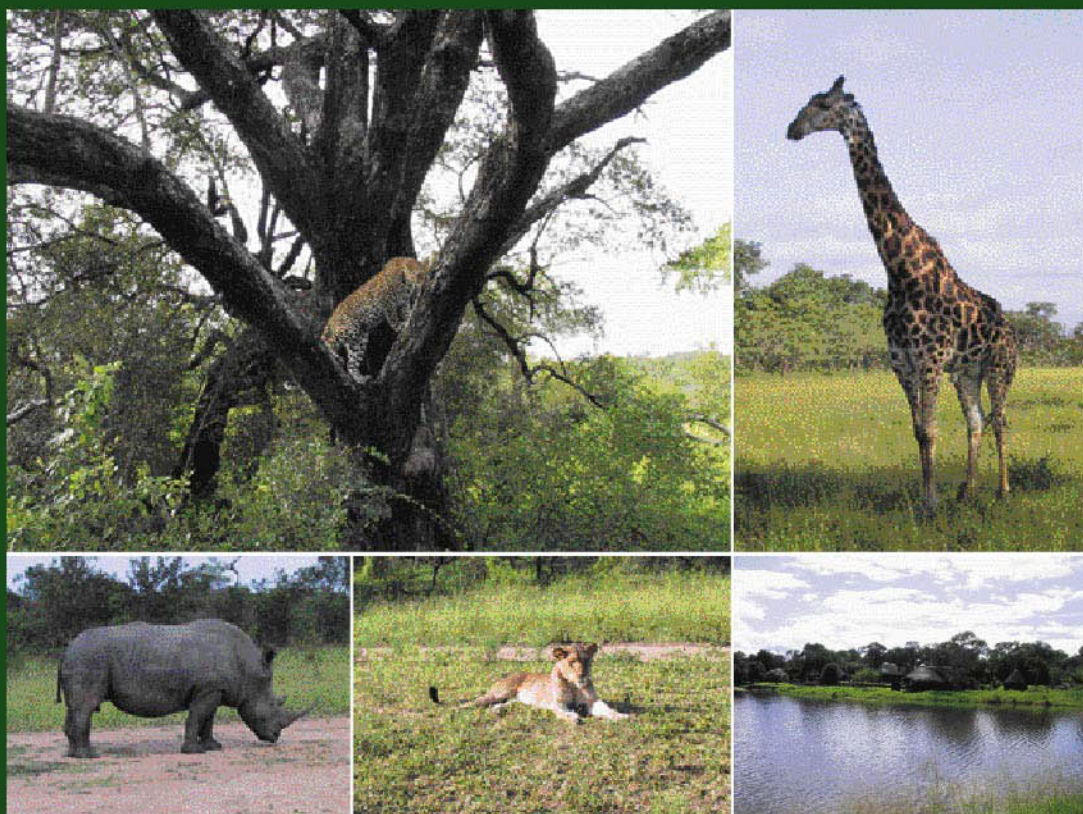


**REPUBLIC OF SOUTH AFRICA
DEPARTMENT OF ENVIRONMENTAL AFFAIRS & TOURISM
AND SOUTH AFRICAN TOURISM**

JAPAN INTERNATIONAL COOPERATION AGENCY

**THE STUDY ON TOURISM PROMOTION AND
DEVELOPMENT PLAN IN THE REPUBLIC OF
SOUTH AFRICA**



**FINAL REPORT
Volume 1: Tourism in South Africa**

JULY 2002

PADECO Co., Ltd.
PACIFIC CONSULTANTS INTERNATIONAL

Towards Tourism Development in South Africa

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PREFACE

In response to a request from the Government of the Republic of South Africa, the Government of Japan decided to conduct a study on “Tourism Promotion and Development Plan in the Republic of South Africa” and entrusted the study to the Japan International Cooperation Agency (JICA).

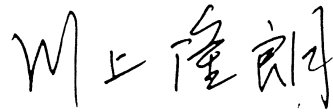
JICA selected and dispatched a study team headed by Mr. Yuichiro Motomura of PADECO Co., Ltd. and consisting of Pacific Consultants International Co., Ltd., to South Africa, three times between May 2001 and May 2002. In addition, JICA set up an advisory committee headed by Mr. Hiroshi Tsutsui, Advisor, Toshiba Co. Ltd., between May 2001 and May 2002, which examined the study from technical points of view.

The team held discussions with the officials concerned of the Government of South Africa and conducted field surveys at the study area. Upon returning to Japan, the team conducted further studies and prepared this final report.

I hope that this report will contribute to the promotion of this project and to the enhancement of friendly relationship between our two countries.

Finally, I wish to express my sincere appreciation to the officials concerned of the Government of South Africa for their close cooperation extended to the study team.

July 2002



Takao Kawakami
President

Japan International Cooperation Agency

July 2002

Mr. Takao Kawakami
President
Japan International Cooperation Agency
Tokyo, Japan

Letter of Transmittal

Dear Sir,

We are pleased to submit herewith the final report of “the Study on Tourism Promotion and Development Plan in the Republic of South Africa”.

This report presents the results of the study, which was undertaken in the Republic of South Africa, from March 2001 to June 2002 by the Study Team, organized jointly by PADECO Co., Ltd. and Pacific Consultants International Co., Ltd.

We owe a great deal to many people for the completion of this report. We would like to express our deep appreciation and sincere gratitude to all those who extended their kind assistance and cooperation to the Study Team, in particular, the concerned officials of the Department of Environmental Affairs and Tourism and South African Tourism in the Republic of South Africa.

We are very much thankful to the officials of your agency, the JICA Advisory Committee, the Ministry of Foreign Affairs, and the Ministry of Land, Infrastructure and Transport of the Government of Japan.

We do hope that the report will contribute to facilitating further socio-economic development in the Republic of South Africa.

Very truly yours,

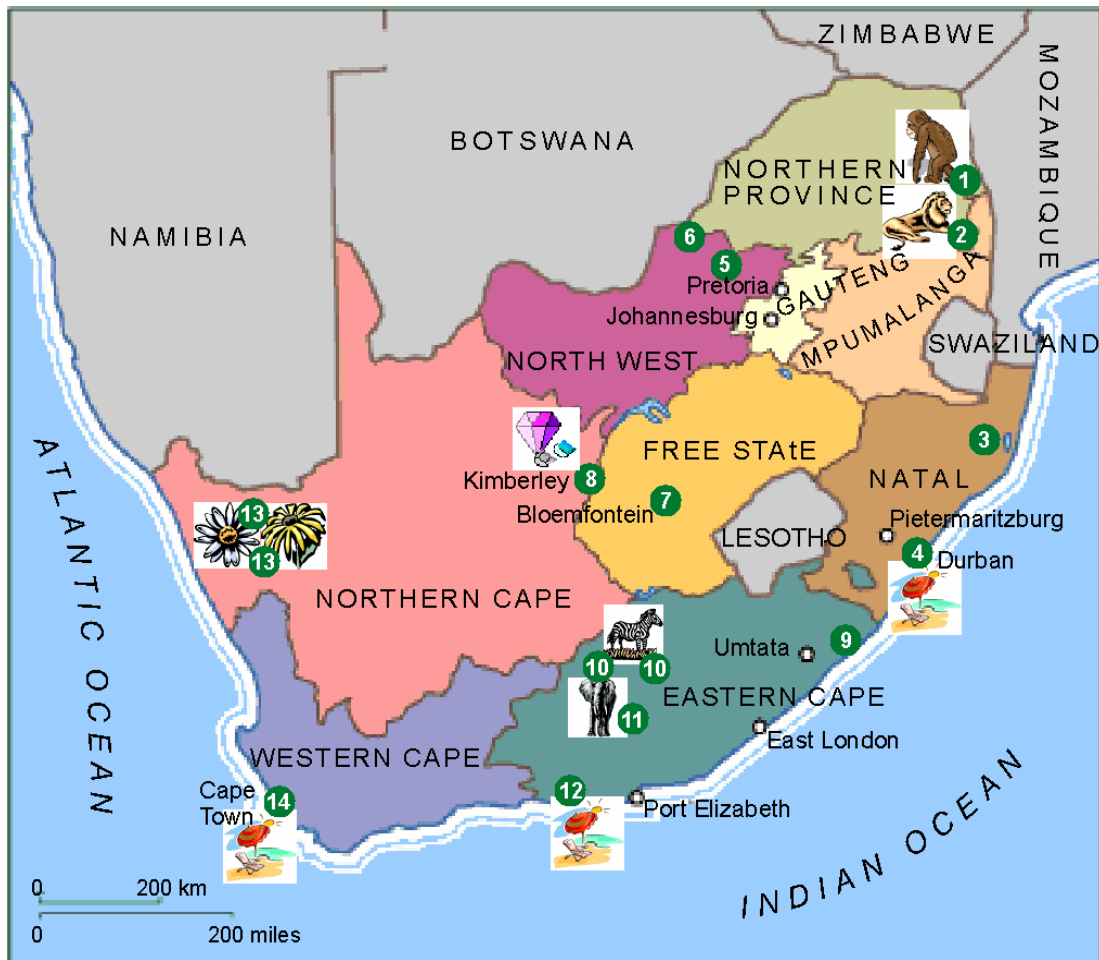


Motomura Yuichiro

Team Leader

The Study Team for Tourism Promotion and
Development Plan in the Republic of South Africa

MAP OF SOUTH AFRICA AND ITS TOURISM RESOURCES



- 1 Kruger National Park
- 2 Blyde River
- 3 Zululand
- 4 Durban
- 5 Sun City
- 6 Madikwe Game Reserve
- 7 Bloemfontein
- 8 Kimberley
- 9 Mkambati Nature Reserve
- 10 Mountain Zebra National Park
- 11 Addo Elephant National Park
- 12 Tsitsikamma National Park
- 13 Namaqualand
- 14 Cape Town

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List of Abbreviations

ACSA	Airports Company of South Africa
APCOSA	The Association of Professional Conference Organizers of Southern Africa
ASATA	Association of Southern African Travel Agents
ATM's	Air Traffic Movements
ATNS	Air Traffic and Navigation Services Company
B&B	Bed and Breakfast
BABASA	Bed and Breakfast Association of South Africa
BEE	Black Economic Empowerment
CAIA	Chemical and Allied Industries Association
CBOs	Community-Based Organizations
CBRTA	Cross-border Road Transport Agency
CIP	Critical Infrastructure Programme
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COASA	The Coach Operators Association of South Africa
CPPP	Community Public Private Partnership Programme
CSIR	Council for Science and Industrial Research
DBSA	Development Bank of Southern Africa
DEAT	Department of Environment Affairs and Tourism
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
EIA	Environmental Impact Assessment
EIBTM	European Incentive Business Travel and Meeting Exposition
EIR	Environmental Impact Report
ETQA	Education and Training Quality Assurance body
EU	European Union
EXSA	The Exhibition Association of South Africa
FEDHASA	Federated Hospitality Association of South Africa
FSC	Forestry Stewardship Council
GDP	Growth Domestic Product
GEAR	Growth, Employment and Redistribution
GGP	Gross Geographic Product
GKG	Gaza-Kruger Gonnarezhou
GSM	Global Systems for Mobile Communications
GSA	Ground Service Agents
GTA	General Travel Agents
HCTC	Hospitality and Catering Training Council
HILG	Hotel Industry Liaison Group
HITB	Hospitality Industries Training Board
HSRC	Human Science Research Centre
IA	Implementing Agent
IATA	International Airline Transport Association
ICC	International Convention Centre
ICUN	World Conservation Union
IDC	Industrial Development Corporation
ITMAS	International Tourism Marketing Assistance Scheme
JICA TPDP	Japan International Cooperation Agency Tourism Promotion and Development Plan
JTB	Japan Travel Bureau
KZN	KuwaZulu-Natal
LSM	Living Standard Measure
LTO	Local Tourism Organization
MATTA	Malaysian Association of Tour and Travel Agents
MEC	Member of the Executive Council
MICE	Meetings, Incentives, Conventions and Exhibition
MINMEC	Ministerial committee comprising members from provincial tourism ministries and the Minister and Deputy-Minister of DEAT
MIPTEC	Committee comprising members from provincial tourism departments and tourism boards and DEAT
MITF	Malaysia International Travel Fair
MTN	Mobile Telephone Network

NATAS	National Association of Travel Agents
NGO	Non-Governmental Organizations
NQF	National Qualifications Framework
NQs	National Qualifications
NRA	South African National Roads Agency
OTOA	Overseas Tour Operators Association of Japan
PATIIIs	Priority Areas for Tourism Infrastructure Investment
PCOs	Professional Conference Organizers
PHASA	Hunting Association of South Africa
PPT	Package Planning Trip
RDP	Reconstruction and Development Program
RPL	Recognition of Prior Learning
RTO	Regional Tourism Organization
SAA	South African Airways
SAACI	The South African Association of for the Conference Industry
SACAA	South African Civil Aviation Authority
SADHS	South African Demographic and Health Survey
SAFCC	South African Federation of Convention Cities
SAIX	South African Internet Exchange
SAMSA	South African Maritime Safety Authority
SANP	South African National Parks
SAQA	South African Qualifications Authority Act
SARCC	South African Rail Commuter Corporation
SARS	South African Revenue Service
SAT3/ WASC/SAFE	Southern Africa/Western Africa Submarine Cable/South Africa-Far East
SATCHI	South African Association of Trainers, Consultants and Service Providers to the Hospitality Industry
SATI	South African Tourism Institute
SATOUR	South Africa Tourism Board
SATourism	South African Tourism
SATRA	South Africa Telecommunications Regulatory Authority
SATSA	Southern African Tourism Services Association
SAVRALA	South African Vehicle Renting and Leasing Association
SDF	Skills Development Facilitator
SEAs	Strategic Environmental Assessments
SEAT	Sector Educational and Training Authority
SMEDP	Small and Medium Enterprise Development Programme
SMMes	Small, Micro- and Medium-sized Enterprises
SMPC	SA Tourism Marketing Partnership Committee
SSP	Skills Support Programme (as part of SMEDP)
Stats SA	Statistics South Africa
TBCSA	Tourism Business Council of South Africa
TETASA	Travel Education and Training Authority of South Africa
THETA	Tourism, Hospitality and Sport Education and Training Authority
TISA	The Timeshare Institute of South Africa
TLP	Tourism Learner ship Project
TSA	Tourism Satellite Account
TSA	Travel Sub-Agents
UNISA	University of South Africa
VFR	Visiting Friends and Relatives
WSP	Workplace Skills Plan
WTO	World Tourism Organisation
WTTC	World Travel & Tourism Council

Volume 1: Tourism in South Africa

EXECUTIVE SUMMARY

1. Introduction

This Study was requested by the Government of South Africa and was implemented by the Government of Japan

In response to the request of the Government of the Republic of South Africa (hereinafter referred to as the "Government of South Africa"), the Government of Japan decided to implement the Study on Tourism Promotion and Development Plan in the Republic of South Africa (hereinafter referred to as "the Study").

Japan International Cooperation Agency (JICA) called for technical offers for the selection of a consultant to undertake the Study and a team of experts organized by PADECO Co., Ltd. and Pacific Consultants International Co., Ltd. was selected and contracted as the JICA Study Team.

Volume I Tourism in South Africa

Presents an overview of tourism in South Africa describing trends in international and domestic tourist demand, tourism institutions, tourism products and support, and SWOT (strengths, weaknesses, opportunities and threats) analysis of tourism in South Africa.

The Final Report of the Study on Tourism Promotion and Development Plan in the Republic of South Africa consists of three volumes:

Volume II East Asian Market Promotion

Presents an Action Plan for promoting South Africa in East Asian Market derived from analysis of markets in East Asia based on the results of various field surveys.

Volume III Focus Area Tourism Development Plans

Presents the process of selecting focus areas and the preparation of tourism development plans in each of the selected focus areas in a comprehensive manner covering all relevant factors including priority projects/program packages.

The objectives of the Study as specified by the Scope of Work:

- 1 To formulate a tourism promotion and making strategy with the purpose of generating the Japanese and East Asian Market for South Africa;
- 2 To formulate tourism development plans for the focus areas, including investment plans and feasibility studies for priority projects; and
- 3 To transfer skills and technology on tourism development through the Study.

2. Tourism in South Africa

A land rich in scenic beauty and a comfortable climate

South Africa's largely semi-arid land of 1.2 million square kilometres is unusually rich in flora and fauna and scenic beauty. It is among the highest in bio-diversity in the world and the country is well known for its 'large game', including the elephant, lion, leopard, buffalo and black rhino. Despite the diversity in flora, South Africa is very poor in terms of natural forests. Average annual temperatures are quite uniform throughout the country characterized by comfortable dry and sunny weather, though further north along the coastline, heat and humidity increases. The opposite seasons between the hemispheres is also an advantage for tourists wishing to escape their winter.

A country of cultural diversity

South Africa is a multicultural society with much cultural diversity, which has been largely suppressed during the apartheid years. Traditional black cultures remain strong in the countryside while the Afrikaners, the British, and other groups display their own distinctive features.

Poverty and unemployment are prevailing problems

More than half of South Africans (22 million) live in poverty and survive on an average income of R144 a month. Among the poor, 94% are African and about 70% live in rural areas. Alongside poverty are the problems of unemployment, education and health deficiencies.

There is adequate infrastructure in urban areas but severe limitations in rural regions

Transport systems in South Africa are well-developed including the road network and road transport, airlines and airports, and railways and rail services. There are a significant number of specialised tourist train services catering to the high end of the market. Other infrastructure including water supply, electricity, and telecommunication are also considered to be no hindrance to tourism development, particularly in urban areas. In rural areas, however, infrastructure provision is severely limited in certain regions and tourism projects in such areas would require infrastructure development at the same time.

There has been a recent slowdown in tourism growth and inconsistent sporadic growth from the East Asian market

Lifting of international sanctions in 1993 resulted in a surge of overseas tourist arrivals, registering high growth rates, which peaked at 12.1% in 1998. Growth of overseas arrivals in recent years however has been much subdued at 2.7% for 1999-2000. The majority of arrivals to South Africa are intra-African (73%), while Europe is the greatest source of overseas visitors due to its geographical proximity and past socio-political relations. Visitor growth from East Asia over the last five years appears inconsistent and sporadic. Japan is the greatest generator and showed rapid growth in 1996/97 but has slowed recently. Visitors from nations in Asia excluding India were 8% of the total in 2000 but their total remained static since 1996 despite the source market having the fastest growth in the world.

From East Asian arrivals in South Africa for the period January – June 2001, mixed signals emerge:

- Japan as a market for South Africa continues to expand, registering a remarkable two-digit increase of 19.6% in the first half of 2001 over the previous year,
- Malaysia's increase of 8.6% from 2000 to 2001 is noteworthy, in view of the large prior growth of 28.2%,
- Singapore recorded a substantial increase of 6.1% over the previous year, giving a good recovery sign from the result of 2000 (-19.5%),
- Though its increase is a modest 1.8%, Hong Kong also shows a sign of recovery reversing the trend of a shrinking market from 1997 to 2000, and
- Korea recorded the worst loss of -10.5% among the six East Asian countries. However, this should be interpreted as a yielding from the extraordinary growth of 63.5% registered in 2000. The 2001 result (3,944 arrivals) still represents a very solid increase of 46.2% against that of 1999 (2,697 arrivals).

There are mixed signals about tourism growth from Asia in South Africa, but expansion is evident

Domestic tourism is high, but expenditure is relatively low compared to international tourists

Domestic tourism was estimated at 39 million trips for 1998. This figure can be compared with 5.7 million foreign visitors in 1998, of which 1.4 million were overseas. In terms of direct expenditure by tourists, however, the ratio between international and domestic is estimated around 2:3.

Tourists from different countries require tailored marketing

A great deal of difference in characteristics is observed among visitors from different countries, even within a category such as East Asia, suggesting desirable marketing approaches tailored to each specific market.

The direct economic impact of tourism has been assessed at 3-4% on GDP and 7-8% indirectly

Attempts were made in recent years for estimating economic impacts of tourism in South Africa. Estimates considered more reliable at the moment indicate that direct impact on GDP is 3-4% and including indirect impact 7-8%. In terms of employment, tourism generated 4%+ of the total employment directly and 9%+ if including indirect employment. These figures indicate that the tourism sector, including indirect impacts, in South Africa is on a par with the transport and communication sector in terms of wealth creation with the number of workers about double of the latter.

At national level, the Department of Environmental Affairs and Tourism (DEAT) leads and directs tourism policy formulation and implementation towards national tourism growth in partnership with SA Tourism (formerly SATOUR), the provincial and local governments, the provincial and local tourism authorities, the tourism industry and other relevant stakeholders.

Their vision is a prosperous nation aware of and in harmony with the environment and deriving lasting benefits from the conservation and sustainable use of rich natural and cultural resources.

DEAT and SA Tourism work together at a national level to direct tourism policy and achieve their vision of a prosperous nation

To achieve this vision, the Department commits itself to:

- Promote the sustainable development and the utilisation of natural and cultural resources
- Harness the skills, experience and knowledge of the environment of all South Africans
- Foster equitable access to the benefits derived from natural and cultural resources
- Empower all South Africans through participation, environmental education, information and research
- Work together with all relevant stakeholders and spheres of Government in the spirit of governance
- Ensure that all international obligations and participation take place in accordance with the principles of the environmental policies of South Africa.

The Tourism Action Plan, launched in 1999, seeks to market South Africa through a public-private partnership

The R180 million Tourism Action Plan, the blueprint for the international marketing of South Africa as a top world tourism destination, was launched by the Minister of Environmental Affairs and Tourism, Mr Valli Moosa, on 16 September 1999.

The Tourism Action Plan is the product of a public-private partnership between government and the tourism industry tasked to formulate an integrated strategic tourism marketing campaign for South Africa.

The Tourism Action Plan has two important focuses: In the short term it will run marketing mainly in the traditional Big Six markets (UK, USA, Germany, Italy, Netherlands and France) to increase South Africa's market share of the international tourists coming to this country. It will also gather comprehensive information on the international tourist market so that South Africa can gear itself in the medium to longer term to strategic marketing campaigns that will bring not only the high-yield tourists South Africa needs to make this industry really boom, but provide the information to open the emerging markets in Asia, the Middle East and the rest of Africa.

The Provincial Governments have an important role in promoting their own areas

The provincial governments have a critically important role to play in the development and promotion of the tourism industry of South Africa. The provincial governments, through provincial tourism organisations, have responsibility for developing, marketing and promoting their destinations. As is the practice in many other countries, provincial governments have responsibility to market the province to the domestic market in competition with other provinces.

Concerning international marketing, the national and provincial tourism organisations agree on a strong, effective marketing strategy; to be co-ordinated at the national level and executed with the participation and support of the provincial organisations. This may not imply the promotion of separate brand identities by provinces, but possibly a number of strong product lines (e.g. nature tourism, culture tourism, sports tourism), which are applicable across provincial boundaries.

Local Government and communities further support the Provinces

At the local government level, specific provincial functions of policy implementation, environmental planning and land-use, product development, marketing and promotion are further supported.

Communities are also expected to play a vital role in the development of tourism. Many communities and previously neglected groups, particularly those in rural areas that have not actively participated in the tourism industry possess significant tourism resources.

The private sector recognises the importance of tourism in economic growth

The TBCSA is an umbrella body representing all aspects of tourism. Its aim is to ensure that the Business Sector is comprehensively, cohesively and effectively represented at national and provincial government levels. It was established in February 1996.

The TBCSA membership is multi-sectoral across the tourism industry and includes all role players in the tourism business sector of South Africa. The TBCSA has crown members, business members, association members and supportive members.

Crown members are patrons of the Council whose investment in the TBCSA is motivated by the knowledge that tourism, as the fastest growing economic sector in South Africa, will create more job opportunities than any other industry in South Africa. They recognise that the greater tourism's contribution to economic growth in South Africa, the greater the opportunities for their businesses to prosper.

Business members consist of organisations that provide core business to the tourism industry in South Africa.

South Africa offers a great diversity of attractions

South Africa offers a great diversity of attractions located all over the country. The Study Team compiled a list of all tourism resources that are listed in marketing materials, over 6,300 attractions. The largest number of marketed attractions are nature based, followed by adventure and historical /museums.

Most attractions are under-promoted

Although South Africa has a number of popular attractions that receive significant numbers of visitors and are of world standard, the majority of the country's tourist attractions are under-promoted, under-utilized and poorly controlled. Attractions generally suffer from limited access; poor signage; poor parking and amenities; poor information provision and no, limited or dated interpretation. This results in detrimental effects on the visitor experience and for most attractions limited throughput of visitors.

There is a lack of international brand hotels

Although several international brands have established hotels in South Africa in recent years, i.e. Hilton, Sheraton and Hyatt, these hotels have struggled to penetrate the South African market. The main reason for this is said to be an underestimation of the loyalty to local brands.

Hotels suffer from low occupancy

In recent years occupancy supply has outstripped demand and the 51% country average is poor by international standards. While over-supply is a factor, the increasing popularity of alternative accommodation

such as guesthouses with lower rates no doubt contributes.

Strategies aimed at marketing and promotion now focus on the high-yield international market

The awareness of marketing and promotion has been strengthened in the field of tourism of South Africa. In 1998 TOURISM IN GEAR (Tourism Development Strategy 1998-2000) was launched. In its strategy the overriding principle was clearly stated in that tourism should be government led, and private sector driven, focusing on developing the high-yield international market. Entering the new millennium, the Tourism Action Plan which is the framework for a strategic marketing campaign (2000-2002) - the biggest international marketing campaign ever in the history of South Africa tourism - has been under-way, focusing on long haul source market. Shift from the broad focus approach on all six markets, to categorization of key markets according to their nature of value and volume growth to South Africa, identifying specific key area of focus.

The tourism industry is essential to job creation in South Africa

The development of the tourism industry, known to be a labour-intensive sector, is seen as crucial to expanding job creation in South Africa. The passing of Government Acts has created an environment within which training and development of human capacity is encouraged and supported. It is widely accepted that in terms of human resource development in line with the national legislation, the Tourism Industry is a lead, if not 'the lead', sector.

The dominant strengths of South Africa in attracting tourists are scenic beauty and African wildlife

The overall SWOT analysis identifies 8 support / institutional strengths and 16 attraction / attractiveness strengths for South African Tourism. The dominant strength is scenic beauty followed by African Wildlife, then 1st world infrastructure. Specific icons such as Table Mountain and the Kruger Park and the variety of special interest products ranked equally as the 4th strengths of the industry. Climate and good value for money are equal 6th ranked strengths.

The institutional and support strengths are generally lower in overall importance to the attraction strengths, with the most important being government prioritising the sector and the underlying tourism resource base with further potential.

The main weaknesses of South Africa are the level of crime and airline constraints

Eleven attraction/attractiveness weaknesses are identified and 15 support institutional weaknesses. The two most significant weaknesses are the actual and perceived levels of crime and the airline capacity constraints. There are few significant weaknesses on the attraction / attractiveness side (after crime), with only the limited approach to packaging and selling scoring relatively high. On the institution / support

weaknesses, poor destination marketing, lack of cohesive branding and supply-side approach all rate as strong weaknesses, followed by limited destination marketing budget, then poor information provision, lack of tourism awareness (domestically), lack of a national tourism strategy and lack of a general positive/enthusiastic attitude.

Opportunities to attract tourists include new market targets and improved marketing

Of a total of 8 identified opportunities all rated similarly in importance, five are rated at 5 in importance. These include targeting new generators, improved marketing, as well as beach tourism and the adventure market.

Threats to attracting tourists include failure to curb crime

A total of 7 threats are identified, the most important three being: tourism failing to deliver to expectations, escalation / failure to curb crime and limited inbound airline capacity continuing.

Strengths for foreign business tourism include a well developed economy

Some strengths of South Africa for the foreign business markets are a developed economy and diplomatic hub serving all of Africa, good export base and excellent range of conference facilities.

Strengths for the domestic holiday market include growing affluence

Some strengths that are specific to attracting domestic tourism include a growing affluence amongst sectors of the black population, an increasing desire to understand aspects of the country from the black community and the weak Rand discouraging overseas holidays.

Summary of Top SWOT Elements

Strengths		Weaknesses		Opportunities		Threats	
	Score		Score		Score		Score
Scenic beauty	75	High levels of crime - perceived and actual	100	Foreign beach tourism	5	Tourism will fail to deliver to expectations and be relegated in priority	5
African wildlife	60	Lack/decline of inbound airline capacity - international airline industry impact	100	Develop the adventure market	5	Crime escalation/failure to curb crime	5
1st world infrastructure in Africa	55	Poor destination marketing campaigns	60	Improved marketing	5	Limited inbound airline capacity constrains tourism growth	5
Great variety of special interest attractions	50	Lack of cohesive branding of the destination	60	Target new generators - India, China, Eastern Europe	5		
Specific Icons - Cape of Good Hope, Table Mountain Kruger Park, Sun City	50	Supply-side approach to tourism development	60	Leverage events - Earth Summit, Cricket World Cup	5		
Climate	40	Limited destination marketing budget	50				
Government prioritising the tourism sector	40	Poor information provision and distribution for tourists	40				
Varied and extensive tourism resource base	40	Lack of awareness of tourism as a leisure or economic activity - seen as elitist	40				
		Lack of overriding national tourism strategy integrating all government departments and levels	40				
		Lack of positive enthusiastic attitude towards growing the industry - too much pessimism	40				