

## **SATSA KZN – News Stream April 2011**

### **The general economy**

The IMF projects activity in the advanced economies to expand by 2.5% during 2011–12, which is still sluggish considering the depth of the 2009 recession and insufficient to make a significant dent in high unemployment rates. The IMF kept its 2011 gross domestic product growth forecast for sub-Saharan Africa at 5.5% and modestly raised its estimate for next year to 5.9% from 5.8%.

The IMF further states that the region's economic powerhouse, South Africa will trail behind, with growth forecast at 3.5% this year and 3.8% in 2012 – insufficient to reverse the substantial job losses of the past two years.

*Source: KZN Provincial Treasury*

### **FNB TBCSA Tourism Business Index**

The latest FNB TBCSA Tourism Business Index (TBI) compiled Grant Thornton Strategic Solutions will be released soon for the 2<sup>nd</sup> quarter of 2011. The purpose of the TBI is to provide individual tourism businesses with regular, up-to-date information on the performance of tourism businesses, including the outlook for performance over the next three months.

The findings of the TBI will be discussed in the next newsletter.

### **KwaZulu-Natal Tourism Master Plan**

The KZN Department of Economic Development and Tourism (DEDT) is currently developing a provincial tourism master plan that will provide strategic direction for tourism management, development and marketing of KZN for the next 20 years. Grant Thornton has been appointed to develop the master plan. The plan is currently in the strategy development phase (2<sup>nd</sup> phase of a 3-phase study which will run until September 2011) and an industry participation workshop will be held in mid-June 2011 for industry stakeholders to comment on the draft strategy document.

SATSA members who would like to be invited to attend the workshop can email Bernadine Galliver with their contact details on [bgalliver@gtdbn.co.za](mailto:bgalliver@gtdbn.co.za).

A ‘captains of industry’ focus group discussion is being held at Indaba on 7 May 2011 with the CEOs of major hotel groups and tour operators to obtain their inputs on how to develop tourism in the province.

*Source: Grant Thornton Strategic Solutions*

## Aviation news

### Velvet Sky airline commences operations

South Africa's new low cost airline, based in Durban, and called 'Velvet Sky' commenced operations in mid-March 2011. The airline offers flights between Durban, Johannesburg and Cape Town.

## KZN Airport Movements

Per Annum Total											
	Bloem	East London	George	Kimberley	Port Elizabeth	Upington	King Shaka International	OR Tambo International	Cape Town International	Pmb	TOTAL
2005	130 308	297 455	294 496	57 981	647 269	16 461	3 690 243	16 111 781	6 668 875	48 000	27 962 869
2006	156 795	334 355	298 394	64 216	710 411	17 778	4 032 193	17 229 694	7 224 521	77 832	30 146 189
2007	214 048	370 441	328 302	75 124	749 813	22 534	4 799 702	19 336 300	8 317 341	78 536	34 292 141
2008	207 448	354 032	317 111	78 134	734 716	23 988	4 458 715	18 501 628	8 077 435	75 337	32 828 543
2009	199 766	288 201	263 032	65 678	621 402	20 824	4 304 729	17 554 721	7 723 975	60 411	31 102 739
2010	203 074	321 665	265 545	66 779	706 500	22 423	4 719 986	18 314 537	8 021 752	61 255	32 703 516
2011 YTD	13 094	28 113	20 270	4 045	56 252	2 066	397 781	1 507 654	689 035	3 500	2 721 810
<b>Total</b>	<b>1 124 533</b>	<b>1 994 261</b>	<b>1 787 149</b>	<b>411 957</b>	<b>4 226 363</b>	<b>126 074</b>	<b>26 403 349</b>	<b>108 556 315</b>	<b>46 722 934</b>	<b>404 871</b>	<b>191 757 808</b>

Source: KZN Provincial Treasury April Economic Stats Report, ACSA

## KZN Hotel news

- Three Cities Gateway Hotel (April opening) located opposite Gateway Mall in Umhlanga and offering 146 rooms with 5 conference venues (maximum delegate capacity of 600). The hotel is three-star standard. (Source: [www.threecities.co.za](http://www.threecities.co.za))
- Hotel Izulu has added another conference room to its facilities. The new boardroom-style conference room overlooks the hotel's gardens and can accommodate up to 30 delegates. Guests are able to book one of the hotel's introductory offers for R1 650 per delegate per night, fully inclusive, or R300 per delegate per day. (Source: [www.tourismupdate.co.za](http://www.tourismupdate.co.za)).

## STR stats

- KZN hotel occupancies were 45.2% in January 2011, with Durban achieving 50.4% and KZN regional 31.4%. KZN occupancies were slightly below the SA average of 47.2% in January 2011.
- Compared to January 2010, KZN hotel occupancies declined by 2.7% but Durban hotels increased by 3.9%. KZN regional hotels experienced a significant decline in occupancies compared to January 2010 at 22.2%.
- Five-star hotels in Greater Durban experienced major increases in occupancy levels in January 2011 compared to January 2010 (increase of 62.0%).

Source: STR Global

## Upcoming industry events

### SATSA AGM

The next SATSA AGM (national) will be held at the Durban ICC on 6 May from 15.00-17.00. We encourage all KZN members to attend this important event.

### SATSA Consumer Protection Act information sessions

SATSA will be running information sessions on the new Consumer Protection Act and what it means for your tourism business in the near future.

Watch this space for more information.

## **HICA Conference**

The Hotel Investment Conference Africa is happening at the Fairmont Zimbali Resort, Ballito from 5-6 May 2011. HICA's objectives are to:

- Focus on developments in the hotel and wider hospitality sector in southern Africa;
- Showcase Southern Africa as a viable, solid investment option to potential investors;
- Provide networking opportunities, particularly for hoteliers, investors and developers;
- Provide insight into global best practice and trends in the sector; and
- Provide a platform to promote real investment projects – current and new.

The 2011 HICA awards, spearheaded by the Tourism Business Council of South Africa (TBCSA) and audited by Grant Thornton, will take place with the winners being announced during the course of the event. The finalists for the tourism leadership awards are:

- Linda Pampallis – CEO of Thompsons Africa
- Clifford Ross – CEO of City Lodge Hotels
- Graham Wood – MD of Southern Sun Hotels

Registration for the conference is still open – refer to the HICA website for more information.

*Source: [www.hica.co.za](http://www.hica.co.za)*

## **Indaba 2011**

Indaba is set for 7-10 May 2011 at the Durban ICC. It is one of the largest tourism marketing events on the African calendar and attracts over 13 000 delegates from the travel, tourism and related industries.

Springbok Atlas, a well known SATSA member, was recently awarded a 3-year contract to handle transport services for Indaba.

*Source: [www.indaba-southafrica.co.za](http://www.indaba-southafrica.co.za)*

## **SAT speed marketing workshop in Durban July 2011**

SAT will again be bringing their speed marketing workshops to KZN. The workshops have been set for 28 July 2011 and will give the trade opportunities to present their products and services to major players in the industry.

For further details, watch the SATSA website [www.satsa.com](http://www.satsa.com).

## **Other tourism news**

### **SATSA KZN internship initiative – call for interested SATSA members**

SATSA KZN is committed to improving human resource capacity within the tourism industry and is investigating the possibility of providing internships to previously disadvantaged students. We invite those SATSA KZN members who are interested in providing internships to students from the Durban Institute of Technology to please contact Gwyn Glaister-Heaton so that the KZN committee can ascertain industry interest in pursuing this initiative.

Please email Gwyn Glaister-Heaton with your details on [gwyn@globalconf.co.za](mailto:gwyn@globalconf.co.za) if you are interested.

## **Final National Tourism Sector Strategy launch**

The National Tourism Sector Strategy (NTSS) was launched in March by the Minister of Tourism, Marthinus van Schalkwyk, who said it would help position tourism as one of the fundamental pillars of the South African economy.

*“The NTSS is a result of intense collaboration between the National Department of Tourism (NDT), an advisory panel of top industry minds, representatives of a variety of professional bodies in the tourism sector, academia, provinces, tourism-marketing agencies, civil society, local and national governments and members of the public,”* said Van Schalkwyk.

*“The process of formulating the strategy, gathering and incorporating comments and input and fine-tuning this product was comprehensive and consultative and the result is a sector strategy we can all collectively take ownership of,”* he added.

The NDT received more than 37 000 inputs on the draft strategy, which was published in May last year. *“These were considered and further bilateral consultations on the revised draft strategy were held with stakeholders,”* said the NDT in a statement. *“The final document has therefore been more than 18 months in the making and was formally approved by Cabinet on March 2, 2011.”*

*“The vision of the NTSS is to position SA as one of the top 20 tourism destinations globally by 2020, and I believe our concerted and focused efforts as a sector will enable us to reach this goal,”* said the Minister.

### **Key focus areas of the NTSS are:**

- Arrivals – the strategy will direct the achievement of increased numbers of tourists to SA, with a target of increasing foreign tourist arrivals to 15 million in 2020.
- GDP – the aim is to increase tourism’s contribution to GDP from an estimated R189,4bn in 2009 to R499bn by 2020.
- Job creation – the aim is to create 225 000 jobs by 2020.

To achieve these three overarching objectives, the NTSS will focus on:

- Domestic tourism development – by increasing the number of domestic trips from 30,9 million in 2009 to 54 million by 2020.
- Regional tourism development – by establishing five SA Tourism offices within the continent by 2020.
- Emerging markets – the NTSS requires that in terms of the determination of target markets and marketing approaches we recognise the need to leverage on the platforms facilitated by BRICS.
- Business Events – by establishing a National Convention Bureau under the auspices of SA Tourism, which will be operational in the new financial year.

*Source: [www.tourismupdate.co.za](http://www.tourismupdate.co.za)*

## **Tourism to benefit from R10bn IDC scheme**

**The Industrial Development Corporation (IDC) has ring-fenced a R10bn scheme for the next five years with the aim of growing the country's economy as well as creating employment.** While the R10bn will be used to fund projects across several sectors, it will mean that more tourism projects should be able to qualify for financing.

Mbuyazwe Magagula, Head of the IDC's Tourism Business Unit, says he recognises that the institution needs to be more proactive than it has been in the past in seeking out tourism projects. "The IDC is adopting a more proactive stance. We want to develop sizeable projects with people that have experience

and we are looking for business opportunities," he says.

He says the IDC is keen to develop certain segments of the tourism industry, particularly niche sports and adventure projects, with high-volume and high-value business models. "We will also continue to be involved in accommodation projects but we will be quite selective with a focus on large rural projects in areas where there is market need," says Magagula. The IDC is also interested in developments outside of SA in other SADC countries, as well as East and West Africa.

"While we prefer start ups, refurbishments and expansions are also part of what we do," says Magagula. "Developments also need to be responsible. We want to get to the position where there is a gradual introduction of capacity and move away from the cyclical shock pattern we find ourselves in now," he says.

Magagula explains that ready-made projects, with feasibility studies and complete business plans already in place, simply need to submit their proposal to the IDC and it shouldn't take longer than a week before the applicant gets a response. "The IDC will look at whether the project is viable and whether the applicant is investing their own money into the initiative before making a decision," he says. "If it makes sense, the IDC will send a set of paperwork to the applicant with the terms and conditions, as well as the funding and repayments terms, which will form the basis of proceedings. This is followed by a detailed due diligence process, where the IDC will investigate the marketing and technical plans, which will then be pulled together into a financial model with will be discussed with the applicant and the legal agreements will follow."

Magagula says individual applications tend to fall flat when it comes to the marketing elements of their proposal. "Applicants don't spend much time on understanding their competitors and establishing whether there's a need for their project. This is probably because tourism isn't as well researched as other sectors of the economy, so data on market segmentation, as well as the number of rooms available in different parts of the country isn't readily available," he says. "People also don't look at the cost of the development that critically."

*Source: [www.tourismupdate.co.za](http://www.tourismupdate.co.za)*

### **New acting CEO of the ICC**

Julie-May Ellingson has been appointed acting CEO of the Durban ICC. (*Source: ICC Board Chairperson*)