

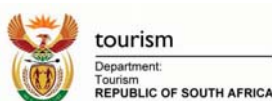
What happened since the UNWTO workshop in November 2009?

Inputs from the National Department of Tourism (NDT)



... in summary

- Accommodation database was compiled and launched by the Minister of Tourism;
- Investigation into the perceived hiking of prices by accommodation establishments before the 2010 FIFA World Cup done through a survey;
- Draft National Tourism Sector Strategy was approved and published for public comments till 31 July 2010;
- Busy reviewing the Tourism Legislation in line with the Sector Strategy;

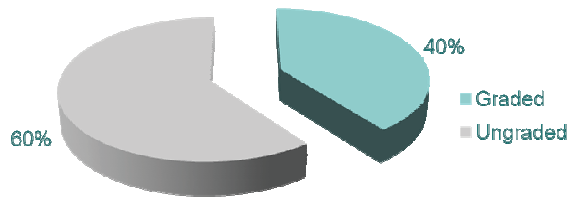


Accommodation database



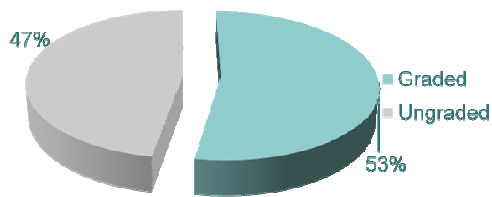
... accommodation stats

% Of Accommodation by Grading Status



- Total Accommodation Establishments: 18 882
 - 7 492 Graded
 - 11 390 Ungraded

% Of Rooms by Grading Status

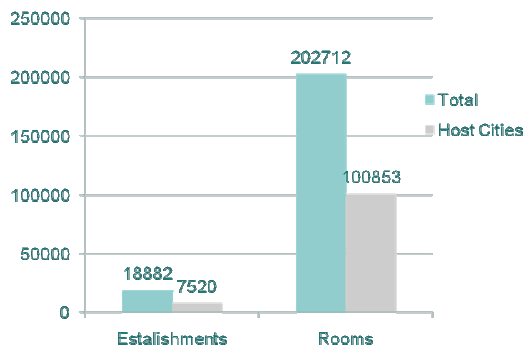


- Total number of rooms : 202 712
 - 107 119 in Graded Establishments
 - 95 593 in Ungraded establishments

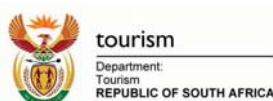


... accommodation stats: Host Cities

Host Cities Stats: Establishments and Rooms



- Total Number of Establishments in Host Cities: 7 520
- Total number of rooms in Host Cities: 100 853



... national total

o Current SA Database

- 18 882 establishments

Rooms	*Beds
202 712	405 424

* Used the ratio of 2 beds for every room



... accommodation establishments per Host City (50km Radius)

Host City	Establishments (Nr.)	Rooms (Nr.)	Beds (Nr.)
Cape Town	2 690	29 865	59 730
Durban	1 067	13 751	27 502
Johannesburg	1 545	26 786	53 572
Mangaung	225	2 677	5 354
Nelspruit	301	4 484	8 968
Polokwane	149	2 794	5 588
Port Elizabeth	439	4 152	8 304
Rustenburg	164	3 489	6 978
Pretoria	940	12 855	25 710
Total	7 520	100 853	201 706

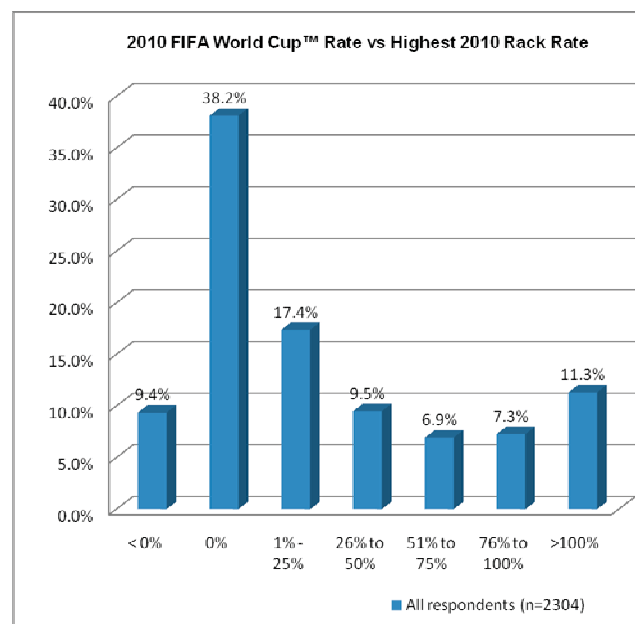
Price survey

... purpose of the study

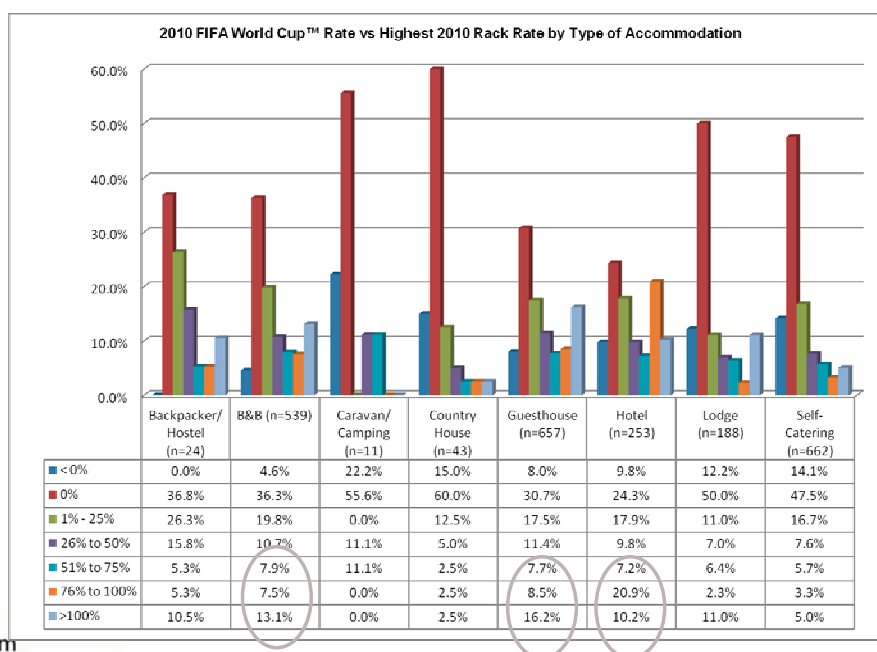
- Study was conducted by Grant Thornton;
- Concern about value for money perception offered by accommodation sector during the 2010 FIFA World Cup™;
- Anecdotal reports of 2010 FIFA World Cup™ prices significantly above peak season rates;
- NDT required factual information on actual rates during the 2010 FIFA World Cup™ with comparison to rates outside of the 2010 FIFA World Cup™;

... 2010 FIFA World Cup™ Rate compared to Highest 2010 Rack Rate

- 74% no premium / charging a premium of 50% or less
 - 48% not charging a premium at all
- 26% charging a premium of more than 50% over highest 2010 rack rate
 - 11% charging a premium of more than 100%



... 2010 FIFA World Cup™ Rate compared to Highest 2010 Rack Rate – by accommodation type



... conclusion

- Majority (74%) of operators were not charging a premium or premium of less than 50% on highest 2010 rack rate;
- 26% charging premium of 50% or more on highest 2010 rack rate;
- Price premiums are a global norm during "big events" – principles of supply and demand;
- Extremely high premiums expected when demand far exceeds supply (i.e. Athens) – poor reputation IRO "gouging" inevitable;
- Lower premiums expected in areas further away from host cities and higher premiums close to stadia;
- Research findings reflective of these economic principles;

... conclusion (cont.)

Mitigating arguments to high premiums:

- Prices increased off a low base will yield a high premium;
- Overall depressed rack rates due to tough market conditions;
- Rates influenced by contracts set in 2007 based on economic conditions that have not materialised;
- Contractually not permitted to alter rates until 10 April 2010;
- Inclusion of additional services/ facilities in 2010 FIFA World Cup™ rates compared to normal rates;
- Rates are quoted/ asked and not those actually



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... commitment made by the industry

- Code of Conduct for major events
- Industry will encourage membership of associations
 - ✓ Extend reach and influence to more stakeholders
- Continued strong action against transgressors



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“Given the fact that South Africa is a robust free market economy, fans are encouraged to shop around, and avoid establishments with exorbitant pricing, in line with our desire that South Africa continues to remain a value-for money destination”

*Minister van Schalkwyk
Leaders of the tourism industry
26 March 2010*



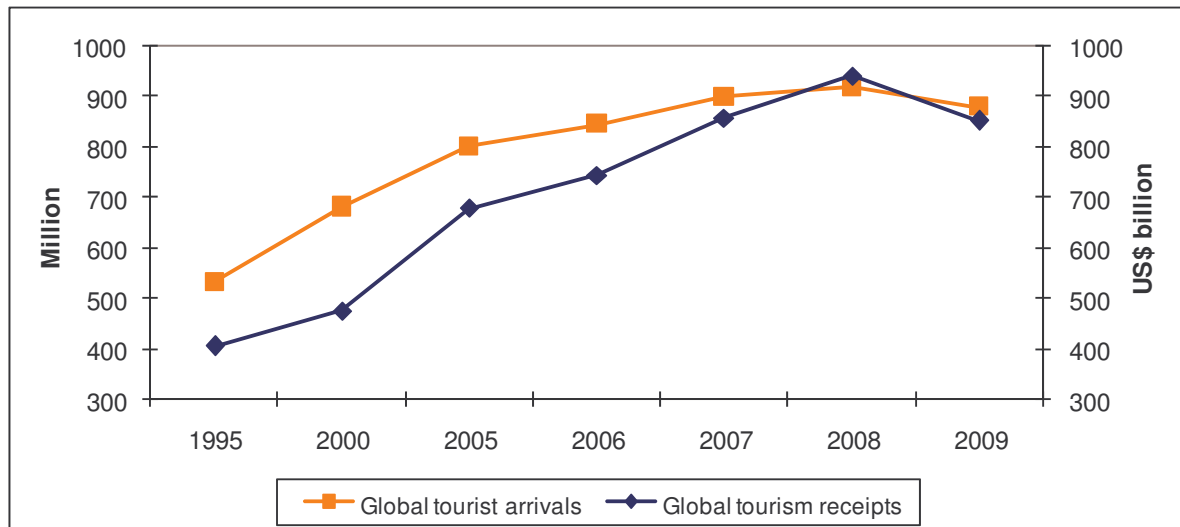
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National Tourism Sector Strategy



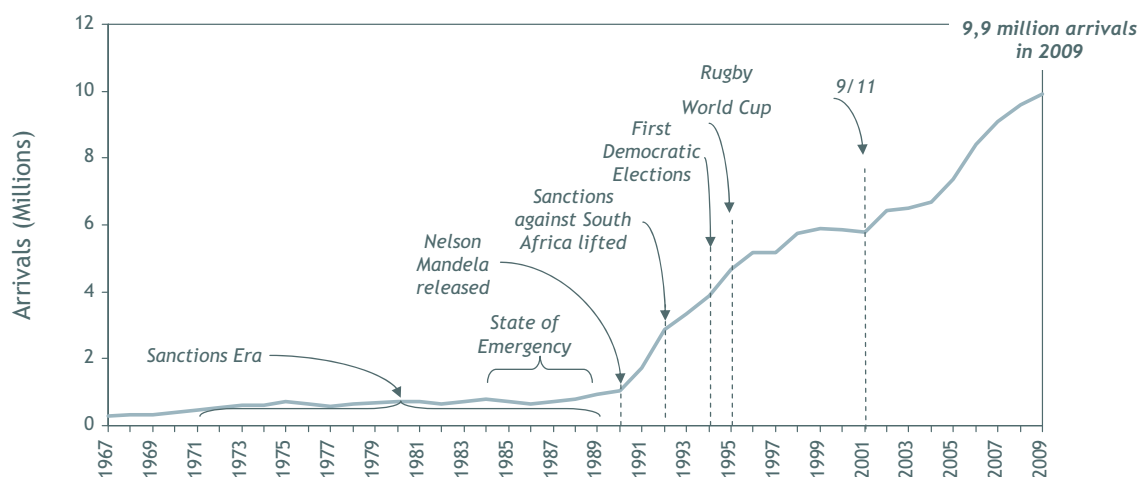
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... global picture



... arrivals to South Africa continues its upward climb reaching 9,9 million arrivals in 2009

Foreign Tourist Arrivals to South Africa, 1967-2009



1970s and 80s - Stagnation

- Stagnation drove low investment, focus on narrow white domestic market and costs

1990-1998 - Growth

- Initial period of short-term profit-taking followed by period of investment growth and entry of foreign players

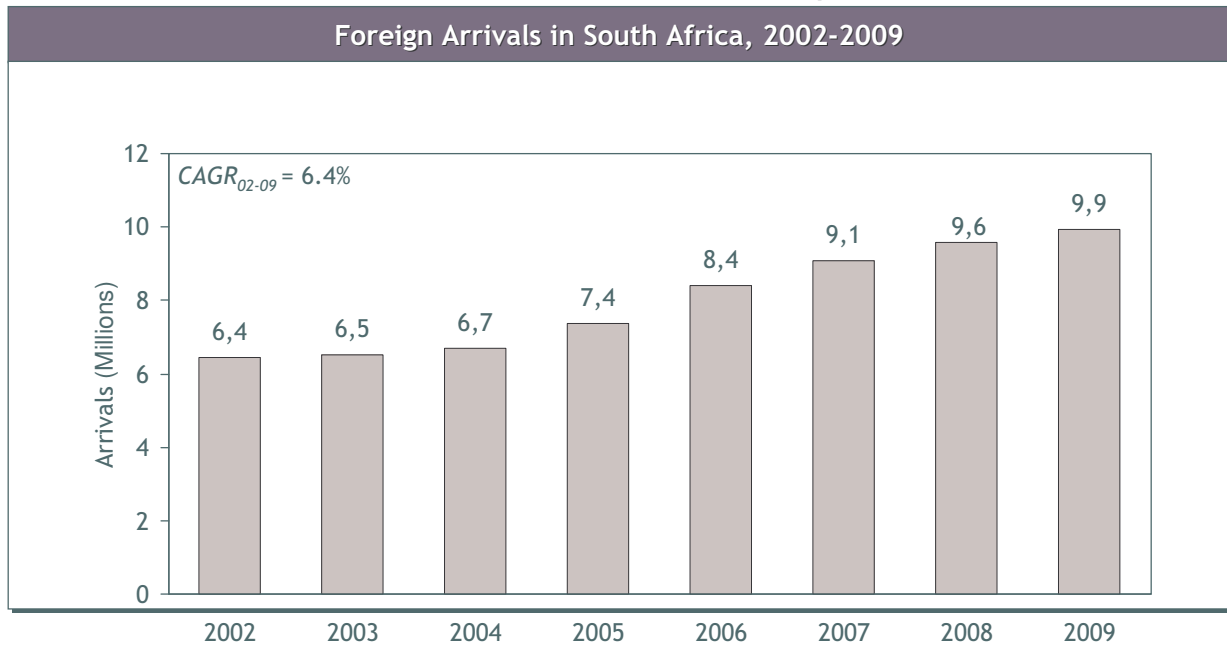
1998-2004 - Cyclicity

- Global events, currency volatility drove uncertainty and short-term strategy by firms
- Investment rates remain weak overall



*Comments captured from a series of interviews of participants interviewed and anecdotal evidence
Source: Stats SA, Tourism & Migration release

... there were over 63 million foreign arrivals to South Africa over the period 2002 and 2009



	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Year-on-Year Change	1.2%	2.7%	10.3%	13.9%	8.3%	5.5%	3.6%

REPUBLIC OF SOUTH AFRICA
Source: Stats SA, Tourism & Migration release

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... scenarios and assumptions

- There is complete recovery from recession across the world (particularly in our core and investment markets);
- The country continues to collect revenue above target allowing for increased allocations to tourism;
- A positive and memorable 2010 experience for visitors and for viewers, listeners and web surfers;
- There is conducive political, policy and regulatory environment for travel and tourism;
- Complete ownership of responsibilities by all parties.
- There is limited blockages (e.g. natural disasters, access to development finance, market access...);

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... the development of the NTSS

- took into account the:
 - principles and objectives of the Tourism White Paper of 1996;
 - electoral mandate (e.g. growth and decent job creation);
 - medium-term strategic framework priorities;
 - new outcomes-based approach to government performance;
- recognised:
 - tourism is a concurrent function across all spheres of government;
 - enabling role that other government departments play in tourism;
 - role that private sector and ordinary South Africans play in making tourism a success;
- acknowledges:
 - that tourism, both internationally and domestically, has grown significantly since 1994 but recognises that it has not yet reached its full potential;



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... Vision

Boldly growing responsible tourism together to deliver memorable experiences for all our tourists and sustainable benefits for all South Africans



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... Mission

We will achieve our vision through:

- o effective cooperative partnerships;
- o dramatically improving service levels;
- o quality, innovative, unique and authentic products which meet market needs;
- o providing value for money;
- o inspiring more South Africans to enjoy the tourism experiences of our country;
- o ever increasing numbers of foreign tourists experiencing our country;
- o leading the world in environmentally sustainable tourism;
- o addressing people development;
- o providing decent work; and
- o increasing investment.

... responsible growth objectives

- 1 **To grow the tourism sector's absolute contribution to GDP by more than average GDP growth**
- 2 **To achieve transformation within the tourism sector**
- 3 **To provide excellent people development and decent work within the tourism sector**
- 4 **To entrench a culture of travel amongst South Africans**
- 5 **To deliver a world-class visitor experience**
- 6 **To address the issue of geographic, seasonal and rural spread**

... Key indicators

o To grow the tourism sector's absolute contribution to GDP by more than average GDP growth;

o To achieve transformation within the tourism sector;

o To provide excellent people development and decent work within the tourism sector;



- Contribution to GDP and Employment;
- Foreign Visitor Arrivals
- Domestic Tourism;
- Investment;
- # of tourism industry companies with BBBEE ratings;
- # of tourism industry companies reaching Tourism Charter Targets;
- # of black majority owned companies (small, medium & large);
- Culture of travel amongst South Africans;
- # of population penetration of black domestic tourists;
- Tourism industry provides decent work & the industry recognised as a provider of decent work;
- Tourism industry provides an attractive career choice, skills development and career progression;

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... Key indicators (cont.)

o To entrench a culture of travel amongst South Africans;

o To deliver a world-class visitor experience;

o To address the issue of geographic, rural and seasonal spread;



- Domestic holiday travel across all markets;
- Develop a positive attitude to and a greater propensity / willingness to undertake leisure travel and holidays in SA amongst South Africans;
- Deliver experiences that equal/surpass expectations of foreign visitors;
- Meet or exceed expectations of domestic tourists;
- Share of foreign tourist bed nights spent in least and mid-level visited provinces;
- Share of domestic tourist bed nights spent in least visited provinces;
- Number of visitors and bed nights spent in rural areas;
- Supply of rural tourism products with acceptable patronage & revenue levels;
- Seasonality index of all foreign arrivals;
- Share of foreign bed nights in low season months;
- Share of domestic bed nights in low season months;

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... key interventions

Demand

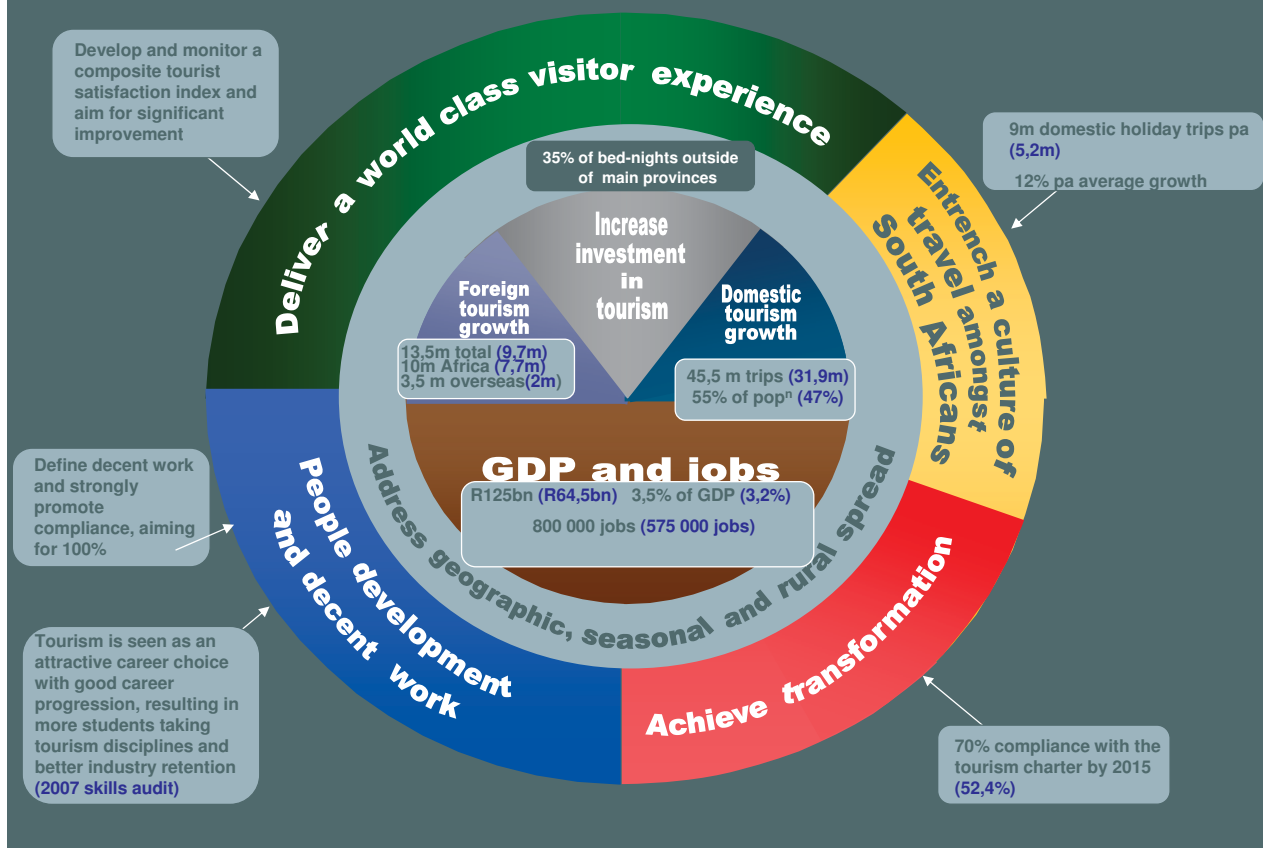
- o Branding
- o Convention Bureau;
- o Strengthening of domestic tourism;
- o International Marketing (core markets)
- o New markets identification and development

Supply

- Product development (e.g. cultural, heritage, rural);
- Niche tourism (e.g. science, cruise, medical);
- Strengthening of quality assurance (not only accommodation);
- Service excellence;
- Transformation (small, medium and large establishments);



2015: KEY TARGETS



... coordination mechanisms

- Delivery Forum;
- Participation of private sector;
- Ownership of government entities;
- Proper monitoring mechanisms;

... moving forward

- More than 27 000 emails were received (strategy@tourism.gov.za);
- The comments will be studied and draft NTSS updated accordingly;
- Approval of NTSS from Cabinet;

**RE A LEBOGA
SIYABONGA
DANKIE
THANK YOU**

