SA and Futureneer Advisors Projection