Chapter 1
Introduction

1.1 Background

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").

In November 1999, the Japan International Cooperation Agency (hereinafter referred to as "JICA"), the official agency responsible for the implementation of technical cooperation programs, sent a Preparatory Study Team to hold discussions with the Department of Environmental Affairs & Tourism (hereinafter referred to as "DEAT") and South African Tourism (hereinafter referred to as "SA Tourism"). On February 7 2001, DEAT and JICA agreed upon the Scope of Work for the Study.

In February 2001, JICA called for technical offers for the selection of a consultant to implement the Study. A team of experts organized by PADECO Co., Ltd. and Pacific Consultants International Co., Ltd. was selected and contracted as the JICA Study Team (hereinafter referred to as "the Study Team") in March 2001. The Study Team commenced work in South Africa in early May 2001. At the same time, JICA organized an advisory committee comprising tourism experts within the Government of Japan in order to advise JICA on technical as well as policy issues of the Study at critical junctures of the Study progress. Members of the Advisory Committee as well as the Study Team are shown in Appendix A.

Since the Study commencement, four reports have been issued: Progress Report (1) in July 2001 covering an overview of the Tourism Sector in South Africa, an Interim Report in September 2001 covering a survey of East Asian market for South Africa and a selection method of focus areas for further tourism development study, Progress Report (2) covering tourism development plans for the selected focus areas and Draft Final Report in April 2002 the covering findings and recommended plans obtained through the work from May 2001 to March 2002, which all tasks that are required by the Scope of Work of the Study.

The contents of the Draft Final Report were also presented at the Seminar on 21 May in South Africa. Then, the Team sought comments within a month period and prepared this Final Report.

Various component subjects of the Study, their inter-relationship, and their timing as well as reporting schedule are shown in Appendix A.

1.2 Objectives of the Study

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

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.

1.3 Study Area

The tourism promotion and marketing strategy for East Asian Market is in principle applicable to the whole country while the four focus areas have been selected out of candidate areas scattered over the whole country.

Figure 1.3.1   Study Areas
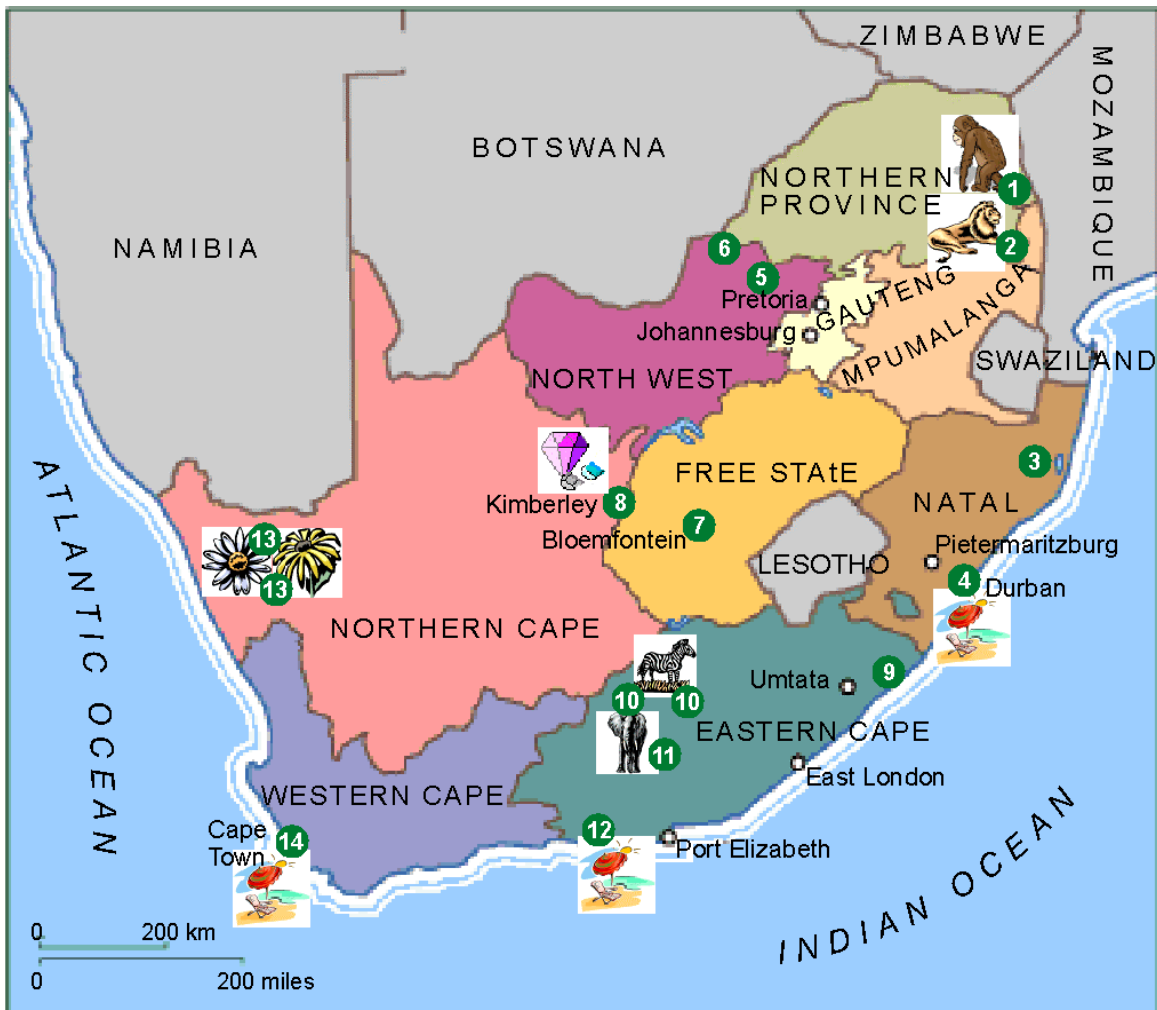
1 Kruger National Park
2 Blyde River
3 Zululand
4 Durban
5 Sun City
6 Madikwe Game Reserve
7 Bloemfontein
8 Kimberley
9 Mkambati Nature Reserve
10 Mountain Zebra National Park
11 Addo Elephant National Park
12 Tsitsikamma National Park
13 Namaqualand
14 Cape Town

1.4   Report Organization

This report is Volume I of Draft Final Report of the Study on Tourism Promotion and Development Plan in the Republic of South Africa.

Draft Final Report consists of three volumes as follows:

<u>Volume I Tourism in South Africa, An Overview</u>

Executive Summary

Main Text: 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.

Appendices

<u>Volume II East Asian Market Promotion</u>

Executive Summary

Main Text: 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.

Appendices

<u>Volume III Focus Area Tourism Development Plans</u>

Executive Summary

Main Text: 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

Appendices

Chapter 2
The Nation

2.1　The People

2.1.1　Population

According to the 1996 census, population was 40,583,573 (21,062,685 females), consisting of: African/Black, 31,127,631 (77% of total population); Coloured, 3,600,446 (8.9%); Indian/Asian, 1,045,596 (2.6%); White, 4,434,697 (11%). There are 9 provinces in South Africa: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Mpumalanga, Northern Cape, Northern Province, North West and Western Cape. KwaZulu-Natal has the biggest population of 8,417,021 and Gauteng (7,348,423) and Eastern Cape (6,302,525) follow. Northern Cape has the smallest population of 840,321. (Table 2.1.1)

Urban population[1] (Oct. 1996 Census) was 21,781,807 (54% of the population). The majority of Indian/Asian (97%), White (90%) and Coloured (83%) populations live in urban areas, whilst only 43% of Africans/Blacks live in urban areas. The estimated population of major cities were: Cape Town, 2,727,000; Johannesburg, 2172,000; East Rand, 1,691,000; Pretoria, 1,314,000; Durban, 1,264,000; West Rand, 1,076,000; Port Elizabeth, 1,035,000; Sasolburg, 1,002,000.

Table 2.1.1　　Population by Province

Province	African	Coloured	Indian/ Asian	White	Unspecified/ Others	Total
Eastern Cape	5,448,495	468,532	19,356	330,294	35,849	6,302,526
Free State	2,223,940	79,038	2,805	316,459	11,262	2,633,504
Gauteng	5,147,444	278,692	161,289	1,702,343	58,654	7,348,423
Kwazulu Natal	6,880,652	117,951	790,813	558,182	69,423	8,417,021
Mpumalanga	2,497,834	20,283	13,083	253,392	16,120	2,800,711
Northern Cape	278,633	435,368	2,268	111,844	12,208	840,321
Northern Province	4,765,255	7,821	5,510	117,878	32,904	4,929,368
North West	3,058,686	46,652	10,097	222,755	16,635	3,354,825
Western Cape	826,691	2,146,109	40,376	821,551	122,148	3,956,875
Total	31,127,630	3,600,446	1,045,597	4,434,698	375,203	40,583,574

Source: SA Statistcs, 2000 Population Census 1996, South Africa

There are 11 official languages. The breakdown of the population by home language as per the 1996 Census: Isizulu, 9,200,144 (23% of population); IsiXhosa, 7,196,118 (18%); Afrikaans, 5,811,547 (14%); Sepedi, 3,695,846 (9.2%); English, 3,457,467 (8.6%); Setswana, 3,301,774 (8.2%); Sesotho, 3,104,197 (7.7%); Xitsonga, 1,756,105 (4.4%); Siswati, 1,013,193 (2.5%); Tshivenda, 876,409 (2.2%); IsiNdebele, 586,961 (1.5%). The use of any of these is a constitutional right "whenever practical". Each province may adopt any of these as its official language. English is the sole language of command and instruction in the armed forces.

Almost 80% of the population in South Africa professes the Christian faith. Other major religious groups are the Hindus, Muslims and Jews. About 20% of the population do not belong to any of the major religions but regard themselves as traditionalists or of no specific religious affiliation. Freedom of worship is guaranteed by the Constitution and official policy is one of non-interference in religious practices.

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[1] Urban area is defined by Statistics South Africa as a settlement, which has been legally proclaimed as being urban. In Census '96, urban areas consisted of formal (City/town), informal and other urban areas. A city/town is a built-up area within a proclaimed municipal or local authority boundary with various structures built according to municipal by-laws. Informal urban areas are found within a city/town but mainly consist of informal dwellings (squatter areas). Other urban areas may include mines, factories and municipal hostels, hospitals, prisons, and other institutions contained within a local authority boundary.

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[2].

2.1.2   Households

In total, there are 9,059,570 households in South Africa[3]. The province with the most households was Gauteng with 1,964,161 (22%) and then KwaZulu-Natal with 1,660,936 (18%). The province with the fewest households was Northern Cape with 186,968 (2%). (Figure 2.1.1)

Figure 2.1.1   Households in Urban and Non-Urban Areas by Province
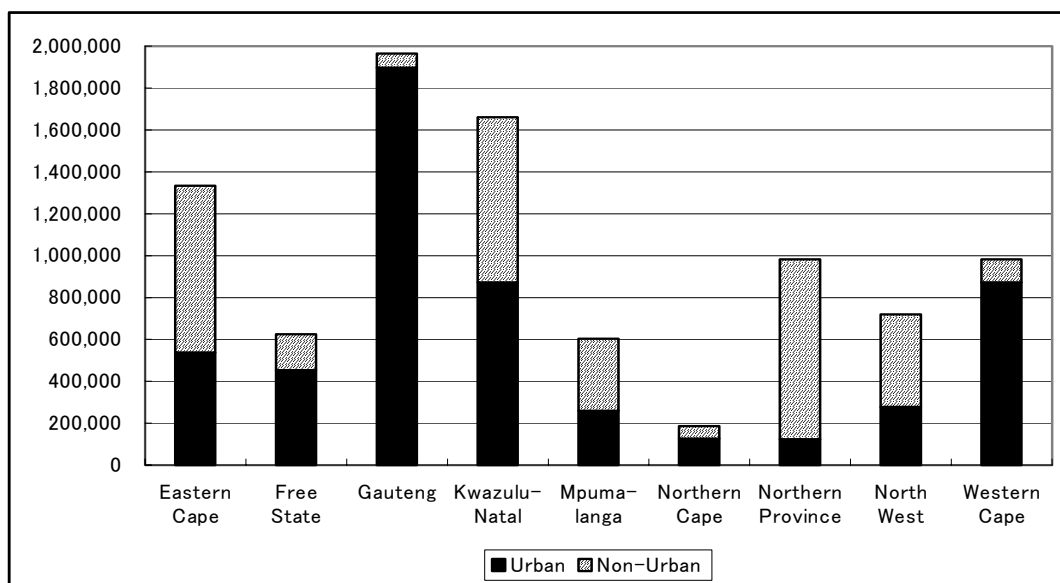
Source: Measuring Poverty in South Africa, Statistics South Africa 2000

The number of households in urban areas is dominant in Gauteng and Western Cape.   On the contrary, non-urban households are the majority in Northern Province, North West, and Eastern Cape.

The average monthly household expenditure is R 2,954[4]. Provincial disparity can be observed as Gauteng households are the highest at R 5,086 followed by Western Cape with R 3,919. The low expenditures are seen in Free State with R1,794 and Eastern Cape with R 1,815. (Figure 2.1.2)

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[2] Pretoria News, 4 July 2001
[3] According the Census '96 and post-enumeration survey (PES) in 1996 result, Statistic SA. It excludes institutions such as tourist hotels, prisons, boarding schools and homes for the aged.
[4] According to the result of the income and expenditure survey (IES) in 1995.

Figure 2.1.2   Average Monthly Household Expenditure in SA and by Province
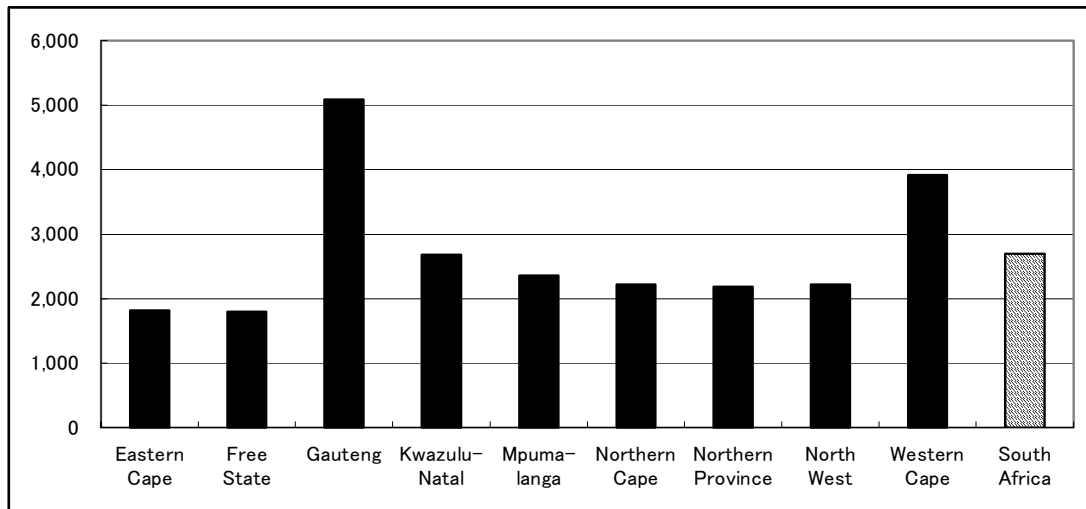
Source: Measuring Poverty in South Africa, Statistics South Africa 2000

According to the survey by the University of South Africa (UNISA)[5], distribution of total household expenditure by main expenditure group shows that 22% of the total of household budgets is spent on housing and electricity.   Expenditure on food is next on the list with 19%, followed by income tax with 13% and transport with 9%.

2.1.3   Education

The South African Schools Act, 1996 provides compulsory education for learners between 7 and 15 years of age, or learners reaching the ninth grade, whichever occurs first.   South Africa's educational system accommodates more than 12.5 million learners. Preliminary enrolment figures show that there were 11,921,948 learners in public schools (Grades 1-12) in 1998. In the same year, approximately 360,725 educators were employed[6].

According to the Census 1996, among people aged 20 years or older, more than 4 million (19%) have never had any education; more than 3.5 million (17%) have had some primary school education (Grades 1-5); and more than 1.57 million (7%) completed their primary school education.   More than 7.13 million (35%) have had some secondary education (Grades 6-10) and just under 3.5 million (16%) have acquired Matric[7]. Almost 1.3 million (6%) have a higher education. (Figure 2.1.3)

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[5] Household Expenditure in South Africa by Province, Language Group and Products, 2000, Bureau of Market Research, UNISA
[6] Southern Africa Profiled, Barry Turner, Sara Lloyd, 2000
[7] A title given after the completion of Grade 12

Figure 2.1.3   Percentage of the Population Aged 20 years or more by Education
Levels (October 1996)
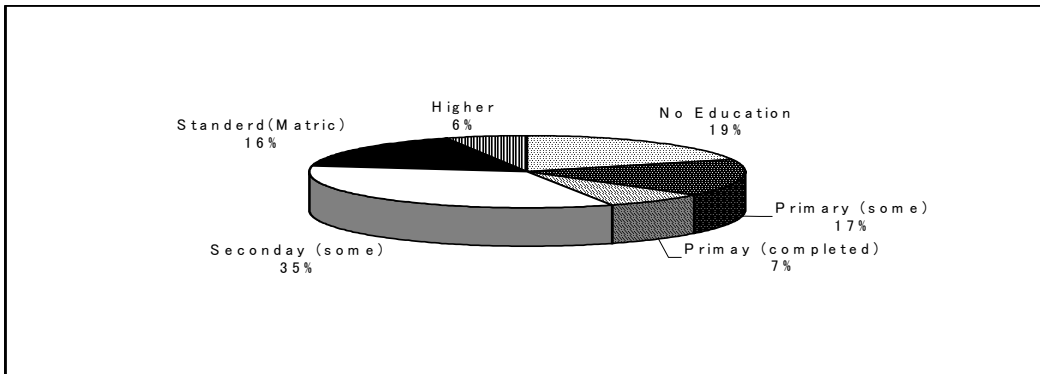
Source: Census 1996, Statistics South Africa

More than half (58%) have completed some primary or secondary education in total.
However, 24% of Africans have received no education, as against 10% of Coloureds, 7% of
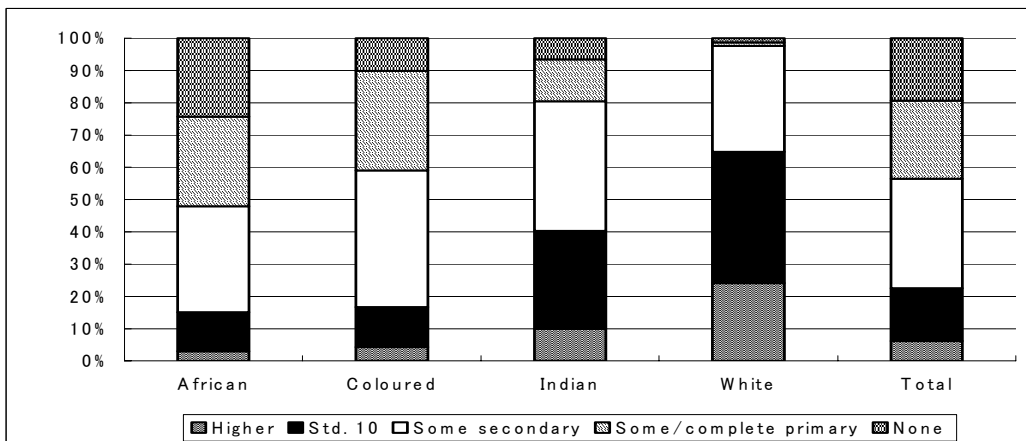Indians and 1% of Whites (Figure 2.1.4).

Figure 2.1.4   Percentage of the Population Aged 20 years or more by Population
Group (October 1996)

Source: Census 1996, Statistics South Africa

The total adult literacy rate in 1996 was 85.93%, a 4.6% increase compared to 1991 and 15.5%
compared to 1980. A significant increase is observed among the African population group.
(Figure 2.1.5)

Figure 2.1.5   Change of Adult Literacy Rate by Population Group
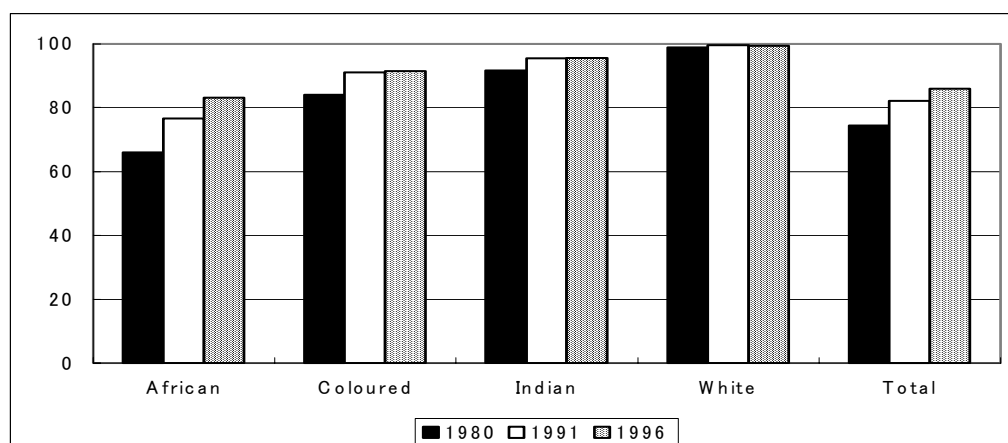
Source: Human Development Report, Statistics South Africa 2000

In 1998-99 education was allocated a budget of R 43.7 billion. In 1998-99 some R 73 million was budgeted for the national school-building program. R6 billion was allocated to universities and technikons[8] and R 37.7 billion for college and school education. Around 70,000 students benefited from the Government's National Student Financial Aid Scheme.

2.1.4   Health/Welfare

Statistics South Africa indicated the life expectancy at birth to be 57.04 in 1996.   Many rural South Africans live in poverty and are deprived of access to health services. The first part of the national health-care plan includes free health services at public primary health-care facilities such as clinics, community health-care centres and local government hospitals[9]. There are 360 public hospitals with 107,634 beds and 357 private hospitals with 36,729 beds in South Africa[10]. Government expenditure on health and welfare by central and provincial governments is R 23,220 million (11% of total budget expenditure) for health and R 19,262 million (9.3%) for welfare. Between Sept. 1994 and Dec. 1998, more than R 1,249 million was spent on school-feeding projects countrywide for needy primary school children.

The first South African Demographic and Health Survey (SADHS) was conducted by the department of Health in 1998. This aimed to provide essential information in the context of its National Health Information System. The 1998 SADHS collected information on adult health conditions; sexual, reproductive and women's health; maternal and child health; adult, maternal, child and infant mortality; fertility and contraceptive use.

Key findings of the SADHS include: infant mortality rate of 45 deaths per 1,000 live births for the period roughly from 1993 to 1997; immunisation coverage in children aged 12-23 months of 63%[11]; knowledge of HIV/AIDS of 97%[12]; total fertility rate of 2.9 children per woman; contraceptive prevalence rate of 61%[13]; smoking rate of 24%[14] etc.

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[8] Similar to colleges for skill learning, less expensive than universities
[9] Southern Africa Profiled, Barry Turner, Sara Lloyd, 2000
[10]Stats in Brief 2000, Statistics South Africa
[11]Childhood immunisation coverage is the percentage of children aged 12-23 months who have received BCG, three doses of DPT and Polio, and measles vaccines
[12] Percentage of women ages 15-49
[13] Refers to the percentage of all sexually active women 15-49 who are using a modern contraceptive method.
[14] % of all adults age +15

Table 2.1.2　　Health Figures in South Africa

Health Measurement	Level
Life expectancy at birth (1996)	57.04
Infant mortality (1993-1997)	4.5% per 1000 live birth
Immunisation coverage (aged 12-23 months)	63%
HIV/AIDS infected	4 million (10% of total population)
Knowledge of HIV/AIDS	97%
Total fertility rate	2.3
Contraceptive rate	61%
Smoking rate	24%

Source: South African Demographic and Health Survey, Department of health and Statistics South Africa

In South Africa, it is estimated that around 4 million people (10% of total population) are currently HIV infected. This number is expected to continue to rise over the next 10 years unless major behavioural changes occur that could significantly alter the course of the epidemic. There could be around 5.3-6.1 million infected individuals by 2005, and 7.5 million by 2010[15].

The provision of social welfare service is based on a partnership between the private and public sectors. Most welfare services are rendered by private welfare organizations, which are assisted financially by the state.

The government's most effective poverty alleviation program is the Department of Welfare's Social Assistance Grant paid for 8 types of grants. This includes old age pensions, war veterans' grants, disability grants, grants-in-aid, the child-support grant, foster care grants, and care dependency grants. In the 1998-99 financial year, R16.7 billion was funded entirely by the state. This spending accounted for 91% of the total welfare budget.

As part of a national poverty relief fund for income generation and job creation, R50 million was allocated to the Department of Welfare in 1997-98. This funding was allocated to 1,133 development projects and about 93,090 people benefited directly. In the 1998-99 financial year, a second allocation of R 203 million was made to the Department and a total of 2,015 projects were identified for funding[16].

2.2　The Culture

South Africa is a multicultural society and not only defining distinct subgroups by skin colour but origin such as Afrikaner and British. There are several major and many minor groupings in the traditional black cultures.

The mingling and melding in South Africa's urban areas means that old cultures are fading and new synchretisms are emerging, but traditional black cultures are still strong in much of the countryside. All the traditional cultures are based on beliefs in a masculine deity, ancestral spirits and supernatural forces. Polygamy is permitted and a bride-price (where the groom's family reimburse the bride's family for the loss of their daughter) is usually paid. Cattle play an important part in many cultures, as symbols of wealth and as sacrificial animals.

The art of South Africa's indigenous populations can be one of the only ways to connect with lost cultures. Rock and cave paintings by the San (Bushmen), some of which date back 26,000 years, fall into this category. In other cases, such as the elaborate 'coded' beadwork of the Zulus, traditional art has been adapted to survive in different circumstances. Zulu is one of the strongest surviving black cultures and massed Zulu singing at Inkatha Freedom Party

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[15] Source: Impending Catastrophe Revisited an updated on the HIV/AIDS epidemic in South Africa, Henry J. Kaiser Family Foundation 2001
[16] Southern Africa Profiled, Barry Turner, Sara Lloyd, 2000

demonstrations is a powerful expression of this ancient culture. The Xhosa also have a strong presence; they are known as the red people because of the red-dyed clothing worn by most adults. The Ndebele are a related group, who live in the Northern Transvaal in strikingly painted houses.

The Afrikaners' distinct culture has developed in a deliberate isolation, which saw them wandering around with cows and a Bible while 19th-century Europe experimented with democracy and liberalism. Today's rural communities still revolve around the conservative Dutch Reform churches, but 'Afrikaner redneck' is far from a tautology. Aside from the Afrikaners, the majority of European South Africans are of British extraction. The British are generally more urbanised and have tended to dominate the business and financial sectors. There is also a large and influential Jewish population and a significant Indian minority.

Although South Africa is home to a great diversity of cultures, most were suppressed during the apartheid years when day-to-day practice of traditional and contemporary cultures was ignored, trivialised or destroyed. In a society where you could be jailed for owning a politically incorrect painting, serious art was forced underground and blandness ruled in the galleries and theatres. The most striking example of this was the bulldozing of both District Six, a vibrant multicultural area in Cape Town, and Johannesburg's Sophiatown, where internationally famous musicians learned their craft in an area once described as 'a skeleton with a permanent grin'. Groups like Ladysmith Black Mambazo have managed to bring South Africans sounds to a wide western audience, both during and after apartheid.

South Africa is in the process of reinventing itself and, with such a large proportion of the population marginalized from the economic mainstream, this is occurring without much input from professional image makers. Hopeful signs include gallery retrospectives of black artists, both contemporary and traditional, and musicians from around Africa performing in major festivals. The new South Africa is being created on the streets of the townships and the cities[17].

2.3   The Land

2.3.1   Geography

(1)   Location and Area

South Africa occupies the southernmost part of the African continent, stretching latitudinally from 22° to 35° S and longitudinally from 17° to 33° E.

Its surface area is 1,219,090 km². It has common boundaries with the Republics of Namibia, Botswana and Zimbabwe, while the Republic of Mozambique and the Kingdom of Swaziland lie to the north-east. Completely enclosed by South African territory in the south-east is the mountain Kingdom of Lesotho. Northern Cape is the largest province, which covers 30% of the total area, while Gauteng, the smallest province, comprises only 1.4%. (Figure 2.3.1 and 2.3.2)

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[17]   South Africa, Lonely Planet 2001

Figure 2.3.1　　Location and Provinces
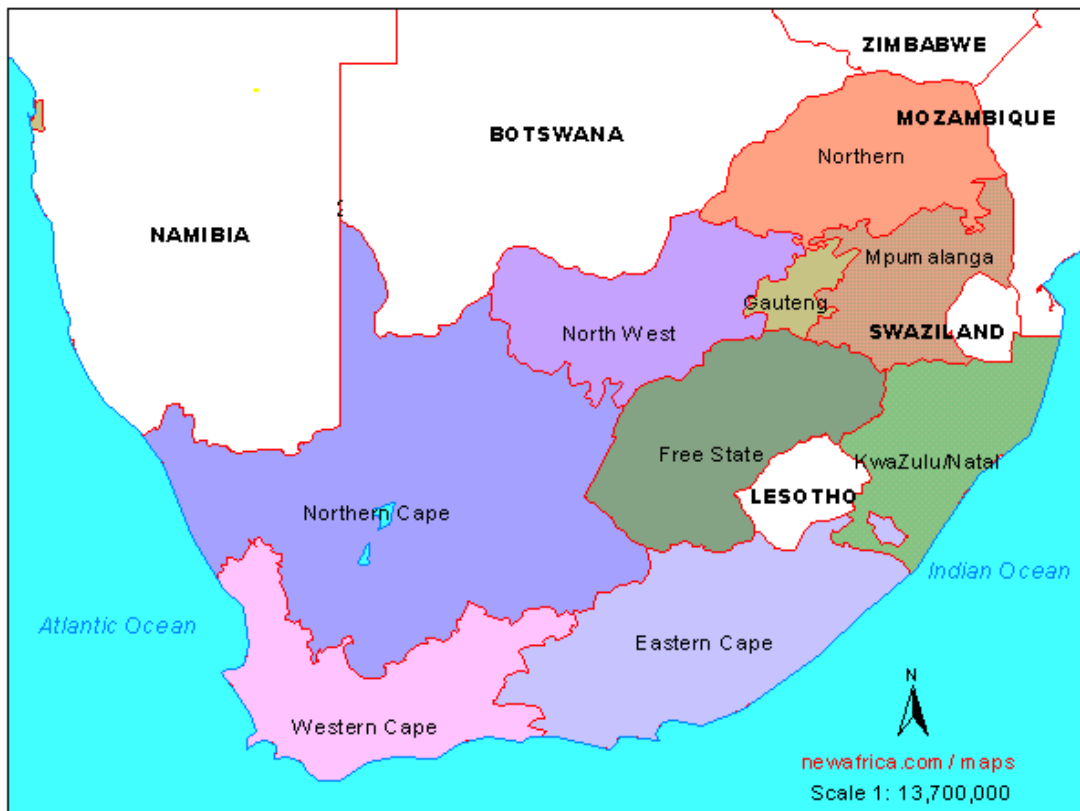
Figure 2.3.2　　Area by Province
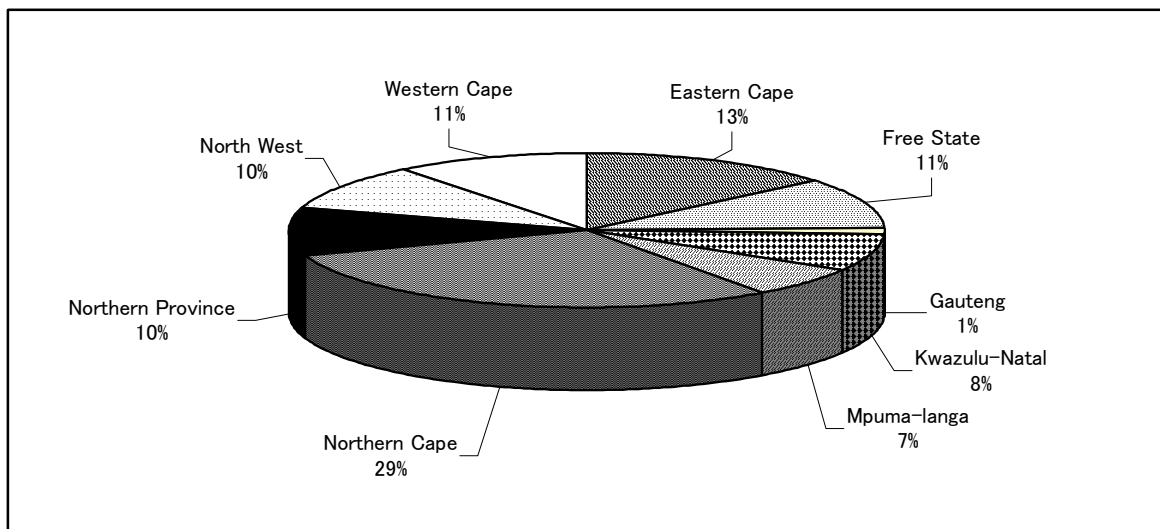
To the west, south and east, South Africa borders on the Atlantic and southern Indian oceans. Isolated, 1,920 km south-east of Cape Town in the Atlantic, lies Prince Edward and Marion islands, annexed by South Africa in 1947.

South Africa is surrounded by the ocean on three sides – to the west, south and east – and has a lengthy coastline of about 3,000 km. This coastline is swept by two major ocean currents – the warm south-flowing Mozambique-Agulhas current and the cold Benguela. The former skirts the east and south coasts as far as Cape Agulhas, while the Benguela current flows northwards along the west coast as far as southern Angola.

The contrast in temperature between these two currents partly accounts for important differences in climate and vegetation between the east and west coasts of South Africa. It also causes big differences in marine life, the cold waters of the west coast being much richer in oxygen, nitrates, phosphates and plankton than those of the east coast. Consequently, the South African fishing industry is centred on the west coast[18].

(2)   Land Features

According to the National State of the Environment Report, DEAT, most of the land area (86%) is used for crop cultivation or grazing of livestock. Less than 10% of the area is conserved. South Africa is a semi-arid country, and drought and desertification are real threats to food security. (Figure 2.3.3)

Terrestrial ecosystems are very complex, and research has only been able to cover a few aspects. It is not fully known what the impacts of extinction are, or what might happen if certain ecosystem processes are interfered with: these impacts are of relatively recent origin, and the consequences are yet to play out.

Rapid population growth has led to urbanisation, intensification of agricultural production, and industrialisation, in order to meet the demand for food, energy, and other commodities. These processes impact terrestrial ecosystems, through degradation, alteration of processes, or transformation. The increase in the mobility of the human race due to modern transportation methods, has resulted in the introduction (both intentional and unintentional) of many non-native (alien) species. In some cases these species have become invasive, i.e. they have dominated the natural vegetation, and place an additional burden on already scarce resources, such as water.

Twenty five per cent of South Africa's land area has been transformed, of which 13% is for cultivation of crops, 1.5% for forestry, and 2.5% to settlements. Five per cent has been degraded, and only 6% is under formal protection.

Over 8% of South Africa has been invaded by alien vegetation, and millions of hectares are affected by bush encroachment. Five per cent of soils are affected by water erosion, and the average soil loss is 2.5 tonnes per hectare per year, with a maximum of 60 tonnes per hectare per year. This is more than eight times the rate of soil formation, and clearly unsustainable.

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[18] South Africa Year Book 2000/01, Government of South Africa

Figure 2.3.3   Land Cover and Land Use
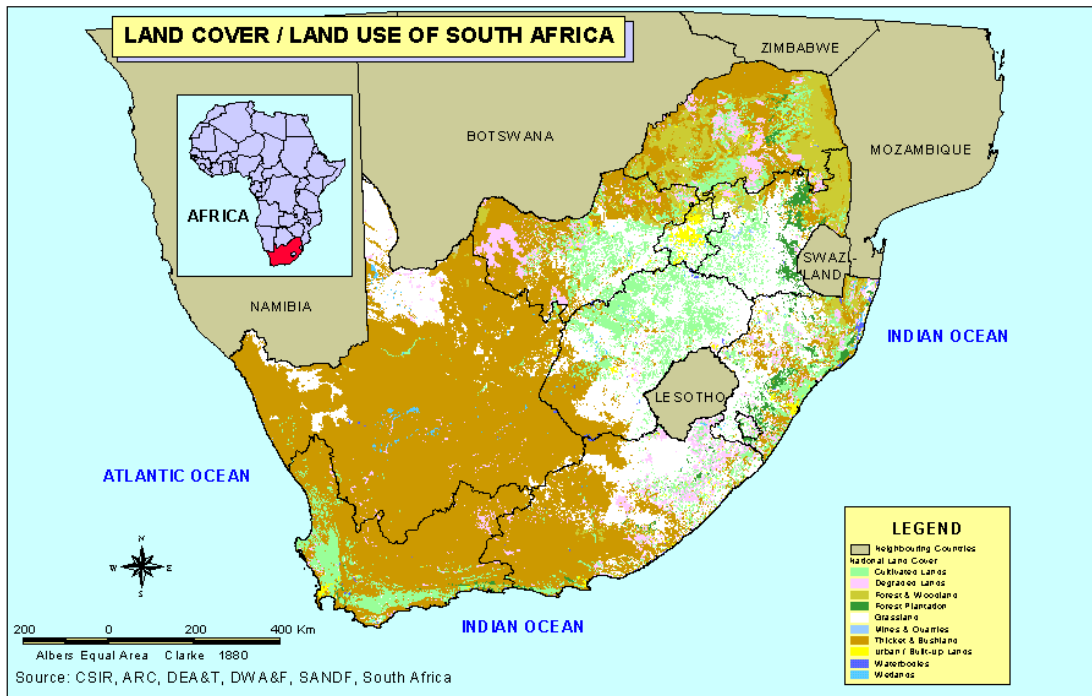
Source: National State of the Environment Report, DEAT

(3)   Climatic features

Temperature conditions in South Africa are characterized by three main features. Firstly, temperatures tend to be lower than in other regions at similar latitudes, for example North Africa and Australia. This is due primarily to the greater elevation above sea level of the subcontinent. Secondly, despite a latitudinal span of 13 degrees, average annual temperatures are remarkably uniform throughout the country. Owing to the increase in the height of the plateau towards the North-east, there is hardly any increase in temperature from south to north as might be expected. The third feature is the striking contrast between temperatures on the east and west coasts. Temperatures above 32ºC are fairly common in summer, and frequently exceed 38ºC in the lower Orange River Valley and the Mpumalanga Lowveld.

There is abundant sunshine and relatively low rainfall of an annual average 464 mm, compared with a world average of 860 mm. About 20% of the country has a total annual rainfall of less than 200 mm. The southwest (Western Cape province) has a Mediterranean climate, with rain mainly in winter. (Figure 2.3.4)

Figure 2.3.4   Average Temperature and Rainfall by Province
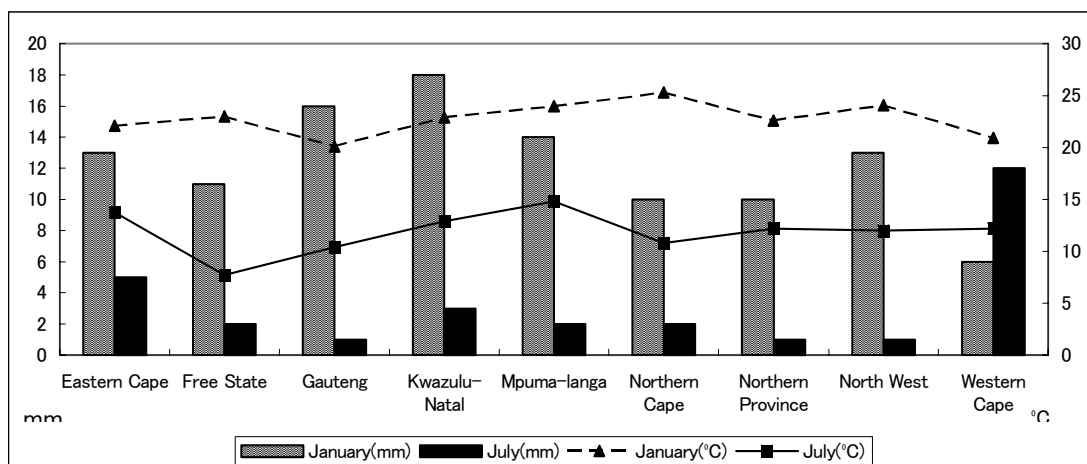
Source: Stats in Brief 2000, Statistic South Africa

2.3.2 Flora and Fauna

According to the National State of the Environment Report, DEAT, South Africa has the third highest level of biological diversity in the world, with 7.5% of the worlds' vascular plants, 5.8% of the world's mammal species, 8% of the world's bird species, 4.6% of the world's reptile species, 16% of marine fish species and 5.5% of the world's recorded insect species. This high level of diversity is due to the broad range of climatic, geological, soil and landscape forms found in South Africa. However, many species are threatened, and extinction rates in South Africa are high by global standards.

South Africa has two internationally recognised biodiversity "hotspots", the Cape Floral Kingdom and the Succulent Karoo. In addition, seven of the eight southern African hotspots are wholly or partly located in South Africa. Hotspots are areas of high species richness and species diversity, as well as high levels of endemism. A high proportion of the terrestrial vertebrate fauna and the flora of South Africa are preserved in the country's 582 public and private nature reserves in the form of breeding populations, with a few exceptions. However, 10% of South Africa's mammal species, 2% of its bird species, 12% of its reptile species, 16% of its amphibian species, and 36% of its freshwater fish species are threatened. It is also estimated that the total number of threatened plants doubled between 1980 and 1995[19].

(1)   Flora

There are more than 22,000 flora species in South Africa, which is more than in the USA (which is seven times larger than South Africa). South Africa is the only country with one of the world's six floral kingdoms within its borders. This is the Cape Kingdom, mostly in the Western Cape province, with its characteristic fynbos (fine bush), primarily proteas, heaths and Ericas. There are over 8,500 species in this area, and the Cape Peninsula alone has more native plants than entire British Isles[20].

In the dry regions there are weird succulents, dominated by euphorbia and aloes, and annuals, which flower brilliantly after spring rainfall. An extraordinary number of domesticated flowers grow wild in South Africa: daisies, pelargoniums, gladioli, ixias, arum lilies, strelizias, irises, freesias, proteas (National Flower), watsonias, agapanthus and red hot pokers.

In contrast to this wealth, South Africa is very poor in natural forests. Although they were more widespread in the past, they were never particularly extensive. Today only a few remnants remain. Temperate forests occur on the southern coastal strip between George and

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[19] National State of the Environment Report, DEAT

[20] South Africa, Lesotho & Swaziland, Lonely Planet 1998

Humansdorp (Eastern Cape), in the Drakensberg and in Mpumalanga. There is some subtropical forests north-east of Port Elizabeth through to KwaZulu-Natal.

Larger areas in the north are covered by savanna-type vegetation, characterised by acacias and thorn trees, such as the umbrella thorn and sweet thorn.

Photo 2.3.1   National flower, animal and bird (King Protea, Springbuck, Blue Crane)

(2)   Fauna

The country hosts an estimated 5,8% of the world's total mammal species, 8% of bird species, 4,6% of the global diversity of reptile species, 16% of the total number of marine fish species and 5,5% of the world's described insect species. The region is rich in wildlife though most of the large game is now concentrated in South Africa's national parks, particularly the huge Kruger National Park.

South Africa has the world's largest land mammal (the African elephant), the second biggest (the white rhinoceros), the tallest (the giraffe), the fastest (the cheetah), and the smallest (the pygmy shrew). The Springbuck is the National animal. It has been said that an opportunity to see the "big five" – buffalo, lion, leopard, elephant, and black rhino – in South Africa is higher than in any other African country.

Conservation of the native fauna is an active concern and although one can only dimly imagine the extent of the loss since the arrival of Europeans, a significant amount remains. The region is home to the last substantial population of black and white rhinos with horns intact. The problem of elephant numbers is not that they are declining, but that they are increasing too rapidly.

There are a variety of birds, with 900 species, 113 of which are endemic. They range from the largest in the world (Ostrich), the largest flying bird (the Kori bustard), to coloured sunbirds, flamingos, and weaver birds. The blue crane is designated as the National bird.

2.4   Infrastructure

The provision of infrastructure such as transport, water supply, sanitation, electricity and telecommunications contributes not only to the tourism industry but also to the overall economic, welfare, quality of life and productivity of the people in South Africa. This section presents an overview of conditions of the infrastructure in South Africa.

2.4.1   Transport

Tourism is about travel.   People travel all over the world for tourism even a long distance. Airplane, motor vehicle, train and ship are main travel mode for tourist, and each mode has

own its characteristic.   For example, the airplane can travel a long distance in a short time and carry a large number of tourists at one time.   Movement by motor vehicle is convenient and suitable for short distances and door-to-door trips. Tourists can travel to where they want and when they want by motor vehicle.

Thus, transport infrastructure plays very much an important role in the tourism industry and is indispensable to tourism development and tourist promotion.

(1)   Mode of travel to/from S.A

Table 2.4.1 shows the number of residents of South Africa and foreigners to/from South Africa by mode of travel.

The total number of people movements to/from South Africa was about 17.7 million in 1998, about 15% higher than in 1997.   Road transport showed the highest share of all the travel modes, at around 70%.   This is because South Africa is adjacent to 6 other countries - Botswana, Lesotho, Mozambique, Namibia, Swaziland, and Zimbabwe. Air transport has the second largest share at 29%. South Africa is located at the southern tip of the African Continent and far from international tourism markets such as European, North American and Asian countries. The other modes have very small shares. This trend remains fairly constant.

Development of road and air transport infrastructure, therefore, is important and very much contributes to a successful tourism industry.

Table 2.4.1   Tourist to/from S.A. by mode of travel

Year	Tourist	Mode of Travel										Total	
		Air		Rail		Road		Sea		Other			
1994	S.A. residents	1,639,088		177		1,849,424		1,110		3,822		3,493,621	
	Foreigners	1,502,613		64,170		5,362,184		22,449		104,282		7,055,698	
	total	3,141,701	29.8%	64,347	0.6%	7,211,608	68.4%	23,559	0.2%	108,104	1.0%	10,549,319	100%
1995	S.A. residents	1,723,848		310		3,255,358		5,970		2,889		4,988,375	
	Foreigners	2,151,255		11,317		6,165,559		45,843		126,684		8,500,658	
	total	3,875,103	28.7%	11,627	0.1%	9,420,917	69.8%	51,813	0.4%	129,573	1.0%	13,489,033	100%
1996	S.A. residents	1,813,495		4,816		3,932,270		4,248		2,081		5,756,910	
	Foreigners	2,350,310		7,767		6,892,248		55,268		162,897		9,468,490	
	total	4,163,805	27.3%	12,583	0.1%	10,824,518	71.1%	59,516	0.4%	164,978	1.1%	15,225,400	100%
1997	S.A. residents	1,876,277		474		3,998,463		11,216		1,699		5,888,129	
	Foreigners	2,515,259		788		6,729,065		73,070		173,535		9,491,717	
	total	4,391,536	28.6%	1,262	0.0%	10,727,528	69.8%	84,286	0.5%	175,234	1.1%	15,379,846	100%
1998	S.A. residents	2,189,990		377		4,560,342		18,952		1,391		6,771,052	
	Foreigners	2,854,700		1,099		7,873,850		93,950		117,057		10,940,656	
	total	5,044,690	28.5%	1,476	0.0%	12,434,192	70.2%	112,902	0.6%	118,448	0.7%	17,711,708	100%

Source: South African Statistics 2000

(2)   Agencies related to Transport

- The Department of Transport has established four agencies. They are:
- The South African National Roads Agency (NRA)
- The South African Maritime Safety Authority (SAMSA)
- The Cross-border Road Transport Agency (CBRTA)
- The South African Civil Aviation Authority (SACAA)

Another agency is Transnet Limited which is the public transport company founded on 1 April 1990.

i)   NRA

The NRA replaced the old South African Roads Board. Its mission is to provide and manage an adequate and sustainable primary road network in South Africa. Its purpose is to maintain and develop the national road network and to manage assets.

The NRA's functions are:

- Road Management and Strategic Road Network Planning
- Construction and Maintenance
- Financial Programming
- Administration
- Law enforcement and road safety

ii) SACAA

SACAA became operational after the passing of the South African Civil Aviation Authority Act, 1998 (Act 40 of 1998). The Authority is responsible for promoting civil aviation, regulating the industry and enforcing safety standards. It is funded by a combination of user charges, a levy paid by all users of aviation fuel, including the military, and government funding for services performed by the SACAA on its behalf.

iii) Transnet Limited

Transnet consists of seven transport businesses - Spoornet (mainline rail transport), Metrorail (commuter rail services), Autonet (road transport), SAA (air transport), Portnet (harbours), Petronet (liquid petroleum transport), and Fast Forward (container shipments) - and a number of related and support businesses.

Transnet handles 180 Mt of rail freight per year, 2.6 Mt road freight, and 2.4 million passengers by road annually. Furthermore, the company carries 5.3 million domestic, regional and international passengers by plane per year. Transnet has a workforce of some 95,000 employees.

(3)   Road Network

The Government is responsible for overall policy, while construction and maintenance of road is the responsibility of the NRA. The Agency initially has only managed the construction and maintenance of South Africa's 8,000 km national road network, but it is expected that this will be extended to 20,000 km of primary roads in the future.

The national road system links all the major centres in the country to one another as well as to neighbouring countries. These roads include some 1,440 km of dual-carriage freeway, 292 km of single-carriage freeway and 4,401 km of single-carriage main road with unlimited access.

Photo 2.4.1   National Road between Johannesburg and Pretoria

The Department of Transport has embarked on 20 major road projects (including toll-roads). The planning, construction and maintenance of provincial roads and bridges, other than those falling under the NRA or local governments, is the responsibility of the provincial governments.

Construction and maintenance of most roads and streets falling within the municipal boundaries of cities and towns is the responsibility of the municipality concerned.

Present toll-roads in S.A. cover some 1,000 km and are serviced by 21 toll-plazas. It is envisaged that all major new toll-road projects will be constructed by B.O.T. (Build, Operate and Transfer). When the concession period of 30 years expires, the facility is transferred back to the State at no cost.

Construction of the N4 Maputo Corridor Toll-road has begun and will include 70 km of new road, 112 km of rehabilitation and 240 km of road widening. The new road, to be completed in two years, will be one of the few privately financed cross border toll-roads in the world. The third of five N4 toll-plazas, the N4 Nkomazi Toll-Plaza, was opened in August 1999. Ownership of the N4 Maputo Corridor Toll-road, for which Trans African Concessions is the concessionaire for 30 years, will revert to the South African and Mozambican governments after the concession agreement expires.

The Platinum Toll-road will finally link Maputo Harbour in Mozambique with Walvis Bay in Namibia. South Africa's contribution will involve the construction of the road from Pretoria in Gauteng to Rustenburg in North West and Lobatse in Botswana.

(4)   Urban transport

Metropolitan transport advisory boards govern nine urban areas that have been declared metropolitan transport areas. These urban areas are Johannesburg, Cape Town, Pretoria, Durban, Pietermaritzburg, Port Elizabeth, the East Rand, Bloemfontein and East London.

In urban areas, passenger road transport services are provided by local governments and private bus companies, which operate scheduled bus services between peripheral areas and city centres, and by minibus-taxis. A network of public and private passenger bus services links the major centres of South Africa and also serves commuters in the deep rural areas.

Minibus-taxi operators, which are in fact thousands of private companies or individuals, provide 65% of the 2.5 billion annual passenger trips in urban areas and a high percentage of rural and intercity transport. More than 480 taxi associations are operating throughout the country.

i)   Inter-City Bus Services

There are 8 inter-city bus service companies in South Africa. These are all private. Their service coverage areas/routes are between the major centres and/or the major tourist spots.

Table 2.4.2   Inter-City Bus Services in S.A.

	Name of Company	Service Coverage Area/Route
1	Cheetah Bus	between Pietermaritzburg and Durban
2	Ekonoliner	between Cape Town and Walvis Bay
3	Greyhound	between the major centres of S.A.
4	Intercape	between the major centres of S.A.
5	Leopard Express	between Grahamstown and Port Elizabeth
6	The Baz Bus	between Cape Town and Johannesburg via coastal towns
7	The Garden Route Hopper Bus	between Cape town and Oudtshoorn
		between Knysna and East London via Port Elizabeth and Grahamstown
8	Translux	between the major centres of S.A.

(5)   Rail and Rail Transport

The rail network in South Africa falls under the control of Spoornet and the South African Rail Commuter Corporation (SARCC). Spoornet provides rail transport mainly for goods and containers, but also operates a long-distance passenger service between major cities. Metrorail, in turn, is responsible for providing commuter services in the six major urban centres in the country.

i)   Spoornet

Spoornet focuses on the transportation of freight and containers and main line passenger transport by rail. There are several inter-city passenger trains in operation in South Africa.

The Blue Train, which actually comprises two trains and four separate routes, has become an important part of tourism packages to South Africa.

ii)   The SARCC

The SARCC is a State corporation, established in 1990 to provide commuter rail services for the people. It falls directly under the Department of Transport, but has its own autonomous board of control. It owns the rail assets and acts as an agency of the Department.

Metrorail, a business unit of Transnet, is tasked with the operation of SARCC assets to provide an efficient commuter service. Metrorail only services urban areas. It operates in the Witwatersrand area, Pretoria, the Western Cape, Durban, Port Elizabeth and East London. Metrorail is responsible for some 19% of all public transport in South Africa, which amounts to transporting approximately 2 million people to and from work daily. It serves 473 stations with 2,400 train services.

(6)   Major Airlines and Airports

i)   Major Airlines

See Section 5.4.1.

ii)   Airport and Airport Company of South Africa (ACSA)

Currently, South Africa has approximately 138 licensed airports/aerodromes categorized as either public or private. Nine of the above airports belong to the Airports Company of South Africa (ACSA).

Table 2.4.3   Name and Location of Airport

	Name of Airport	Location
1	Johannesburg INTL Airport	Gauteng
2	Cape Town INTL Airport	Western Cape
3	Durban INTL Airport	KwaZulu-Natal
4	East London Airport	Eastern Cape
5	Port Elizabeth Airport	Eastern Cape
6	George Airport	Western Cape
7	Bloemfontein Airport	Free State
8	Kimberley Airport	Northern Cape
9	Upington Airport	Northern Cape

Gateway airports are designated by the Department of Transport to handle scheduled international flights. Currently, there are three international airports, namely Johannesburg, Cape Town and Durban.

Number and length of runway at three international airports are shown in Table 2.4.4. Johannesburg INTL Airport has three (3) runways of 4,400m, 3,500m and 2,900m (for a side wind) length.   This airport has an enough capacity as a gateway of South Africa for taking off

and landing of plain even in the future.   There are two runways – one is 3,200m and the other 1,600m for a side wind and small plains – in Cape Town INTL Airport.   This airport, therefore, also can handle a large sized airplane such as B-747 from/to overseas.   Durban INTL Airport has only one runway with 2,500m length, which is insufficient for taking off/landing of B-747 because of the short length of the runway.

Table 2.4.4   Runway in Three INTL Airports

Name	No. of Runway	Length of Runway (m)
Johannesburg INTL Airport	3	4,400, 3,500 and 2,900
Cape Town INTL Airport	2	3,200 and 1,600
Durban INTL Airport	1	2,500

Johannesburg International Airport is the centre of all airport communications and operations. From here, all activities related to maintenance and building management are co-ordinated.

Photo 2.4.2   Johannesburg International Airport

Air traffic control services are provided at 23 airports in the country.

The Air Traffic and Navigation Services Company (ATNS) provides air traffic control services at all the ACSA airports, as well as at Lanseria, Rand, Wonderboom, Nelspruit, Pilanesburg, Mmabatho, Virginia, Pietermaritzburg, Richards Bay, Welkom and Alexander Bay.

iii)   Air Traffic Movement

In 1999, a total of 562,718 air traffic movements (ATM's) - arrivals and departures - were handled at all the air traffic control airports. Of these movements, airports controlled by the ATNS had 524,031 movements.

Air Traffic Movements (ATM's) at Johannesburg, Cape Town and Durban International Airport and at other major domestic airports is shown in Table 2.4.5.

The total ATM's of 3 international airports in 1998 and 1999 was both over 280,000. Of which, Johannesburg INTL Airport as a gateway to South Africa occupied more than 55%. Cape Town is one of the major tourism destinations in South Africa, and this international airport handled 27% of the total ATM's.

Table 2.4.5   Air Traffic Movements by INTL airport

Name	1998		1999	
Johannesburg INTL Airport	155,404	55.4%	156,942	55.7%
Cape Town INTL Airport	76,510	27.3%	76,266	27.1%
Durban INTL Airport	48,500	17.3%	48,371	17.2%
Total	280,414	100%	281,579	100%

Source: South African Civil Aviation Facts & Figures

Johannesburg INTL Airport handled a total of 11.33 million passengers during 1999 as opposed to 10.05 million passengers in 1998.

iv)   Upgrading of International Airport

The ACSA is undertaking major capital developments totalling R 1.7 billion at the Johannesburg, Cape Town and Durban international airports. Half of this is allocated for Johannesburg International Airport. This Airport is expected to deal with 18 million passengers a year by 2005.

The first two phases of the upgrading of the international section of the Johannesburg International Airport cost R 259 million and were completed and officially opened in April 1999. Construction of a new domestic terminal at a cost of R 350 million is expected to be completed by 2003.

The revised feasibility study of the relocation of the Durban INTL Airport, which is currently being seriously considered by national government, has been completed.   It is expected to get the approval for the next step on this project as early as June 2001.

2.4.2   Water Supply

Piped water distributed in South Africa, especially at urban areas and major tourist spots/areas for foreign tourists, is well developed and hygienic. People can drink this piped water without any additional treatment such as boiling.

(1)   Source of Water

The main source of water in South Africa is rivers. Water is transported very long distances from abundant areas of water to areas having large water demand such as the populous and economically important industrial hub in Gauteng.

20 major dams for the purpose of domestic and industrial use, water transfer, power generation, and irrigation exist in South Africa. However, to supply water to people that do not have access to water, several water development projects such as new dam construction are being implemented. The other main water source is groundwater. About 5,400 million kiloliters of groundwater a year is constantly available.

(2)   The Poverty Alleviation Infrastructure Program for Water and Sanitation

The Department of Water Affairs and Forestry (DWAF) is responsible for the provision of basic water supply and sanitation services. Access to treated clean water is every person's right and is probably regarded as the most important element in infrastructure development. However, more than 12 million people are still without adequate water supplies in S.A.

In 1994, DWAF began a program to eliminate the backlog of basic services through a government investment program in basic service provision in the water supply and sanitation sector. The first project was done under the Reconstruction and Development Program (RDP), known as RDP1. Since then there have been three more programs known as RDP 2, 3 and 4.

The total population served with water by the capital program is 5, 5 million. To date 236 water projects of the 1,025 ongoing projects have been completed.

(3)   Access to Water

On average 81.1% of the households (7,345,232) in South Africa had access to treated water in 1996. Six of the nine provinces attained access levels above the national average, whilst 3 provinces recorded access levels lower than the average. 97.2% of households in the Western Cape have access to treated water, closely followed by Gauteng with 97.0%. The Eastern Cape was the worst off with only 54.4% of households having access to treated water. KwaZulu-Natal and the Northern Province also recorded figures below the national average with 67.5% and 76.5% respectively.

Table 2.4.6   Number of Household supplied water by source by province
(households)

Souce	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpuma-langa	Northern Cape	Northern Province	North West	Western Cape	Total
Treated Water *1	724,698	592,525	1,906,011	1,120,475	517,800	172,089	751,520	604,438	955,676	7,345,232
	54.4%	94.8%	97.0%	67.5%	85.7%	92.0%	76.5%	83.9%	97.2%	81.1%
Un Treated Water *2	590,274	26,015	34,724	513,577	73,342	13,562	203,273	89,836	13,764	1,558,367
	44.3%	4.2%	1.8%	30.9%	12.1%	7.3%	20.7%	12.5%	1.4%	17.2%
Unspecified/Other	17,377	6,471	23,432	26,882	12,867	1,332	27,664	26,370	13,576	155,971
	1.3%	1.0%	1.2%	1.6%	2.1%	0.7%	2.8%	3.7%	1.4%	1.7%
Total	1,332,349	625,011	1,964,167	1,660,934	604,009	186,983	982,457	720,644	983,016	9,059,570
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Popuration Census, 1996

*1: Water from pipe in dwelling , pipe on site or in yard, public tap, and water-carrier/tanker

*2: Water from borehole/rain-water tank/well, and dam/stream/spring

2.4.3   Sanitation

Sanitation at urban areas in South Africa is well developed. Hygienic public toilets are also well developed at popular tourist spots/areas for foreigners. Access to sanitation is also regarded as another important element in infrastructure development.

On a national level, only about half of the households (4,552,854) in South Africa had access to a sanitary toilet (Flush toilet or Chemical toilet). About 37% of households (3,339,779) had a toilet but it is not defined as hygienic. More than 12% of households did not have access to a toilet facility.

Only three of the nine provinces attained access levels above the national average of flush or chemical toilets, whilst six provinces recorded access figures lower than the average. Western Cape recorded the highest figure of 85.8% followed by Gauteng with 82.9%. Northern Province was the worst off with only 13.1% of households having access to a sanitary toilet. Eastern Cape, North West, Mpumalanga, KwaZulu-Natal, Free State, and Northern Cape also recorded figures below the national average with 30.6%, 32.0%, 37.8%, 41.7%, 45.1%, and 59.5% respectively.

Table 2.4.7 Toilet Facility by type by province

(household)

	Type	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpuma-langa	Northern Cape	Northern Province	North West	Western Cape	Total
With toilet	Flush toilet or chemical toilet	407,358	282,116	1,627,791	693,130	228,158	111,327	129,075	230,697	843,202	4,552,854
		30.6%	45.1%	82.9%	41.7%	37.8%	59.5%	13.1%	32.0%	85.8%	50.3%
	Other type of toilet *1	530,331	286,073	276,932	706,273	320,204	55,162	639,996	440,954	83,854	3,339,779
		39.8%	45.8%	14.1%	42.5%	53.0%	29.5%	65.1%	61.2%	8.5%	36.9%
	Total	937,689	568,189	1,904,723	1,399,403	548,362	166,489	769,071	671,651	927,056	7,892,633
		70.4%	90.9%	97.0%	84.3%	90.8%	89.0%	78.3%	93.2%	94.3%	87.1%
Without toilet	None of the above	385,656	55,018	48,363	250,956	52,225	19,923	207,097	46,028	52,865	1,118,131
		28.9%	8.8%	2.5%	15.1%	8.6%	10.7%	21.1%	6.4%	5.4%	12.3%
	Unspecified/Other	9,004	1,804	11,083	10,575	3,423	571	6,289	2,964	3,094	48,807
		0.7%	0.3%	0.6%	0.6%	0.6%	0.3%	0.6%	0.4%	0.3%	0.5%
	Total	394,660	56,822	59,446	261,531	55,648	20,494	213,386	48,992	55,959	1,166,938
		29.6%	9.1%	3.0%	15.7%	9.2%	11.0%	21.7%	6.8%	5.7%	12.9%
	Total	1,332,349	625,011	1,964,169	1,660,934	604,010	186,983	982,457	720,643	983,015	9,059,571
		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Popuration Census, 1996

*1: Pit latrine and Bucket latrine

2.4.4 Electricity

(1) Condition of Electricity

In 1995, South Africa gained and consumed electricity of 187,017GWh. 186,845 GWh electricity was generated by Eskom, local authorities and self-producers in S.A. and 172 GWh was purchased from neighbouring countries. 155,660 GWh was consumed in S.A. and 3,047 GWh was sold to outside S.A. 14,575 GWh, which was about 9% of electricity distributed, was lost during distribution. South Africa is a significant power exporter to the southern African region. (See Table 2.4.8.)

Eskom, which is a public corporation and the world's fifth largest electricity company, produces electricity, and also owns and operates the national electricity grid. Eskom produced electricity of about 174,750 GWh, which was 93.5% of total electricity generated in S.A. in 1995. Other generators were local authorities and self-producers. They produced electricity 5,157 GWh and 6,935GWh respectively. (see Table 2.4.9)

Table 2.4.8 Electricity Condition in S.A.

(GWh)

Year	Generator	Generated in SA	Purchased from outside SA	Total Electricity	Consumed in Power Station and Others	Electricity Loses during distribution	Consumed in SA	Sold to outside SA	Total available consumption
1992	Generating Stations *1	161,343	344	161,687	12,012	11,473	136,386	1,816	161,687
	Self Producers	6,784		6,784	577	564	5,643		6,784
	Total	168,127	344	168,471	12,589	12,037	142,029	1,816	168,471
1995	Generating Stations *1	179,910	172	180,082	13,107	13,676	150,252	3,047	180,082
	Self Producers	6,935		6,935	628	899	5,408		6,935
	Total	186,845	172	187,017	13,735	14,575	155,660	3,047	187,017

Source: South African Statistics 2000

*1: Generating stations are belonged to Eskom and local autholities

Table 2.4.9　　Gross Production of Electricity by type of ownership

（MWh）

Year	Electricity Generating Stations			Self Producers	Total
	undertaking and Eskom	Local Authorities	sub total		
1992	157,610,380	3,732,805	161,343,185	6,784,462	168,127,647
1995	174,753,290	5,157,112	179,910,402	6,935,436	186,845,838

Source: South African Statistics 2000

In 1995, South Africa had generation capacity of 38.9 GW and generated electricity of 186,846 GWh. The operation rate of a generator was approximately 55% of generation capacity installed.

Table 2.4.10　　Capacity of Generation installed by type by ownership

（MW）

Year	Generating Station				Self Producers						Total
	Steam Turbines	Diesel and heavy oil piston engines	Water wheels and water turbines	sub total	Steam Turbines	Steam reciprocating engines	Diesel and heavy oilpiston engines	Petrol, paraffin and other light oil piston engines	Water wheels and water turbines	sub total	
1992	36,754	26	2,185	38,965	1,102	2	4	1	5	1,114	40,079
1995	35,500		2,185	37,685	1,170		2			1,172	38,857

Source: South African Statistics 2000

(2)　　Access to Electricity

57.6% (5,220,823) of households could obtain electricity for lighting purpose in South Africa in 1996. Almost all of them (5,188,642) used electricity distributed by an authority.

The majority of provinces recorded access levels below the national average whilst only three provinces recorded figures above the average. In the Western Province, 84.9% of households used electricity, closely followed by Gauteng with 79.4%. In the Northern Cape, 68.8% of household have access to electricity. The Eastern Cape was the worst off with only 31.2% of households having access to electricity. Northern Province also recorded a figure well below the national average, while Mpumalanga and Free State are almost on par with the national average.

Table 2.4.11   Number of Household with access to Electricity for lighting in 1996

(household)

	Type	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpuma-langa	Northern Cape	Northern Province	North West	Western Cape	Total
Electricity	Electricity direct from authority	416,112	355,025	1,559,657	883,944	339,865	128,599	355,204	315,170	835,066	5,188,642
		31.2%	56.8%	79.4%	53.2%	56.3%	68.8%	36.2%	43.7%	84.9%	57.3%
	Electricity from other source	5,993	2,061	3,255	5,458	1,959	3,537	4,585	2,430	2,903	32,181
		0.4%	0.3%	0.2%	0.3%	0.3%	1.9%	0.5%	0.3%	0.3%	0.4%
	sub-total	422,105	357,086	1,562,912	889,402	341,824	132,136	359,789	317,600	837,969	5,220,823
		31.7%	57.1%	79.6%	53.5%	56.6%	70.7%	36.6%	44.1%	85.2%	57.6%
Others *1		899,457	264,865	382,872	756,237	256,020	53,712	611,408	397,861	140,121	3,762,553
		67.5%	42.4%	19.5%	45.5%	42.4%	28.7%	62.2%	55.2%	14.3%	41.5%
Unspecified		10,786	3,060	18,384	15,294	6,165	1,135	11,261	5,181	4,924	76,190
		0.8%	0.5%	0.9%	0.9%	1.0%	0.6%	1.1%	0.7%	0.5%	0.8%
Total		1,332,348	625,011	1,964,168	1,660,933	604,009	186,983	982,458	720,642	983,014	9,059,566
		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Popuration Census, 1996

*1: Gas, Paraffine, and Candle

2.4.5   Telecommunication

Telecommunications in S.A. is well developed. The country has approximately 5.3 million installed telephones and 4.3 million installed exchange lines. Since 1998, about 14,000 lines have been installed for priority groups such as schools, clinics and hospitals. Telkom intends rolling out 2.81 million new telephone lines over a five-year period, which commenced in May 1997.

The network is almost wholly digital system. Digital microwave and optical fibre serve as the main transmission media for the inter-primary network interconnecting all major centres.

(1)   Agencies related to Telecommunication

i)   South Africa Telecommunications Regulatory Authority

South Africa Telecommunications Regulatory Authority (SATRA) was officially launched on 10 February 1997. SATRA's functions had been to pave the way for new comers to enter the telecommunications industry, and to advise the Minister of Communications on the issuing of new licences in the sector.

SATRA's mandate included the promotion of a wide range of telecommunications services in the interest of the economic growth and development of the country and in the public interest generally.

ii)   Universal Service Agency

The Universal Service Agency was launched in May 1997. It is a statutory body and its objectives include advising the Minister on ways to bring about universal access and service, coordinating initiatives by service-providers such as Telkom, Vodacom and Mobile Telephone Network (MTN) and extending access to telecommunications by working with community-based organizations (CBOs), non-governmental organizations (NGOs), donor organizations and businesses.

(2)   Telephone

Telkom South Africa Limited, which provides and operates telephone facilities and develops new technology, came into being on 1 October 1991. Telkom is installing 2.8 million new lines, including 120,000 payphones, in the five years to March 2002. Over the same period, it must provide first-time telephone services for over 3,000 villages, install more than 20,000 new lines

for priority customers such as schools and hospitals, and replace around 1.2 million analogue lines with digital technology.

In the first three years of its five-year mandate, Telkom installed 1.2 million new lines. This has brought the total number of lines in operation to approximately 5.5 million, representing well over 30% of all lines installed in Africa. During the same period, the company brought telephones to over 2,000 villages, which previously had no service, added about 86,000 new payphones and installed just over 14,000 lines for schools, hospitals and municipalities.

The total five-year cost of Telkom's network building and modernization program is estimated at R 47 billion, approximately R 30 billion of which has been spent.

(3)   Internet

By November 1999, more than 1.2 million South Africans were using the Internet. South Africa now has one Internet user for every 49 people, compared with one in 5,000 in the rest of Africa. The world average is one Internet user for every 38 people.

Telkom has established an Internet transport network, known as SAIX (South African Internet Exchange). This has reduced the capital barrier for entry to the market, allowing more than 70 small Internet service-providers to open up.

(4)   Mobile communication

There are two mobile communication operators - Vodacom and MTN - in South Africa. The mobile communication market is growing at a rate of 50% per annum. The combined subscriber base is over five million.

Vodacom has over 6,000 distribution outlets, and has spent R3.6 billion on building, maintaining and expanding its network infrastructure. Vodacom has signed new roaming agreements with Globalstar, a low-earth orbit satellite phone service, which it believes will be the best way to reach under-serviced rural areas. It has also installed 22,000 community phones.

MTN was the first company to launch a pre-paid service in South Africa, opening up the mass market and putting the GSM (Global Systems for Mobile Communications) technology within reach of even the most modest of households.

Coverage includes approximately 50% of South Africa. MTN has a network of over 3,000 GSM base stations, all of which have been installed over the past four years. MTN recently invested R 100 million to expand its rural and peri-urban coverage and an additional R 1.5 billion to increase its network capacity in anticipation of further growth in its pre-paid market. MTN concentrates 80% of its network expansion strategy on growing the rural pre-paid market. The company had also installed 7,000 pre-paid community payphones by the end of April 2000.

A third service provider licence has just been granted to a new provider, Cell-C.

(5)   Optical fibre undersea cable project

There is an optical fibre undersea cable project with US$630 million in S.A. This is expected to cater for Africa's growing telecommunications needs for the next 25 years.

About 40 nations and several international telecommunications operators have joined the project. The project, known as SAT3/ WASC/SAFE (Southern Africa/Western Africa Submarine Cable/ South Africa–Far East), will link African nations with Asia and Europe.

(6)   Access to Telephones

Access to telephones is a vital component of infrastructure development in the era of communication and information.

Only 28.6% of the households in South Africa had a telephone in the dwelling or a cellular phone in 1996. 52.5% of the households did not have but could access a telephone. About 19% could not access a telephone.

Provinces attaining levels of access above average include the Western Cape, Gauteng and the Northern Cape. Western Cape (55.2%) had almost double the percentage access to telephones than the national average, whereas the Northern Province's access only amounts to 7,4%, followed by the Eastern Cape with 15.6% and North West with 16,8%. It is evident that a wide range exists between the highest and lowest access figures. Western Cape's access level is over 90% points above average, whilst the Northern Province's access is about 75% points below the average.

Table 2.4.12   Number of Household by type of access to telephone by province in 1996

(household)

Type	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpuma-langa	Northern Cape	Northern Province	North West	Western Cape	Total
Telephone in dwelling/cellular phone	207,292	143,057	889,960	447,048	110,049	57,513	72,941	120,717	542,673	2,591,250
	15.6%	22.9%	45.3%	26.9%	18.2%	30.8%	7.4%	16.8%	55.2%	28.6%
No telephone but can access	517,398	407,455	982,426	872,986	402,460	105,983	603,851	457,648	407,408	4,757,615
	38.8%	65.2%	50.0%	52.6%	66.6%	56.7%	61.5%	63.5%	41.4%	52.5%
No access to a telephone	598,909	72,188	77,446	329,328	87,525	22,765	299,434	138,854	29,295	1,655,744
	45.0%	11.5%	3.9%	19.8%	14.5%	12.2%	30.5%	19.3%	3.0%	18.3%
Not stated	8,749	2,311	14,336	11,571	3,976	723	6,232	3,426	3,639	54,963
	0.7%	0.4%	0.7%	0.7%	0.7%	0.4%	0.6%	0.5%	0.4%	0.6%
Total	1,332,348	625,011	1,964,168	1,660,933	604,010	186,984	982,458	720,645	983,015	9,059,572
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Popuration Census, 1996
*1: Telehone at a neighbour nearby, a public telephone nearby, at another location nearby eg. Work, and at another location not nearby

2.5 The Economy

2.5.1 Overview of South Africa's Economy

(1)   Unequal Distribution of Income

South Africa is one of the richest and economically most important countries on the African continent, dominating the southern African sub-region and accounting for more than a third of the output of sub-Saharan Africa. It has a sound market economy, with a well-developed private sector and the most advanced industrial capacity on the continent.

For decades, however, its past tragic system prevented South Africa from achieving its potential, leaving widespread inequality and poverty as its legacy, resulting in highly unequal socio-economic outcomes.

(2)   Recent Economic Growth

In the 1990s, the growth of the South African economy was relatively sluggish. The economy contracted between 1990 and 1992, and the growth since the mid-1990s has also been fairly modest, averaging 2.5% per year in 1995-2000 as shown in Table 2.5.1.

Table 2.5.1   Trend of GDP in South Africa

	1995	1996	1997	1998	1999	2000	Average 1995-2000
GDP at current prices (R million)	548,099	618,415	683,746	735,082	795,575	873,640	-
GDP at constant 1995 prices (R million)	548,099	570,855	585,103	589,110	600,159	618,666	-
Real GDP growth (% per year)	3.1	4.2	2.5	0.7	1.9	3.1	2.5

Source: Statistics South Africa, Gross Domestic Product, First quarter 2001, May 2001.

The latest available economic data from Statistics South Africa shows that the general economy of South Africa has achieved a real annual growth rate of 2.2% in 2001 (The real annual growth rate for 2000 was revised up from 3.1% to 3.4%). The main contributors to the increase in economic activity in 2001 were the finance, real estate and business services (0.7 of a percentage point of the 2.2% growth), manufacturing (0.5 of a percentage point), wholesale, retail trade, hotels and restaurants (0.4 of a percentage point) and transport and communication (0.4 of a percentage point) industries.

(3)   Sectoral Composition in the Economy

One of the major economic activities in South Africa centres around mining, on which much manufacturing has been based, including gold and diamonds. Although agriculture itself has been a small fraction in the economy, it plays a significant role in output and employment if considering its link with agro-industries. The tertiary industry is the most important contributor to GDP, including a well-developed financial sector, an increasingly developing tourism sector, and an important retail sector. Table 2.5.2 shows GDP by sector.

While tourism has been recognized as one of the important sectors, the country's national account system (as that in most other countries) does not separate tourism as a single sector, having made it difficult to grasp its size in the economy. In recent years, however, major attempts have been made to estimate the overall size of the tourism sector using the Tourism Satellite Account system. The result of these attempts will be described in the subsequent section.

Table 2.5.2   GDP by Sector

(at current prices)

Sector	1996		1998		2000	
	R million	%	R million	%	R million	%
Agriculture, forestry, fishing	23,721	3.8	24,452	3.3	25,375	2.9
Mining and quarrying	38,768	6.3	43,445	5.9	51,561	5.9
Manufacturing	114,127	18.5	129,057	17.6	148,874	17.0
Electricity, gas, water	18,128	2.9	20,965	2.9	22,995	2.6
Construction	17,631	2.9	20,674	2.8	22,152	2.5
Wholesale & retail trade, hotels, restaurants	79,463	12.8	89,222	12.1	103,923	11.9
Transport and communication	51,787	8.4	63,498	8.6	80,063	9.2
Finance, real estate, business services	94,116	15.2	123,369	16.8	160,955	18.4
Community, social & personal services	15,368	2.5	19,093	2.6	23,537	2.7
General government services	97,196	15.7	116,443	15.8	129,735	14.8
Other producers	15,671	2.5	20,154	2.7	24,826	2.8
Taxes less subsidies on products	52,438	8.5	64,700	8.8	79,644	9.1
GDP at market prices	618,415	100.0	735,082	100.0	873,640	100.0

Source: Statistics South Africa, Gross Domestic Product, First quarter 2001, May 2001.

Table 2.5.3　　Real GDP Growth by Sector

(% per year)

Sector	1996	1997	1998	1999	2000	Average 1995-2000
Agriculture, forestry, fishing	24.0	1.5	-7.3	3.4	3.8	4.6
Mining and quarrying	-0.8	1.7	-0.8	-1.0	-1.8	-0.6
Manufacturing	1.4	2.4	-1.6	-0.2	3.6	1.1
Electricity, gas, water	5.7	4.4	0.6	1.9	4.6	3.4
Construction	2.0	3.0	1.2	-3.8	-0.9	0.3
Wholesale & retail trade, hotels, restaurants	3.7	0.4	-1.4	1.3	5.1	1.8
Transport and communication	6.4	7.4	7.0	7.6	6.5	7.0
Finance, real estate, business services	6.7	4.3	5.6	6.3	4.8	5.6
Community, social & personal services	3.8	-1.7	-0.5	2.0	2.3	1.2
General government services	2.0	0.5	-0.5	-0.7	-1.2	0.0
Other producers	1.5	1.6	2.3	2.0	2.4	2.0
Taxes less subsidies on products	4.9	2.7	0.1	-0.3	2.4	1.9
GDP at market prices	4.2	2.5	0.7	1.9	3.1	2.5

Source: Statistics South Africa, Gross Domestic Product, First quarter 2001, May 2001.

(4)　　Inflation

While South Africa suffered from a high rate of inflation in the early 1990s (15-9% increase per year), the pace of the price rise has gone down in the past few of years as shown in Table 2.5.4, due to factors including restrictive macroeconomic policy, real wage restraint and capacity under-utilisation. The rise in 2000 may be considered relatively modest in view of the inflationary pressures attributed to higher oil prices and the depreciation of the Rand.

Table 2.5.4　　Increase in Consumer Prices

	Average 1995-1997	1998	1999	2000
CPI* (% per year)	8.0	6.7	5.1	5.4
CPIX** (% per year)	8.2	7.1	6.9	7.8

Source: South African Reserve Bank, Quarterly Bulletin.
Note: * Consumer prices in metropolitan and other urban areas.
** Consumer price index in metropolitan and other urban areas, excluding interest rates on mortgage bonds (home loans).

For the year 2001, the official average annual inflation rate (CPI) was 5.7%, which was 0.3 of a percentage point higher than the corresponding average annual inflation rate for 2000 at 5.4% mainly due to the depreciation of the Rand and an increase in food prices. The average annual percentage change in the Consumer Price Index excluding interest rate on mortgage bonds (CPIX) was 6.6% for the year 2001, 1.2 percentage points lower that the CPIX of 7.8% for 2000.

(5)　　Exchange Rates

The latter half of the 1990s has seen a fast pace of depreciation of the Rand as shown in Table 2.5.5. Based on these figures, the Rand depreciated, for example, against US dollars by nearly 50% from 1995 to 2000, and this weakening trend has still continued in 2001.

Table 2.5.5　　　Average Exchange Rates in Cents per Foreign Currency Unit

Currency	1995	1996	1997	1998	1999	2000	April 2001
US dollars	362.7	429.6	460.7	553.2	611.3	693.5	808.1
Pound	572.4	672.0	754.9	916.3	989.2	1048.6	1159.4
Yen	3.879	3.947	3.812	4.241	5.393	6.434	6.532

Note: R 1 = 100 cents
Source: South African Reserve Bank, Quarterly Bulletin.

Following a severe depreciation of the Rand against all major currencies in December 2001, the currency stabilized and regained some ground in January and February 2002 to return to previous levels.   On 12 March 2002, the exchange rate of the Rand against the US Dollar was R 11.48, against the British Pound it was R 16.32 and against the Japanese Yen it was R 8.89.

(6) Unemployment

Among the most crucial socio-economic issues in South Africa is the high rate of unemployment. As of September 2000, it was estimated at 25.8%, based on the official definition of the unemployed, and 35.9% based on the expanded definition as shown in Table 2.5.6. (For the difference in definition, see note of the Table.)

One of the most striking features regarding the country's employment situation is the extremely low ratio of the employed persons to total population, which is about 27%. This reflects, in addition to the high unemployment rate, the low participation rate and the very skewed age distribution of the population toward the young, with 34% of the population under 15 years old (in 1996).   As this age group enters the labour force, the employment situation could be even worse unless the pace of job creation is considerably improved.

Table 2.5.6　　　Unemployment Rate as of September 2000

	Official definition	Expanded definition
a. Total employed (000's)	11,712	11,712
b. Total unemployed (000's)	4,082	6,559
c. Total economically active (= a + b) (000's)	15,794	18,272
d. Total not economically active (000's)	11,100	8,623
e. Total aged 15-65 years (= c + d) (000's)	26,894	26,894
f. Unemployment rate (= b *100/c)	25.8%	35.9%
g. Labour market participation rate (= c *100/e)	58.7%	67.9%
h. Labour absorption rate (= a *100/e)	43.5%	43.5%

Note: The official definition does not regard those unemployed as economically active or "officially unemployed" unless they have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview, while the expanded definition includes them in the unemployed as well as in the economically active.
Source: Statistics South Africa, Labour Force Survey, conducted in September 2000.

The unemployment rate according to the official definition was 26.4% at the end of February 2001, a 0.6 percentage point increase over the September 2000 figure of 25.8%.

(7) Employment by Sector

Table 2.5.7 shows the composition of employment by sector. Unlike the composition of GDP, agriculture provides a significant number of jobs, which also suggest that the income offered by the sector is significantly lower than other sectors. The tertiary sector (including tourism) is the largest contributor to the country's employment.   The employment trends in the tourism sector will be described in the subsequent section.

Table 2.5.7   Employment by Sector as of September 2000

Sector	Number of employment (000's)	Composition (%)
Agriculture, forestry, fishing	1,694	14.5
Mining and quarrying	531	4.5
Manufacturing	1,576	13.5
Electricity, gas, water	82	0.7
Construction	639	5.5
Wholesale & retail trade, hotels, restaurants	2,426	20.7
Transport and communication	551	4.7
Finance, real estate, business services	928	7.9
Community, social & personal services	1,994	17.0
Private households	1,205	10.3
Other unspecified industry	87	0.7
Total	11,712	100.0

Source: Statistics South Africa, Labour Force Survey, conducted in September 2000.

(8)   External Trade and Services Receipts

The external trade surplus has continued if considering net gold exports as shown in Table 2.5.8. Even without considering them, merchandise exports and imports have been balancing in the past couple of years. The trade surplus for the year 2001 as a whole was R 34.7 billion, up from R 23.7 billion in 2000. Exports rose by 20% over 2001, compared to import growth of 16%.

Services receipts that include those for transportation, travel and others, thus closely related to tourism, amount to 18-21% of total merchandise exports, indicating their large contribution to foreign exchange earnings.

Table 2.5.8 shows the breakdown of services receipts and their rate of increase in real terms. The real value for "travel" has increased particularly rapidly, indicating the favourable trend in foreign visitors' spending, though this may be partly due to the depreciation of the Rand.

Table 2.5.8   Trade Balance and Services Receipts

(in nominal R million)

	1995	1996	1997	1998	1999	2000
Merchandise exports	86,580	103,906	118,012	135,214	150,604	191,345
Net gold exports	22,538	26,300	25,818	25,907	24,279	27,162
Merchandise imports	99,425	118,658	133,061	150,705	149,540	189,012
Trade balance	9,693	11,548	10,769	10,416	25,343	29,495
Services receipts	16,751	21,589	24,587	29,068	31,000	35,297
Ratio of services receipts to merchandise exports	19%	21%	21%	21%	21%	18%

Source: South African Reserve Bank, Quarterly Bulletin.

Table 2.5.9   Composition and Real Growth of Services Receipts

	1996	1998	2000	Average annual growth rate 1995-2000
Transportation	19.9%	20.7%	23.2%	8.4%
Passenger fares	10.4%	10.7%	13.0%	11.1%
Other	9.6%	10.0%	10.2%	5.5%
Travel	51.3%	51.5%	53.3%	11.6%
Business	6.2%	5.9%	5.7%	6.8%
Other	45.1%	45.6%	47.6%	12.3%
Other services	28.7%	27.8%	23.4%	2.6%
Total services	100.0%	100.0%	100.0%	8.3%

Note: The average annual growth rate in the left column was calculated based on the real values of services receipts deflated with GDP deflators.
Source: South African Reserve Bank, Quarterly Bulletin.

(9)   Economic Development Policy

Following the Reconstruction and Development Program (RDP) released in 1994 that was intended to redress the inequalities in the economy and revive growth prospects, the government released Growth, Employment and Redistribution (GEAR) in 1996 as a major macroeconomic strategy. Emphasizing the urgent need for speeding up labour-intensive economic growth to address the unemployment crisis, GEAR set five new policy objectives, targeting real GDP growth of 6% in 2000/01 and the creation of more than 400,000 jobs a year by 2001. Despite the government's job-creation efforts to tackle massive unemployment and poverty, however, these targets were far from being met, and it would take time for the efforts to bring expected, if not, encouraging results.

While GEAR is still considered as a core policy document, the government has been changing the emphasis of its approach toward more emphasizing investment and growth for benefiting the poor, through various measures including: (i) increasing competitiveness in the energy, transport and telecommunications sectors through privatisation and managed liberalization, (ii) promoting growth in key sectors including several prioritised export sectors, tourism, agriculture, information and communications technology, and cultural industries, (iii) boosting foreign investment, and (iv) increase in government spending on economic infrastructure. The key performance measures/areas for this integrated framework for growth include: (i) growth, (ii) employment, (iii) SMMEs (small, micro- and medium-sized enterprises), (iv) BEE (black economic empowerment), and (v) competitiveness.

2.5.2   Regional Socio-Economic Analysis

This section analyses the socio-economic conditions by province as a useful reference for the selection of focus areas conducted later in this study.

Note that this analysis, except for unemployment, relies largely on slightly old data due to unavailability of the latest statistics such as census data, gross geographic product, and household income and expenditure.

(1)   Household Income and Expenditure

Household income and expenditure that partly reflect the extent of affluence or poverty are compared across provinces. In order to control for the difference in the household size across provinces, household income and expenditure per person (monthly) were calculated based on data from the 1995 income and expenditure survey and the 1996 census.[21]

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[21]   Note that it is widely recognized that the household expenditure data are more reliable than the household income data in South Africa.

Regional difference in income and expenditure level is astonishing as shown in Figures 2.5.1 and 2.5.2, with the level for Gauteng and Western Cape significantly exceeding that for others. There is also fairly considerable variation even among lower-income provinces.

Figure 2.5.1   Monthly Household Income per Person
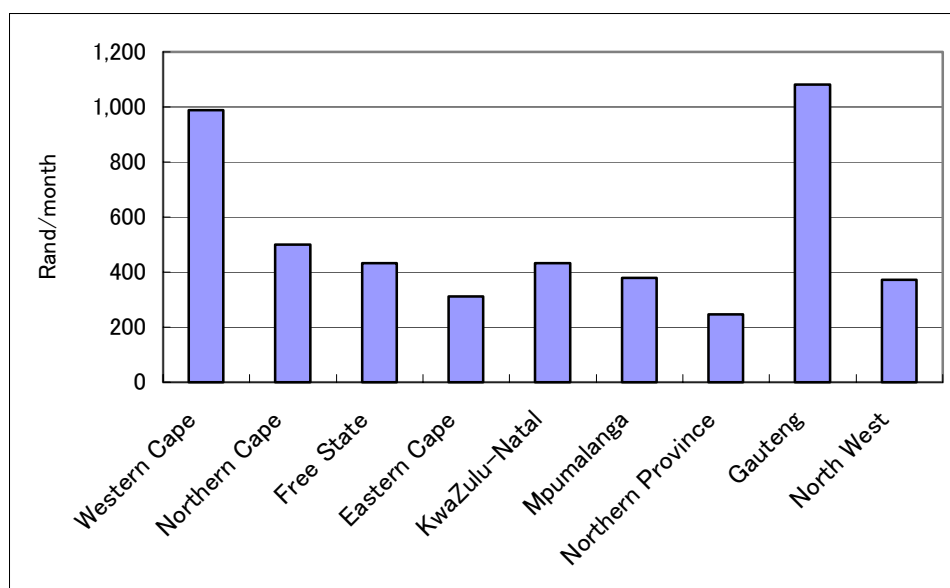
Source: Statistics South Africa, Measuring Poverty in South Africa, 2000.

Figure 2.5.2   Monthly Household Expenditure per Person
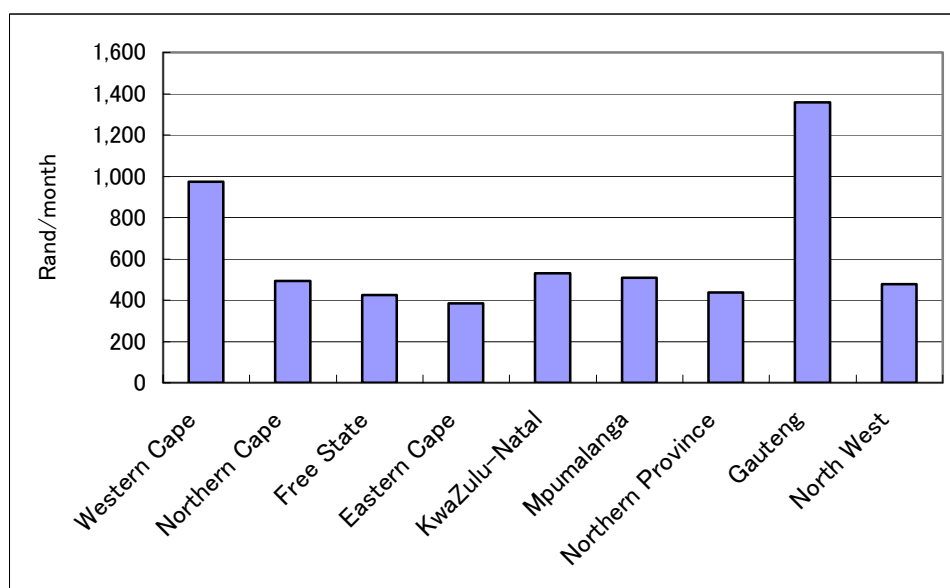
Source: Statistics South Africa, Measuring poverty in South Africa, 2000.

(2)   Gross Geographic Product (GGP)

The performance of a regional economic system in terms of factors such as production activity can be measured by its gross geographic product (GGP), a measure representing the value of final goods and services produced within the geographic boundaries of the region over a period of one year.

In recent years, GGP has not been officially estimated in South Africa, and the official data regarding GGP is quite dated.[22] Under this data constraint, the Development Bank of Southern Africa (DBSA) estimated GGP in 1996 by supplementing the primary data with the information from secondary sources including the levies of Regional Services Councils on turnover and employee remuneration. While this GGP estimate is not an official one, it could be useful for this study.

Table 2.5.10 shows GGP by province in both nominal and real terms as well as its growth in 1991-1996, which is also presented graphically in Figure 2.5.3.

As of 1996, Gauteng, the largest contributor to total GGP, accounted for more than a third of the total, followed by KwaZulu-Natal and Western Cape, each somewhat less than half of that in Gauteng. The next group is Eastern Cape and Mpumalanga, each again slightly less than half of that in KwaZulu-Natal and Western Cape, then followed by Free State, North West, and Northern Cape.

The rate of growth in this five-year period varies considerably across provinces, with Northern Province, Western Cape, Northern Cape and KwaZulu-Natal being relatively better performers, while GGP in Free State, Mpumalanga, and North West contracted over the period.

Table 2.5.10   Gross Geographic Product (GGP) in 1991 and 1996 Estimated by DBSA

Province	1991		1996		AAGR for real GGP in 1991-96 (%)
	Nominal GGP (R million)	Composition (%)	Nominal GGP (R million)	Composition (%)	
Western Cape	38,572	13.9	75,290	15.6	3.8
Northern Cape	6,015	2.2	11,100	2.3	2.8
Free State	17,720	6.4	27,696	5.7	-0.5
Eastern Cape	20,799	7.5	36,508	7.5	1.5
KwaZulu-Natal	42,544	15.3	77,909	16.1	2.6
Mpumalanga	23,261	8.4	34,683	7.2	-0.6
Northern Province	10,322	3.7	20,187	4.2	4.2
Gauteng	103,676	37.3	176,808	36.5	0.9
North West	15,228	5.5	23,875	4.9	-0.6
Total	**278,137**	**100.0**	**484,056**	**100.0**	**1.5**

Note: AAGR is average annual growth rate. Total nominal GGP is substantially lower than the GDP figure shown earlier. This should be due largely to the change in the national account system in 1999, which resulted in upward adjustment of 1998 GDP at market prices by 14.3%.
Source: Development Bank of Southern Africa, Guidelines to Regional Socio-Economic Analysis, March 2001.

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[22] The latest officially published GGP is as of 1994, released by the Central Statistical Service in 1995 (Statistical release P0401, Gross Geographic Product 1994, November 1995).
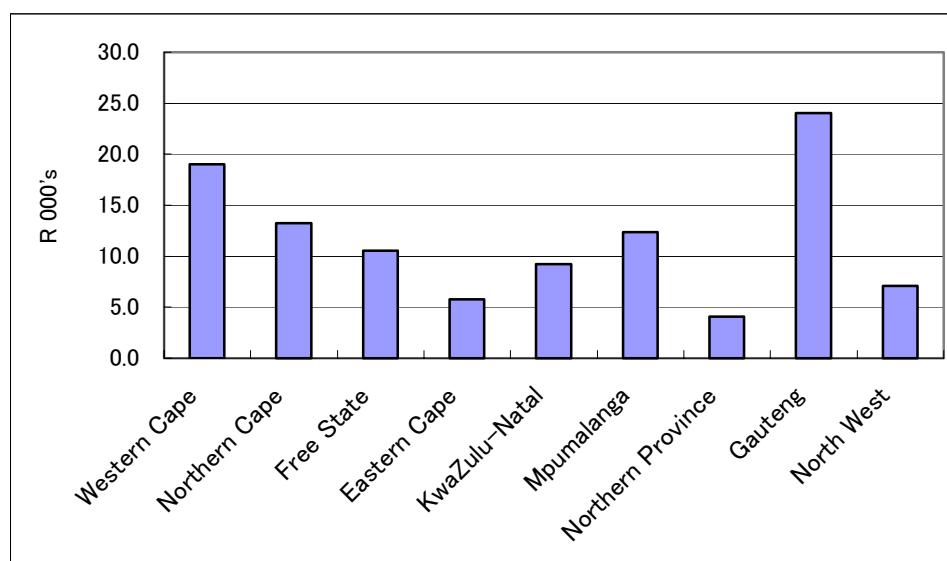
Figure 2.5.3   Real GGP Growth in 1991-1996
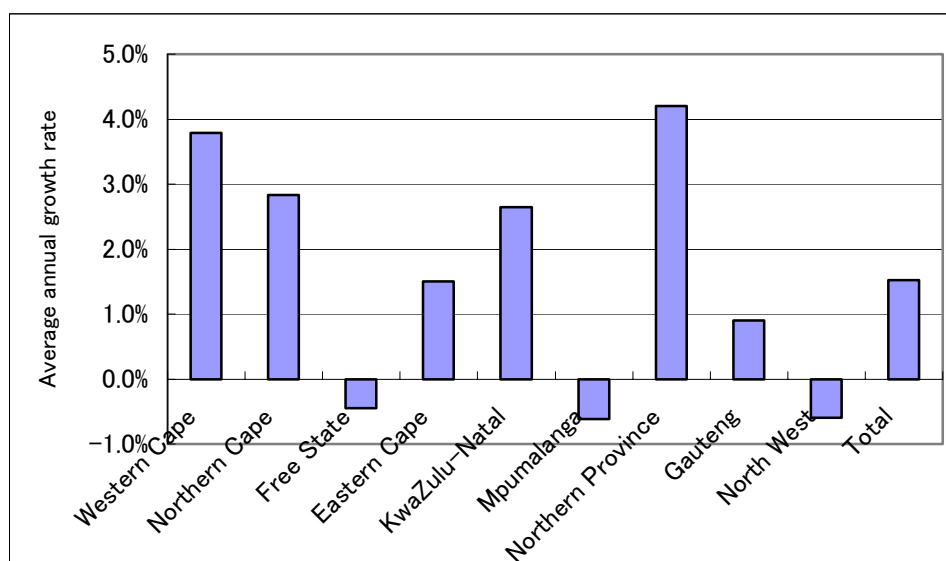
Source: Development Bank of Southern Africa, Guidelines to Regional Socio-Economic Analysis, March 2001.

GGP per capita was calculated using the provincial population from the 1996 census, and is presented in Figure 2.5.4. The tendency in regional difference is generally consistent with that for household income and expenditure per person, while the variation, particularly among lower-income provinces, becomes even more pronounced.

The difference between GGP per capita and household income (and expenditure) per person is largely because some provinces, due to their heavy reliance on sectors like mining, experience relatively large outflows of income in the form of migrant workers' remittances and company profits. For these provinces, the level of household income per person (relative to that in other provinces) becomes lower than their relative position for GGP per capita. Mpumalanga and Northern Cape are examples of this situation. On the other hand, Eastern Cape and Northern Province experience large inflows of income due to the presence of migrant workers earning their income in other provinces (such as Gauteng). For these provinces, the relative level of household income per person is thus higher than their relative position for GGP per capita.

For these reasons, GGP per capita (if measured at a reasonable level of accuracy) better reflects the extent of the economic activities taking place within each province than household income or expenditure per person.   Finally, the sectoral composition of GGP is shown in Table 2.5.11.

Figure 2.5.4   GGP per Capita in 1996

Source: Development Bank of Southern Africa, Guidelines to Regional Socio-Economic Analysis, March 2001; Statistics South Africa, South African Statistics 2000.

Table 2.5.11   GGP by Sector

| | | | | | | | | | (%) |
Sector	WC	NC	FS	EC	KN	MP	NP	GT	NW	Total
Agriculture	6.8	8.7	10.7	3.6	5.4	7.7	13.2	0.9	8.6	4.8
Mining	0.2	28.0	19.6	0.1	1.6	23.4	19.8	4.8	35.5	8.1
Manufacturing	23.3	4.5	15.0	25.8	31.7	20.8	6.1	26.6	12.8	23.7
Energy	2.9	3.3	5.3	1.7	2.1	20.3	7.9	2.2	1.3	4.0
Construction	3.2	1.8	2.8	3.3	3.1	2.0	2.7	3.0	3.1	3.0
Commerce	20.6	14.2	11.5	16.3	16.7	7.1	11.7	17.7	9.9	16.1
Transport	8.2	11.0	6.7	9.6	10.9	3.8	3.8	7.4	2.9	7.7
Finance	17.0	9.7	9.8	12.3	12.2	5.0	6.6	16.7	9.0	13.5
Services	17.7	18.8	18.8	27.3	16.4	9.8	28.3	20.5	16.8	19.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Development Bank of Southern Africa, Guidelines to Regional Socio-Economic Analysis, March 2001.

(3)   Unemployment

Table 2.5.12 shows the employment situation by province. The unemployment rate differs fairly considerably across provinces as shown in Figure 2.5.5, with Northern Province and North West suffering most. The rates for KwaZulu-Natal, Eastern Cape, Mpumalanga and Free State are comparable, at around 27%.

Except for Gauteng, there is a clear relationship between the unemployment rate and GGP per capita representing the extent of economic activities within provinces, as shown in Figure 2.5.6. The exceptional phenomenon of Gauteng is apparently due to the existence of a significant number of the urban poor.

Table 2.5.12   Employment Situation by Province

<div align="right">(in 000's)</div>

| Province	Total aged 15-65 years	Not economically active	Economically active			Unemployment rate
			Total	Workers	Unemployed	
Western Cape	2,757	902	1,855	1,538	317	17.1%
Eastern Cape	3,901	1,972	1,929	1,403	526	27.3%
Northern Cape	556	226	330	257	73	22.1%
Free State	1,799	695	1,104	811	293	26.5%
KwaZulu-Natal	5,459	2,280	3,179	2,301	878	27.6%
North West	2,214	1,013	1,201	848	353	29.4%
Gauteng	5,411	1,600	3,811	2,850	961	25.2%
Mpumalanga	1,816	727	1,089	791	298	27.4%
Northern Province	2,983	1,685	1,298	915	383	29.5%
Total	**26,894**	**11,100**	**15,794**	**11,712**	**4,082**	**25.8%**

Source: Statistics South Africa, Labour Force Survey, conducted in September 2000.

Figure 2.5.5   Unemployment Rate by Province
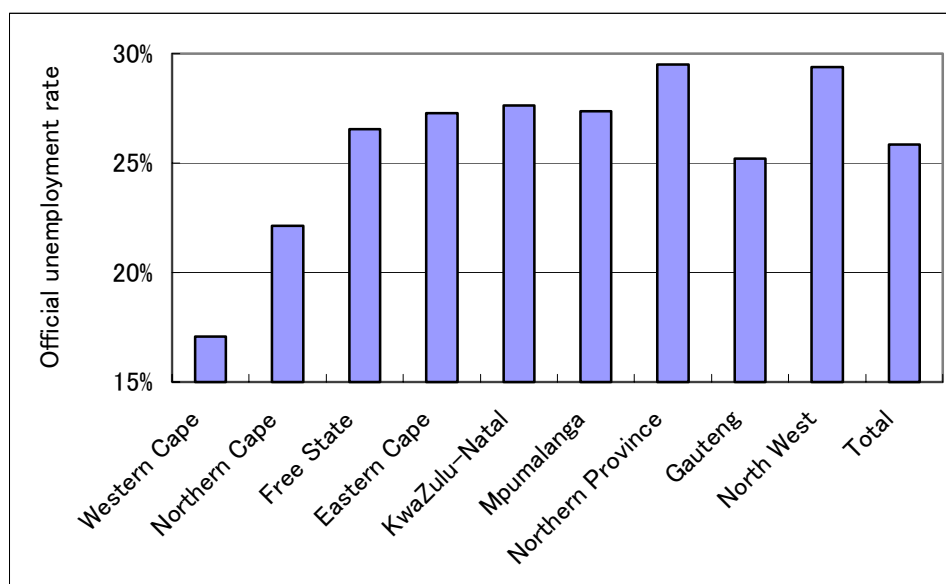
Source: Statistics South Africa, Labour Force Survey, conducted in September 2000.

Figure 2.5.6   Relationship between Unemployment by Province and GGP per Capita
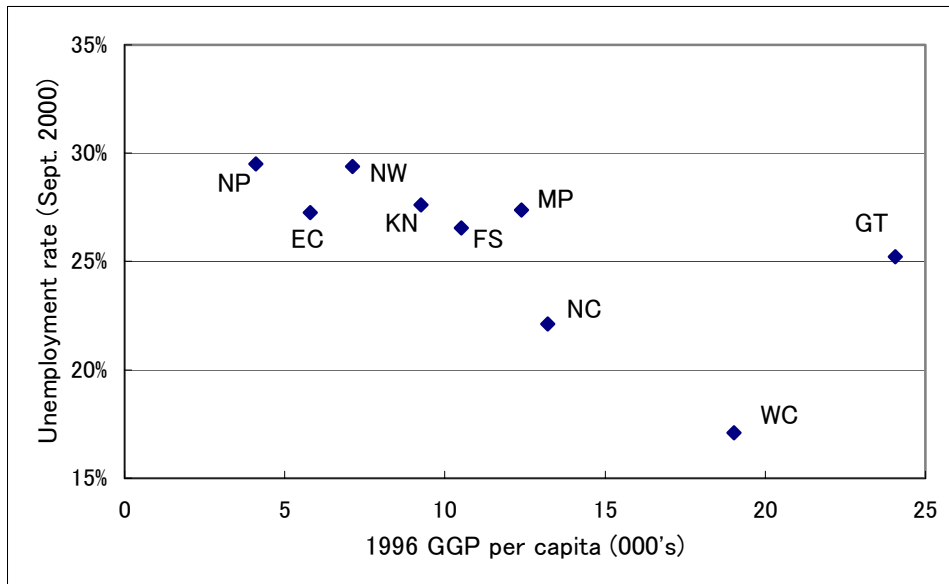
Source: Statistics South Africa, DBSA.

Chapter 3
Tourism Demand and Impact

3.1   International Market

3.1.1   Arrival Trends

In the recent five years from 1996 to 2000, international visitor arrivals to South Africa has expanded from 4.9 million to 5.9 million, registering a moderate growth of 5.5% per annum (Table 3.1.1). The majority of arrivals consist of intra-African arrivals averaging a share of 71% (1997) to 73% (1996 and 1998).

Overseas arrivals, as defined by SA Tourism to exclude African arrivals, has registered a growth of 7.4% per annum for the same period, expanding from 1.2 million to 1.5 million.

Among the overseas arrivals, Europe has been and will continue to be the major generating source of visitors to South Africa because of its relative geographical proximity and past socio-political relations. Europe holds an average share of 66 – 67% of the total overseas arrivals. European arrivals expanded from 0.8 million to 1 million registering a very steady growth of 7.9% per annum.

North America (USA and Canada) and India/Indian Ocean Islands are the two other source regions recording a notable annual growth rate of 10.3% and 9.9%, respectively.

Table 3.1.1   Visitor Arrivals from 1996 to 2000 by Major Source Regions

(Unit: thousand)

	1996	1997	1998	1999	2000	Average Annual Growth (%)
Grand Total	4,944(10.2%)	4,976(6.5%)	5,732(15.2%)	5,891(2.8%)	5,872(-0.4%)	5.5%
Overseas	1,172(9.3%)	1,274(8.7%)	1,428(12.1%)	1,491(4.4%)	1,532(2.7%)	7.4%
Europe	771(10.5%)	846(9.7%)	950(12.2%)	998(5.1%)	1,023(2.5%)	7.9%
N. America	137(10.5%)	158(15.3%)	194(22.8%)	193(-0.5%)	202(4.7%)	10.3%
Australia	62(3.3%)	63(1.6%)	69(9.5%)	69(0.0%)	70(1.5%)	3.1%
Asia (1)	118(2.6%)	111(-6.0%)	109(-1.9%)	122(11.9%)	122(0.0%)	1.2%
India/Ocean (2)	27(8.0%)	31(14.8%)	34(9.7%)	38(11.8%)	40(5.3%)	9.9%
Africa	3,607(9.6%)	3,527(-2.2%)	4,184(18.6%)	4,272(2.1%)	4,222(-1.2%)	5.1%
Others (3)	221(26.3%)	241(9.0%)	192(-20.4%)	198(2.1%)	193(-2.5%)	2.0%

Source: SA Tourism/JICA Study Team
(1) Excludes India
(2) India/Indian Ocean Islands
(3) Central/S. America, M/East and Unspecified

Among European arrivals, UK invariably holds a dominant share of 32% - 34%, a testimony to its past and continuing strong socio-political relations. UK is followed by Germany with an average share of 21% - 25%.   Netherlands and France hold the positions of third and fourth most productive sources with an average share of 8% - 9%.   The following two Tables (3.1.2 and 3.1.3) list the ten most productive European markets and their ranking.

Table 3.1.2   Visitor Arrivals from 1996 to 2000 by 10 Most Productive European Markets

(Unit: thousand)

	1996	1997	1998	1999	2000	Average Annual Growth (%)
UK	244(0.3%)	284(16.1%)	321(13.2%)	334(4.0%)	350(4.6%)	7.5%
Germany	195(16.2%)	193(-1.0%)	196(1.3%)	206(5.1%)	210(2.1%)	4.6%
Netherlands	59(26.4%)	67(13.4%)	83(23.3%)	86(3.1%)	91(6.5%)	14.1%
France	63(17.4%)	65(3.0%)	73(12.8%)	85(15.7%)	90(6.1%)	10.7%
Belgium	25(19.2%)	29(14.4%)	35(21.1%)	36(2.6%)	41(12.5%)	14.3%
Italy	29(5.4%)	33(14.0%)	37(12.7%)	39(4.2%)	38(-1.5%)	6.3%
Switzerland	33(8.4%)	35(5.2%)	37(6.2%)	35(-4.3%)	33(-5.7%)	2.0%
Portugal	13(11.9%)	16(23.4%)	25(60.4%)	28(10.1%)	25(-11.7%	17.8%
Austria	22(29.6%)	24(7.4%)	25(4.8%)	24(-5.0%)	22(8.3%)	5.3%
Sweden	20(20.6%)	19(-4.2%)	21(11.8%)	21(0.1%)	20(-3.2%)	4.6%

Source: SA Tourism

Table 3.1.3   Ranking of Top 10 Productive European Markets

	1996	1997	1998	1999	2000
①	UK	UK	UK	UK	UK
②	Germany	Germany	Germany	Germany	Germany
③	France	Netherlands	Netherlands	Netherlands	Netherlands
④	Netherlands	France	France	France	France
⑤	Switzerland	Switzerland	Italy	Italy	Belgium
⑥	Italy	Italy	Switzerland	Belgium	Italy
⑦	Belgium	Belgium	Belgium	Switzerland	Switzerland
⑧	Austria	Austria	Portugal	Portugal	Portugal
⑨	Sweden	Sweden	Austria	Austria	Austria
⑩	Portugal	Portugal	Sweden	Sweden	Sweden

Source: SA Tourism/JICA Study Team

Since this Study focuses on East Asian market development, visitor arrivals from this region, though relatively small in number, are examined. Although SA Tourism statistics group Indian arrivals into the Asia region, Asian arrivals in this Study are defined as those excluding India for analytical convenience (because of its past socio-political relations with South Africa, Indian visitor characteristics differ much from those of other Asian visitors, largely consisting of VFR/business contingents).

Japan tops the list for the recent four years, registering a consistent growth of 7.2% per annum. Arrivals fluctuate rather wildly for the two ethnic Chinese economies of Taiwan and Hong Kong, with an average decrease of 15% and 11% respectively over the last five years. Taiwan's decrease is partly attributable to South Africa's political transformation and cessation of SAA direct flight services. Though admittedly nascent as a market, Korea's growth is noteworthy recording a hefty 19.3% increase in five years.

Table 3.1.4   Visitor Arrivals from 1996 to 2000 by East Asian Markets

(Unit: thousand)

	1996	1997	1998	1999	2000	Average Annual Growth (%)
Japan	18(10.3%)	22(25.7%)	22(0.1%)	23(4.3%)	23(-2.1%)	7.2%
Taiwan	28(-16.7%)	18(-35.1%)	19(0.6%)	19(0.4%)	15(-18.7%)	-15.0%
Hong Kong	20(-4.4%)	17(-15.0%)	14(-16.5%)	12(-16.7%)	12(1.8%)	-11.0%
Malaysia	12(37.2%)	11(-11.2%)	7(-33.4%)	8(9.5%)	10(24.6%)	2.1%
Korea	5(31.0%)	6(24.1%)	6(-0.6%)	7(20.2%)	9(24.4%)	19.3%
Singapore	8(37.9%)	8(-3.5%)	6(-20.0%)	8(18.0%)	7(-10.9%)	2.3%

Source: SA Tourism

At the time of writing, the latest available visitor arrival data for 2001 are those released by Stats SA for the first half of Year 2001 (January – June). Compared to the results for the same period of Year 2000, an across-the-board decrease is observed with some concern, ranging from - 0.6% by UK to - 13.5% by Austria. Netherlands is the only market where a modest increase of 3.8% is achieved.

The trend over the last three years from 1998 through 2000 has generally been robust increase sometimes at a two-digit level as in the case of Belgium in 2000 (25.5%). Within these three years, a decrease over the results of the previous year is only observed in Belgium in 1999 and Netherlands, Switzerland, Sweden in 2000, all the more underlining concern for the across-the-board decrease in 2001.

Table 3.1.5   Visitor Arrivals for January – June from 1997 to 2001 by 10 Most Productive European Markets

	1997	1998	1999	2000	2001
UK	130,877(20.%)	152,797(16.7%)	166,369(8.9%)	173,821(4.5%)	172,757(-0.6%)
Germany	83,471(-2.4%)	89,555(7.3%)	93,042(3.9%)	96,721(4.0%)	94,143(-2.7%)
Netherlands	24,372(8.9%)	30,434(24.9%)	34,580(13.6%)	34,212(-1.1%)	35,520(3.8.%)
France	28,047(-2.4%)	32,369(15.4%)	38,793(19.8%)	44,514(14.7%)	40,484(-9.1%)
Belgium	9,686(6.2%)	13,219(36.5%)	12,845(-2.8%)	16,125(25.5%)	14,410(-10.6%)
Italy	12,565(9.1%)	15,411(22.7%)	16,122(4.6.%)	17,233(6.9%)	15,826(-8.2%)
Switzerland	12,940(-5.4%)	16,188(25.1%)	16,230(0.3%)	15,455(-4.8%)	14,262(-7.7%)
Portugal	5,885(13.9%)	9,973(69.5%)	12,728(27.6%)	11,754(-7.7%)	10,134(-13.8%
Austria	9,651(7.4%)	11,480(19.0%)	12,115(5.5%)	10,589(12.6%)	9,161(-13.5%)
Sweden	8,436(-5.2%)	9,910(17.5%)	9,380(-5.3%)	10,282(9.6%)	9,350(-9.1%)

Source: Stats SA

From the East Asian arrivals for the same period (January – June) of 2001, mixed signals emerge:

- Japan continues to expand consecutively over the last five years, 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).

Table 3.1.6   Visitor Arrivals for January – June from 1997 to 2001 by East Asian Markets

	1997	1998	1999	2000	2001
Japan	8,655 (10.0%)	9,432 (9.0%)	9,856 (4.5%)	10,539 (6.9%)	12,609 (19.6 %)
Taiwan	8,718 (-33.7%)	8,380 (-3.9%)	8,707 (3.9%)	7,201 (-17.3%)	6,595 (-8.4%)
Hong Kong	8,012 (-5.4%)	7,604 (-5.1%)	5,978 (-21.4%)	5,477 (-8.4%)	5,577 (1.8%)
Malaysia	5,250 (22.5%)	3,480 (-33.7%)	3,670 (5.5%)	4,705 (28.2%)	5,110 (8.6%)
Korea	2,450 (20.7%)	2,571 (4.9%)	2,697 (4.9%)	4,409 (63.5%)	3,944 (-10.5%)
Singapore	3,767 (25.4%)	2,989 (-20.7%)	3,728 (24.7%)	3,001 (-19.1%)	3,183 (6.1%)

Source: Stats SA

3.1.2   Typical Tour Patterns – Comparison by Markets

Each market has its own distinct package tour pattern, with a notable difference between those of European tourists and those of East Asians. The Study Team is in the process of collecting published tour brochures of major tour operators in Europe and East Asia.

The following two Figures 3.1.1 for the UK market and 3.1.2 for the Japanese market are the preliminary results of this exercise for comparative analysis.

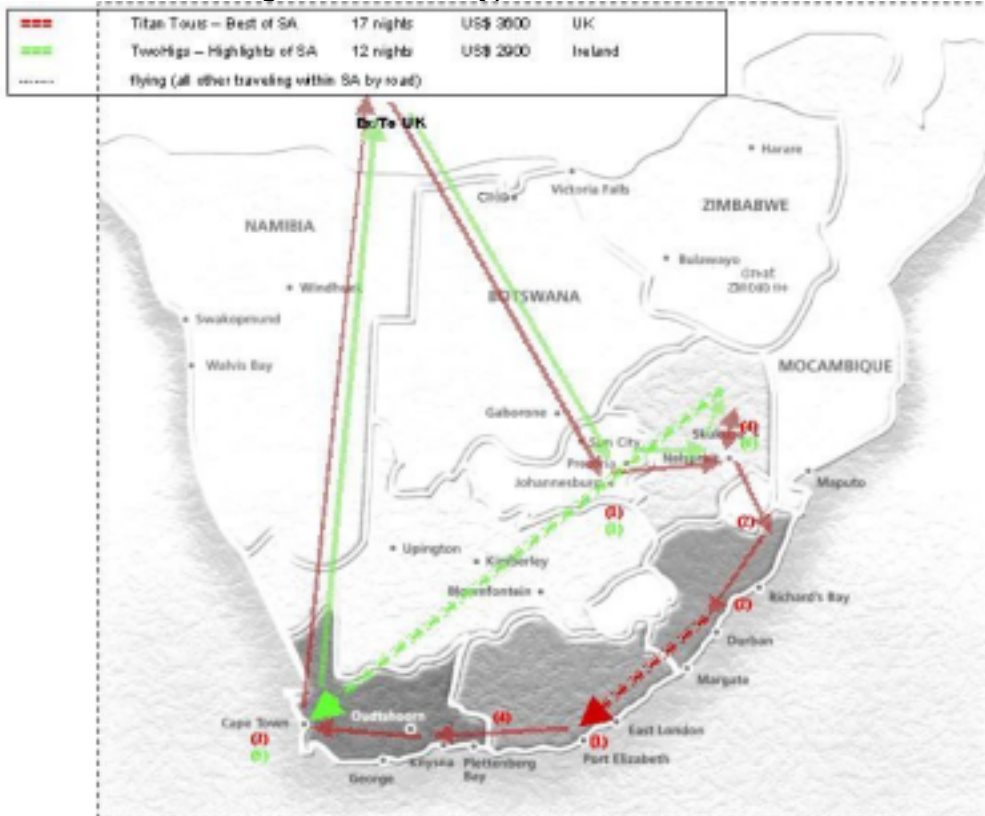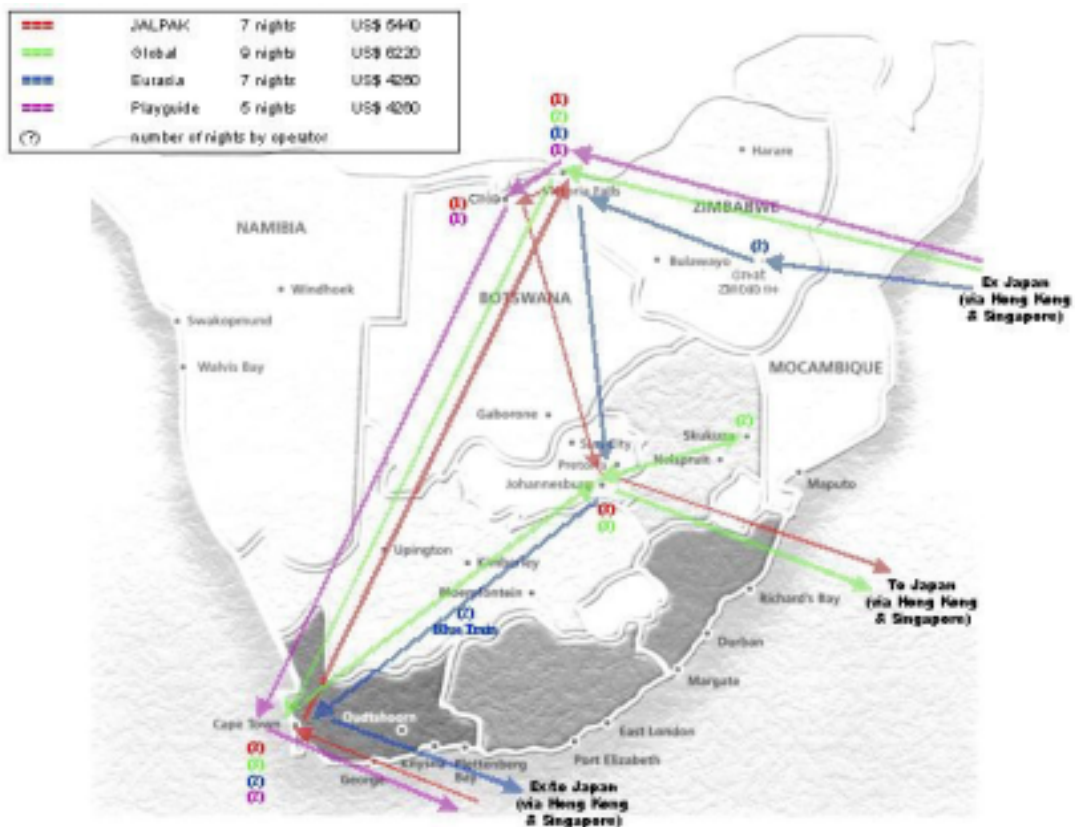Figure 3.1.1   Typical Tour Pattern – UK Market

Figure 3.1.2   Typical Tour Pattern – Japanese Market

The visitor profiles by motivation by major source market are shown in Table 3.1.7. For the UK and Australia, VFR and Business combined holds a higher share than Leisure, reflecting their past close socio-political associations under the British Commonwealth. Leisure is generally

dominant in other Western markets (Germany, Netherlands and USA) over VFR and Business combined.

In East Asia, Japan is conspicuous by its sheer dominance of Leisure (85%) with other motives (VFR, Business) almost negligible. Taiwan also has a very high Leisure contingent (65%), while in Korea Business holds the highest share (38%) over Leisure and VFR (each 21%).

A lesson to be learned from this East Asian visitor profile is that however small the market size may currently be, the Asian market approach should be worked out based on market-by-market analysis and according to segmented market development efforts, not by one uniform approach all across East Asia or Southeast Asia.

Table 3.1.7   Profile of visitors from long haul source markets

Source Market	Purpose of Visit Profile/Characteristics			
	Leisure	VFR	Business	Other
UK	45%	36%	16%	3%
Germany	63%	26%	8%	3%
Netherlands	66%	21%	10%	3%
USA	52%	22%	20%	6%
Australia	40%	27%	18%	15%
Japan	85%	3%	4%	9%
Taiwan	65%	9%	9%	17%
Korea	21%	21%	38%	20%

Source: South Africa Tourism Challenge /A Profile of the Tourism Cluster

3.2   Domestic Demand

3.2.1   Size of the Market

Following a long lack of national domestic tourism surveys, South African Tourism commissioned the South African Domestic Tourism Survey 2001.   The study was the largest of its type ever undertaken in South Africa and included interviews with 9,527 respondents, detailing their day and overnight trips taken during May 2000 to April 2001.

The study found that during May 2000 to April 2001 domestic tourists took 33.5 million overnight trips (this includes all overnight trips, i.e. holiday, business, VFR and other) and 20.9 million day trips.

The South African Domestic Tourism Survey conducted in 1996 indicated that domestic tourists took 30.4 million overnight leisure trips in 1996, but due to a variation in research methodology care should be taken when comparing the 2001 and 1996 studies for growth/decline.

3.2.2   Origin of South Africa's Domestic Tourists

Gauteng was the biggest generator of domestic overnight trips between May 2000 and April 2001, followed by KwaZulu-Natal and Northern Province.

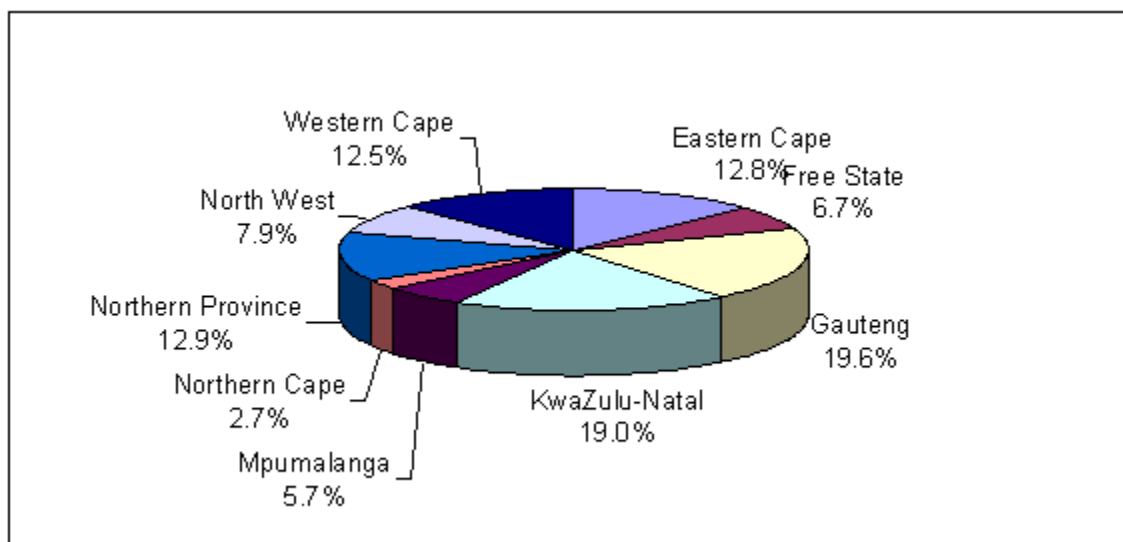Figure 3.2.1   Origin of South Africa's Domestic Tourists
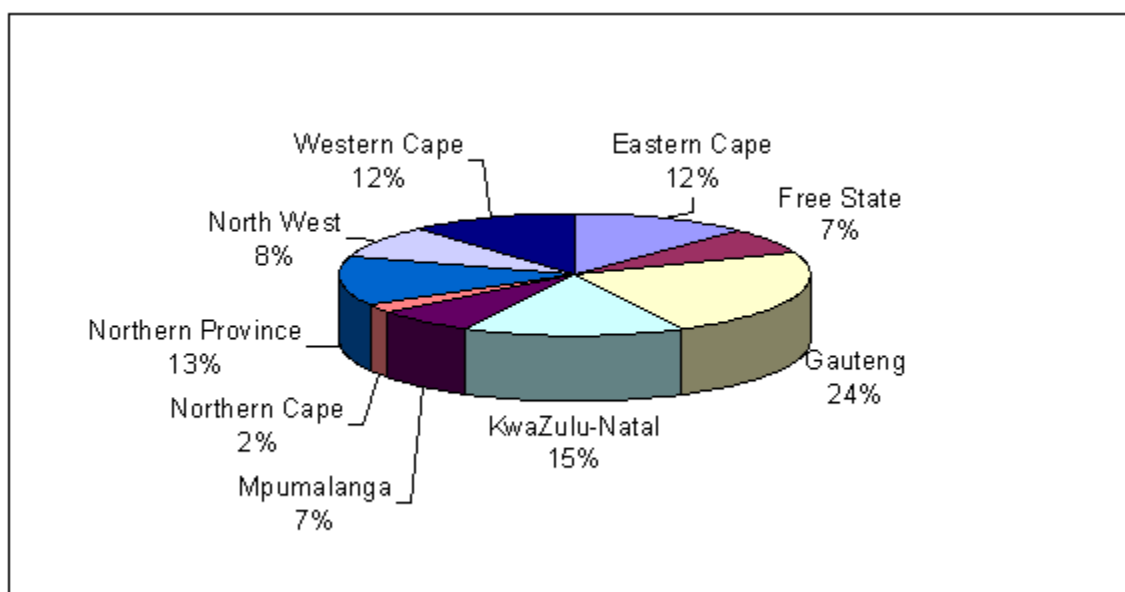
Source: South African Domestic Tourism Survey 2001

3.2.3   Destination of South Africa's Domestic Tourists

The latest domestic tourism survey shows that Gauteng was the most popular destination for all overnight trips, followed closely by KwaZulu-Natal.   Gauteng was the most popular destination due to its high share of overnight VFR trips (64% of all trips to Gauteng), which comprise the majority (59%) of all overnight domestic trips taken during May 2000 to April 2001.

When these results are analysed according to the type of trip a different picture emerges. Based on the total number of overnight trips to each province and the purpose of overnight trip to each province we have calculated the type of trip per province (see Table 3.2.1). The table shows that KwaZulu-Natal attracts the highest proportion of domestic holiday trips, followed by the Western Cape.   Gauteng is the fourth most popular destination for overnight holiday trips.

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Figure 3.2.2   Destination of South Africa's Domestic Tourism Overnight Trips

Source: South African Domestic Tourism Survey 2001

Table 3.2.1   Destination of South Africa's Domestic Tourism Overnight Trips by Type of Trip

Destinations	Holiday %	VFR %	Business %	Health %	Religious %	Total Share %
Eastern Cape	14.3	14.0	6.1	4.0	8.8	12.8
Free State	4.5	7.7	8.3	11.4	4.8	6.7
Gauteng	12.5	21.9	28.4	22.0	19.0	19.6
KwaZulu-Natal	23.6	18.2	15.0	26.5	14.7	19.0
Mpumalanga	6.5	5.1	6.6	2.4	7.3	5.7
Northern Cape	2.8	2.6	5.8	3.9	1.9	2.7
Northern Province	9.2	11.1	6.8	11.0	28.7	12.9
North West	3.8	9.2	6.2	8.3	9.9	7.9
Western Cape	22.8	10.1	16.8	10.6	4.9	12.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: South African Domestic Tourism Survey 2001

3.2.4   Domestic Tourists by LSM Group

The domestic tourists that visit the Western Cape are higher income tourists as 66% of the domestic tourists to the Western Cape fall within the LSM 7 and LSM 8 groups. The Northern Cape and KwaZulu-Natal also attract a large proportion of tourists from the wealthier communities, whereas the other provinces attract tourists from a broader range of communities.

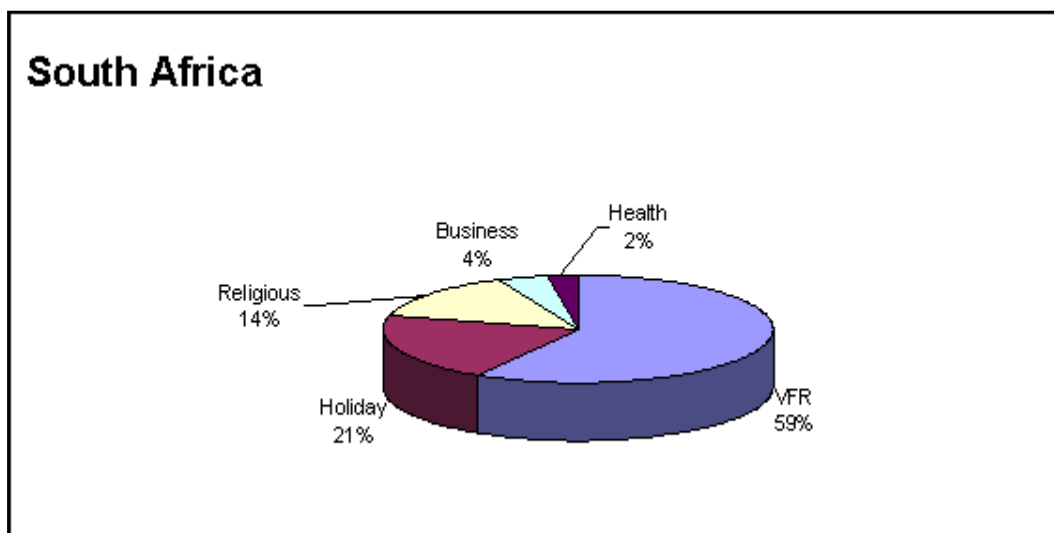Figure 3.2.3   Domestic Tourists by LSM Group
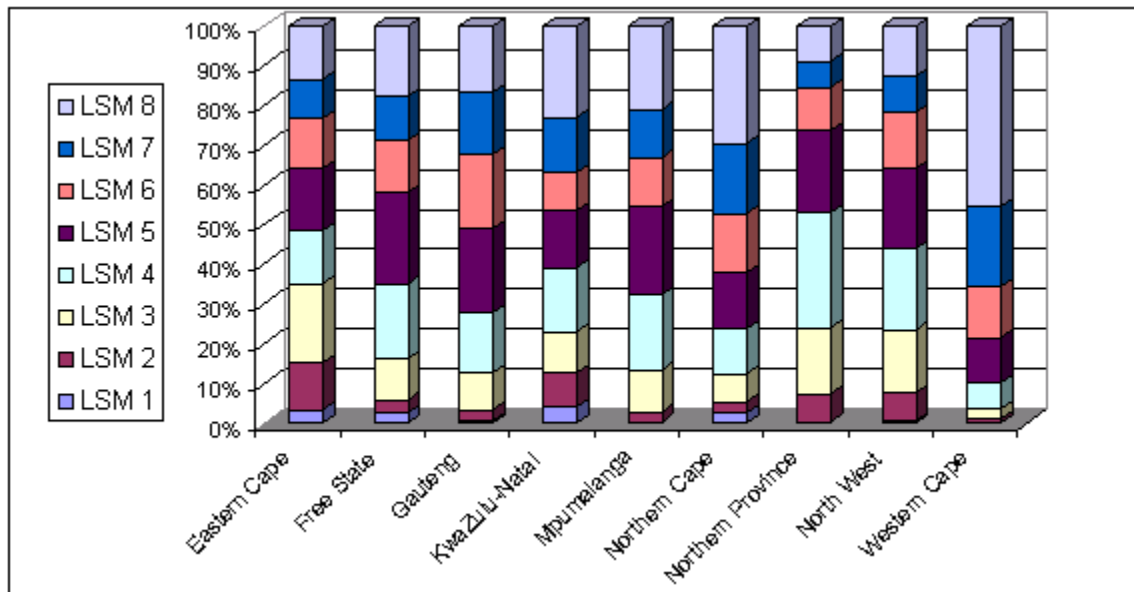
Source: South African Domestic Tourism Survey 2001

3.2.5   Purpose of Visit

The purpose for the majority of the domestic overnight trips in South Africa are to visit friends and family (VFR) followed by holiday trips.

Figure 3.2.4   Domestic Tourists by Purpose of Visit

Source: South African Domestic Tourism Survey 2001

3.2.6 Domestic Tourist Spending

The average expenditure per capita for all types of overnight trips in South Africa as a whole is R 437 of which R182 (42%) was spent on transport, R 97 (22%) on accommodation, R 105 (24%) on food, R 34 (8%) on entertainment and R 20 (5%) on gifts.

The Western Cape has the highest average expenditure per domestic tourist of all the provinces, which correlates with the large share of domestic tourists to the Western Cape in the LSM 7 and LSM 8 groups.

Figure 3.2.5   Weighted Average Expenditure Per Capita Per Trip
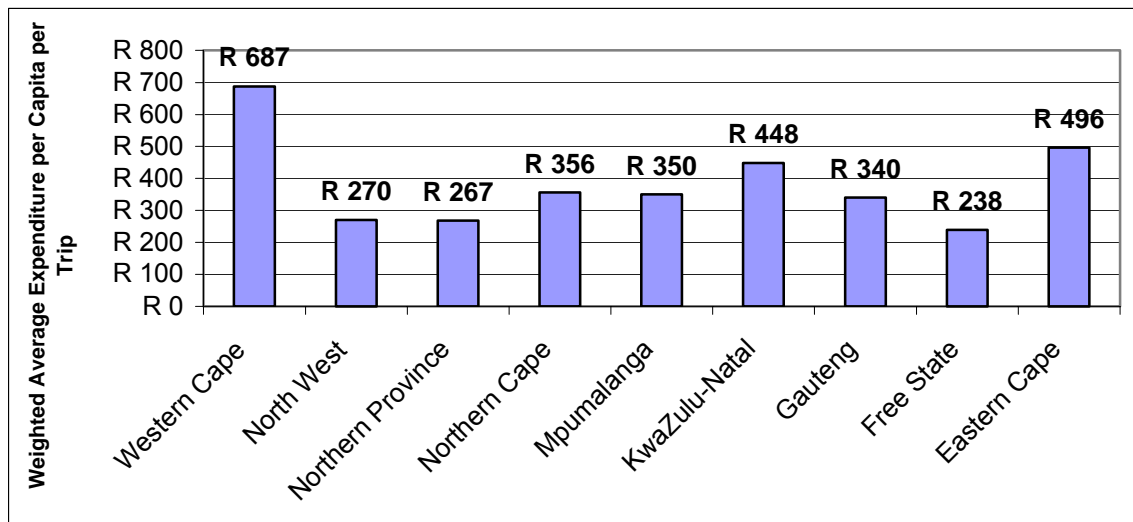
Source: South African Domestic Tourism Survey 2001

3.2.7 Domestic Business Travel Market

The South African Domestic Tourism Survey found that during May 2000 to April 2001, domestic tourists took 1.5 million business overnight trips. As shown in the table above, Gauteng receives the highest number of business trips, followed by the Western Cape and KwaZulu-Natal. Figure 3.2.6 shows the most popular regions in South Africa for domestic business trips.

Figure 3.2.6   Most Popular Regions for Business Trips 2000-2001
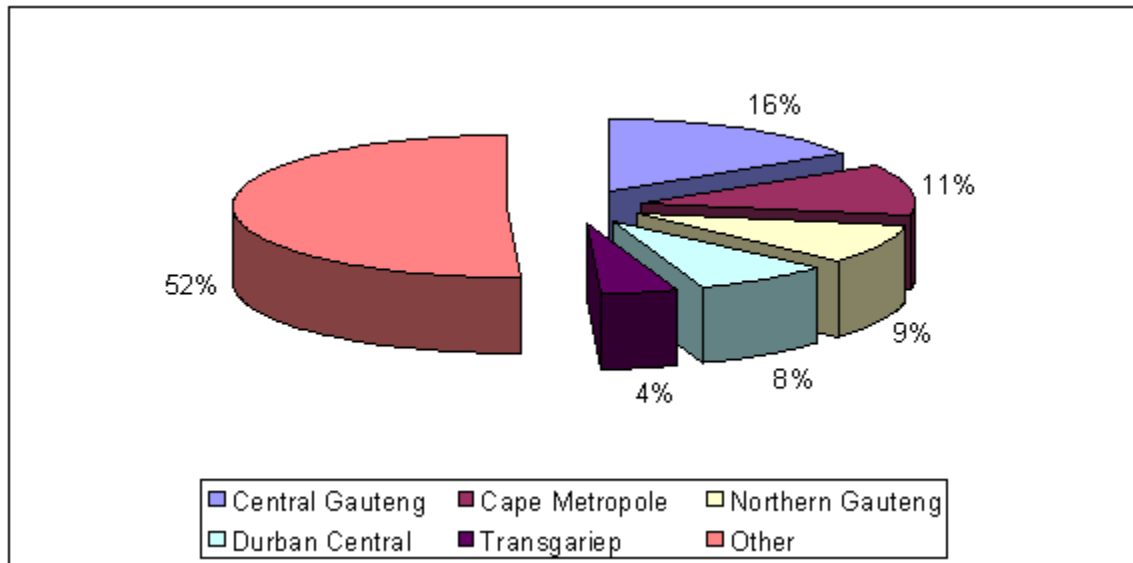
Source: South African Domestic Tourism Survey 2001

3.2.8   One Day Excursions by Domestic Tourists

The South African Domestic Tourism Survey found that during May 2000 to April 2001, domestic tourists took 20.9 million day trips.

The domestic day trippers originated from the Eastern Cape (22%), Gauteng (20%), Northern Province (14%) and the Western Cape (13%).   Central Gauteng, the Wild Coast and the Cape Metropole were the most popular destination with day trippers.

Table 3.2.2   One Day Excursions by Major Regions

South African Tourism Regions	Number of Trips	Share of Total
Central Gauteng	2,305,489	11%
Wild Coast-Transkei-Ciskei	2,050,496	10%
Cape Metropole	1,901,684	9%
Capricorn	1,017,248	5%
Soutpansberg	955,853	5%
Eastern Gauteng	873,915	4%
Friendly N6	805,495	4%
Valley of the Elephants	798,396	4%
Northern Gauteng	743,758	4%
Eastern Free State	546,024	3%
Other	8,907,586	43%
Total	20,905,944	100%

Source: South African Domestic Tourism Survey 2001

Day visitors to the Western Cape have the highest average expenditure per person per day, followed by KwaZulu-Natal and the Free State.

Figure 3.2.7 Average Expenditure Per Capita Per Trip
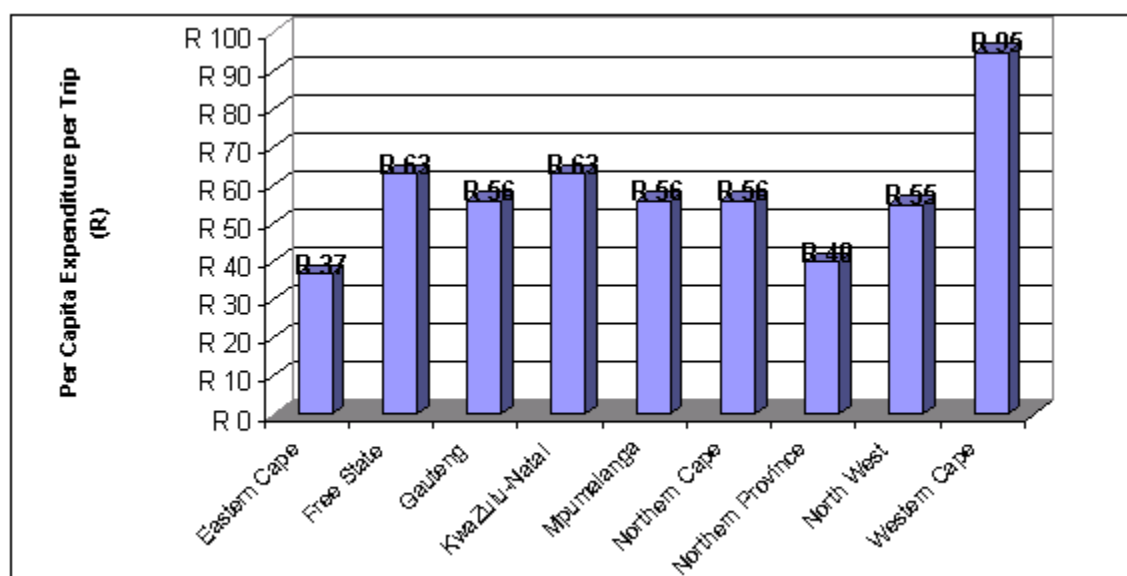
Source: South African Domestic Tourism Survey 2001

3.3 Economic Impact

3.3.1 Impact of Tourism on the Economy and Employment

Under the data constraint as previously described, efforts began in the late 1990s to disentangle the size of the tourism sector and the extent to which the sector impacts on the economy, with the assistance of the World Travel & Tourism Council (WTTC), the global business leaders forum.

WTTC uses the internationally accepted methodology, called the Tourism Satellite Account (TSA) system, agreed with the World Tourism Organisation (WTO) to calculate the economic contribution of tourism. This methodology includes, among others, personal travel and tourism (domestic), domestic business travel, foreign tourism, and capital formation. It also differentiates direct and indirect impacts of tourism on the economy and employment. The first research report was released in 1998, which included the estimated results in 1995-97 and the forecasts up to 2010. These estimates and forecasts have been revised as new economic and tourism data are coming in. The latest version is the one released in 2001.

(1) WTTC Estimate

The economic size of tourism depends on how tourism is defined. WTTC uses two types of accounts for tourism: travel & tourism industry, and travel & tourism economy. It also estimates direct and indirect effects for each of these two accounts. The definitions are indicated in Table 3.3.1. The use of T&T economy is to capture the broader impact that travel and tourism has on the economy, with the major difference from T&T industry being the inclusion of capital and infrastructure investment.

Table 3.3.1 Definitions of Tourism Accounts Used by WTTC

	Travel and Tourism Industry	**Travel and Tourism Economy**
Direct	The Travel and Tourism Industry is the South African value-added and employment associated with direct Travel and Tourism Consumption /	The Travel and Tourism Economy is the direct Travel and Tourism Industry and the direct Travel and Tourism related capital and

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	Travel and Tourism Industry	Travel and Tourism Economy
	Expenditure i.e. Travel and Tourism expenditure which includes personal, business and government travel provided by or for visitors. It also captures purchases of travel related consumer durables (but not including capital and infrastructure investment), and includes value added accruing to South Africa from outbound international tourism, as well as foreign inbound and domestic tourism.	infrastructure investment, government spending and export of manufactured goods used abroad by Travel and Tourism. Direct producers in the Travel and Tourism Economy therefore include aircraft purchases, resort developments, highway construction, etc.
Indirect	The Indirect Travel and Tourism Industry is the multiplier effect of direct demand e.g. the direct supplier of food to hotels, the laundry service, etc.	The Indirect Travel and Tourism Economy is the multiplier effect of direct demand and capital expenditure. Indirect producers include fuel suppliers, food suppliers, paper suppliers and wholesalers, plus steel producers, electrical equipment makers, wood products, etc.
Total	Sum of Direct and Indirect	Sum of Direct and Indirect

Source: WTTC, JICA Study Team.

These estimates, even for the direct impacts, require a great deal of assumption and computation partly because direct spending of tourists impacts not just on tourism businesses but also on many other industries. For example, many tourists spend at local restaurants and cafes that are not primarily for tourists, self-catering tourists spend at supermarkets, self-drive (own or hired car) tourists spend at petrol stations, foreign tourists spend at banks for foreign exchange, tourists may go to cinema, buy clothes, purchase and process a film, and the list goes on. Capital spending also faces the same kind of difficulty as it ranges from the investment in hotel buildings, transport vehicles and craft, to a variety of equipment, furniture and others. Moreover, the estimate of indirect impacts requires economic input-output models that indicate the linkages between economic sectors and model the multiplier effect.

Table 3.3.2 shows the latest WTTC estimate of travel and tourism demand in South Africa. It is estimated that domestic tourism (sum of personal T&T and business T&T) approximately equals twice the visitor exports (foreign tourism) over this period, suggesting that currently the contribution of domestic tourism on the economy is far larger than that of international tourism. In addition, the contribution of capital investment is estimated to be fairly large.

Table 3.3.2   Travel and Tourism Demand Estimated by WTTC

(R billion at current prices)

	1997	1998	1999	2000
Personal Travel & Tourism	24.82	27.80	30.01	34.47
Business Travel & Tourism	8.73	9.46	10.12	11.10
Gov't Expenditures – Individual	0.21	0.23	0.24	0.25
Visitor Exports (foreign tourism)	15.43	18.74	19.35	22.57
Travel & Tourism Consumption: (1)	49.19	56.22	59.71	68.38
Gov't Expenditures – Collective	0.50	0.52	0.54	0.56
Capital Investment	11.97	13.49	13.44	14.48
Exports (Non-Visitor)	5.12	5.94	6.20	7.68
Sub-Total: (2)	17.59	19.95	20.18	22.72
Travel & Tourism Demand: (1)+(2)	66.78	76.18	79.89	91.10

Source: WTTC Year 2001 Tourism Satellite Accounting Research – South Africa, 2001.

WTTC releases the estimates of total employment and contribution to GDP of the T&T Industry (direct impact only) and the T&T Economy (sum of direct and indirect impacts) as shown in Table 3.3.3.

Table 3.3.3   Contribution of Travel and Tourism to GDP and Employment Estimated by WTTC[23]

	GDP (R billion at current prices) and Employment (000')				Contribution to the national total (for both GDP and employment)			
	1997	1998	1999	2000	1997	1998	1999	2000
Travel & Tourism Industry Aggregates (Direct impact only)								
GDP	22.1	25.0	26.5	29.7	3.2%	3.4%	3.3%	3.4%
Employment	458	489	483	498	3.0%	3.1%	3.0%	3.1%
Travel & Tourism Economy Aggregates (Direct and indirect impacts)								
GDP	46.2	52.0	54.8	60.5	6.8%	7.1%	6.9%	6.9%
Employment	1,016	1,080	1,061	1,080	6.5%	6.8%	6.7%	6.7%

Source: WTTC Year 2001 Tourism Satellite Accounting Research – South Africa, 2001.

There is no question that the WTTC's attempt was a major step; prior to 1998 no one could imagine how big the tourism sector is. The issue today is no one can tell how accurate these estimates are. Even WTTC itself has revised its estimates significantly in the past years. For instance, the 1998 study estimated that the T&T Economy (direct and indirect impacts) in 1997 accounted for 7.7% of GDP, higher than the latest estimate (6.8%) by a substantial margin.[24]

Potential deficiencies of the WTTC estimate may include insufficient use of detailed data available in South Africa. While the WTTC study in 1998 used fairly detailed data, this is not the case for the subsequent revisions. The WTTC's research on the Tourism Satellite Account covers not only South Africa but also many other countries, and it is inherently difficult and costly to collect updated detailed data and information for each country. Therefore, it is obliged to rely on the data in other countries for a number of assumptions used in the economic models. This could potentially deviate the estimate from the true picture.

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[23] The contribution to the national total for both GDP and employment (in percent) was taken from the WTTC research table. It was found that the contribution to GDP is based on the GDP data after the revision of the national account data in 1999. On the other hand, total employment in South Africa used for this calculation for 2000 is significantly different from that based on the Labour Force Survey either in February or in September 2000. Using the September 2000 data (11,712,000 for total employed), the T&T Industry (direct impact only) accounts for 4.3% and the T&T Economy (direct and indirect impacts) for 9.2% of total.

[24] The upward adjustment of the national account data in 1999 seems to be reflected in the revision of the WTTC estimate at least partly, in view of the fact that the estimate of the travel and tourism demand at current prices was also revised upwardly between 1998 and 2001.

(2)   Attempts in South Africa

Attempts to estimate the size of tourism in the economy have also been made domestically, but this further complicates the arguments on this issue because each study has been generating different results.

One study was commissioned by DEAT to a South African consulting firm, which resulted in much lower estimates than those by WTTC.[25] Table 3.3.4 compares the results of this study with the WTTC 2001 estimate. The difference is significant.

Table 3.3.4   Comparison of Economic Impact of Tourism

	Employment in 2000		Contribution to GDP in 2000	
	DEAT Study	WTTC 2001 Revision	DEAT Study	WTTC 2001 Revision
Tourism Industry	230,820	499,040	1.7%	3.4%
Tourism Economy	574,236	1,080,280	4.6%	6.9%

Note: According to the explanations in the DEAT study, the tourism industry and the tourism economy used in this study are equivalent to the T&T Industry (direct impact only) and the T&T Economy (direct and indirect impacts) of WTTC, respectively.
Source: DEAT, WTTC

SA Tourism also commissioned a study to another South African consulting firm to estimate the contribution of tourism on the economy and employment.[26] This study essentially followed the methodologies used by the WTTC's research on the Tourism Satellite Account in South Africa, but using more detailed data available in the country. The results have not been released as of July 2001. Its estimates are fairly similar to those of the original WTTC study in 1998, apparently because of the common methodologies used by both studies. Naturally, the estimates are somewhat higher than those of the WTTC revision in 2001 due to the difference between the WTTC 1998 and 2001 estimates as described above.

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[25] DEAT, Impact of Tourism on the South African Economy: A Comparative Analysis from January to June 1994-2000, March 2001, prepared by Ecostrat.
[26] SA Tourism, Simulated National Satellite Account for South African Travel and Tourism, September 2000, prepared by Grant Thornton Kessel Feinstein.

Chapter 4
Tourism Institutions

4.1 Total Tourism Organizational Structure

Appendix B shows an outline of the current Institutional Framework of Tourism in South Africa. In this figure, MEC means the Member of the Executive Council to whom the Premier has assigned the role in the province of overseeing the tourism functions. RTO means Regional Tourism Organization. LTO means Local Tourism Organization. Organizational structure of provinces and below varies a great deal province by province. What is presented shows an example.

4.1.1 The National Tourism Forum

(Source: DEAT Home Pages)

The National Tourism Forum was established in February 1999 as an advisory body to the Minister. It comprises leadership drawn from government, business, public institutions and labour, with the common purpose of ensuring growth and development of the tourism sector. The National Tourism Forum is a platform for further development of the Partnership. The National Tourism Forum shall discuss policy framework issues rather than technical matters although the latter would be allowed to the extent that they form the background of the policy matters to be discussed. Therefore, all matters proposed for the agenda have to be thoroughly researched and the required decisions stated in a Cabinet-like memorandum and format. MINMEC, MIPTEC, etc are supportive elements of the Forum.

The Forum agreed to support the following key strategic areas:

- sustainable funding mechanisms
- information systems
- human resource development programs
- international marketing
- the Welcome Campaign.

Members are:
- Deputy Minister of DEAT (Chairman)
- TRANSNET
- NBBC
- FEDICS
- HILG/CITY LODGE
- DEAT
- SA Tourism
- HITB
- NEDCOR
- Department of LABOUR
- DOT
- SDI-DTI
- SAA

4.1.2 MINMEC

Ministerial committee comprising members from provincial tourism ministries and the Minister and Deputy-Minister of Environmental Affairs and Tourism in the central government. This committee deals with high level of policy issues.

4.1.3 MIPTEC

Committee comprising members from provincial tourism departments and tourism boards as well as national tourism departments.   This committee deals with technical tourism issues.

4.2   Government Institutions

Government is structured at national, provincial and local levels.

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.

4.2.1   National Governmental Organizations

(1)   Department of Environmental Affairs and Tourism (DEAT)

(Source: DEAT Annual Review 2000/2001,DEAT Home Pages)

i)   Vision

A prosperous nation aware of and in harmony with the environment and deriving lasting benefits from the conservation and sustainable use of our rich natural and cultural resources.

ii)   Mission

To achieve this vision, and in the spirit of our obligations in terms of the Constitution, the Department commits itself to:

- Promote the sustainable development and the utilization of our 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 our 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.

iii)   Organization of DEAT

The organizational structure of DEAT is shown in Figure 4.2.1. Branch: Tourism is charged with the national governmental administration for tourism.

Figure 4.2.1   Organizational Chart of the DEAT
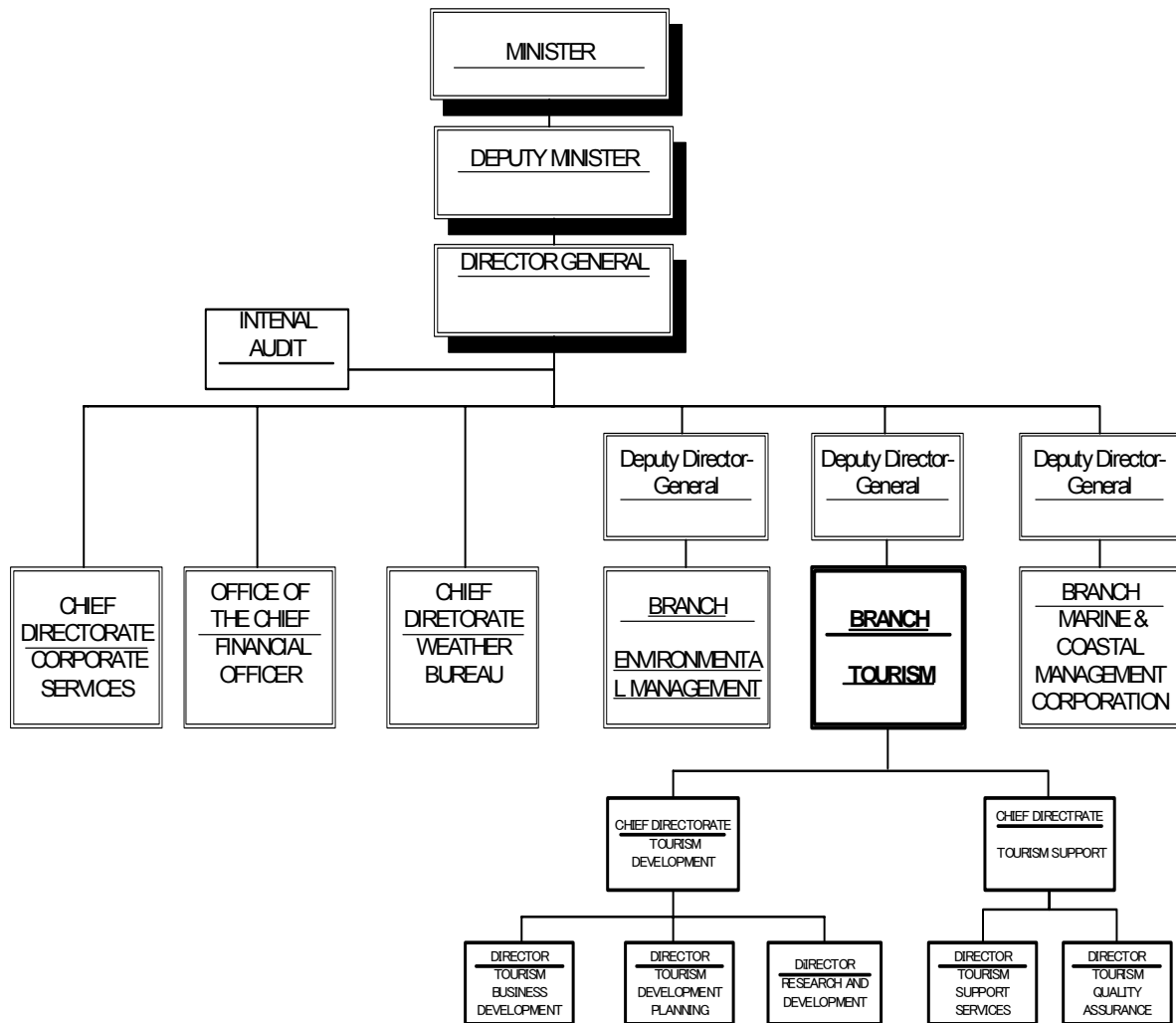
iv)   CHIEF DIRECTORATE of TOURISM's Functions

- Determine tourism policy
- Co-ordinate institutional tourism affairs
- Promote investment in tourism
- Develop tourism training standards and capacity
- Facilitate small, medium and micro-enterprise (SMME) development in tourism
- Ensure sustainable and responsible tourism development
- Monitor and undertake initiatives to improve safety and security of tourists
- Co-ordinate tourism development information

v)   DIRECTOR's Functions

- Tourism, Training, Safety and International Liaison
- Tourism, Development Planning and Provincial Liaison
- Tourism, Business Development and National Liaison

vi)   Organisational Structure of the Branch: Tourism

See Figure 4.2.1.

LAUNCH OF THE TOURISM ACTION PLAN, 16 September 1999

The R 180 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, in 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 R180-million budget, the largest budget for international tourism marketing since Satour's inception in 1947, comprises of:

- R50 million from government
- R45 million from the fixed costs and marketing spend of Satour (the international tourism marketing arm of government)
- R50 million from the Business Trust
- R25 million from the Tourism Business Council through the collection of a voluntary levy and
- RIO million from SAA

The Tourism Action Plan has two important focuses: In the short term it will run marketing campaigns (above the line, below the line and co-operative marketing campaigns) 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 Branch: Tourism has around 25 staff members and its budget for the fiscal year 1 April 2000 to 31 March 2001 was broken down as follows:

Total Budget: **R 348,159,000**

Allocation to:

- DEAT Tourism Departments   R 17,576,000
- SA Tourism   R 69,523,000
- International Tourism Marketing R 150,000,000
- Poverty Relief   R 111,060,000

vii)   Purpose and Focus Areas of Tourism Branch

Purpose:

To fulfil the National Government role towards creating the conditions for responsible tourism growth and development, by promoting and developing tourism, thereby increasing job and entrepreneurial opportunities and encouraging meaningful participation of PDI's. The focus is to facilitate the growth of the tourism industry by providing support to the public, private sector, and the broader community.

Focus Areas of the Tourism Branch:

FOCUS AREAS	
1	To create the conditions for responsible tourism growth and development
2	Promoting the conservation and development of natural and cultural resources for sustainable and equitable use
3	Protect and enhance the quality and safety of the environment
4	The provision of accessible environmental and tourism information for sound planning and decision-making

(2)   South African Tourism Board (SA Tourism)

(Source: DEAT Home pages, SA Tourism Annual Report 1999/2000 and SA Tourism Home Pages)

As a result of the passing of the Tourism Amendment Act by Parliament in early November 1996, SATOUR was restructured in accordance with the recommendations of the White Paper on Tourism. The new board comprises "high-powered" key personalities from public and private sectors (not necessarily tourism sectors). And internal organization including foreign offices has been restructured. And also official name was changed to "SA Tourism".

SA Tourism is the official international marketing agency of tourism in South Africa. It came into existence as the South African Tourist Corporation by Act of Parliament No 54 of 1947, with the primary goal of marketing South Africa as a preferred tourist destination. In the course of the years it has undergone many transformations and has recently been restructured under the latest legislation of 1996, according to which it is to spearhead international marketing, research and information management.

i)   Vision

"As an integral part of Africa, to competitively market South Africa internationally as a preferred tourist destination for sustainable economic and social empowerment of all South Africans and to make tourism the leading economic sector in South Africa."

ii)   Mission

- Achieve an increase in international visitor arrival.
- Increase foreign exchange earnings.
- Actively assist the South African provinces in marketing and promotion.
- Increase the dispersal of all visitors across South Africa to spread the economic benefits and encourage development.
- Co-operate with all stakeholders to promote a sustainable national tourism culture and environmental awareness and consolidate partnerships to maximise resources.
- To promote a unique African experience.
- To work in close co-operation with all industry partners showing leadership, integrity, responsibility, creativity and excellence in all we do.
- Promote South Africa as a tourism hub, through regional co-operation, for the benefit of the region.
- Co-ordinate, where appropriate, data, research, statistics and product information for the industry nationally.
- To work towards the elimination of the current seasonal patterns in terms of visitor arrivals, especially from South Africa's overseas markets.

iii)   Organisational Size and Structure

The approved staff complement is 150 and the current staff complement is as follows.

Head office	96
Overseas offices	41
TOTAL	137
Vacant	13

Figure 4.2.2   Organisational Chart of SA Tourism
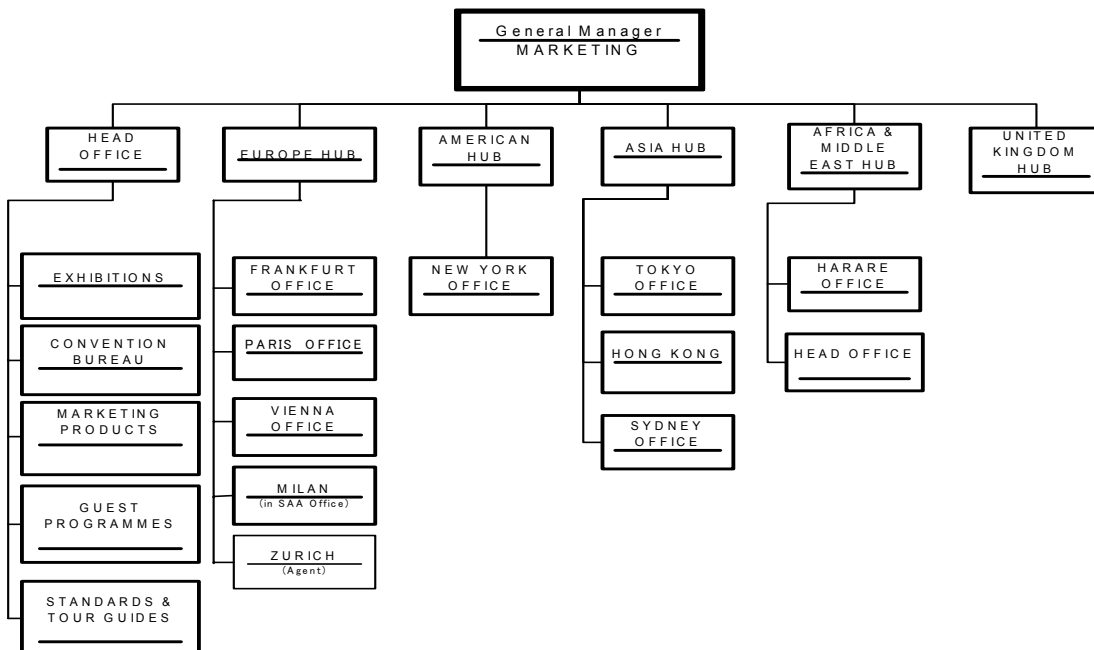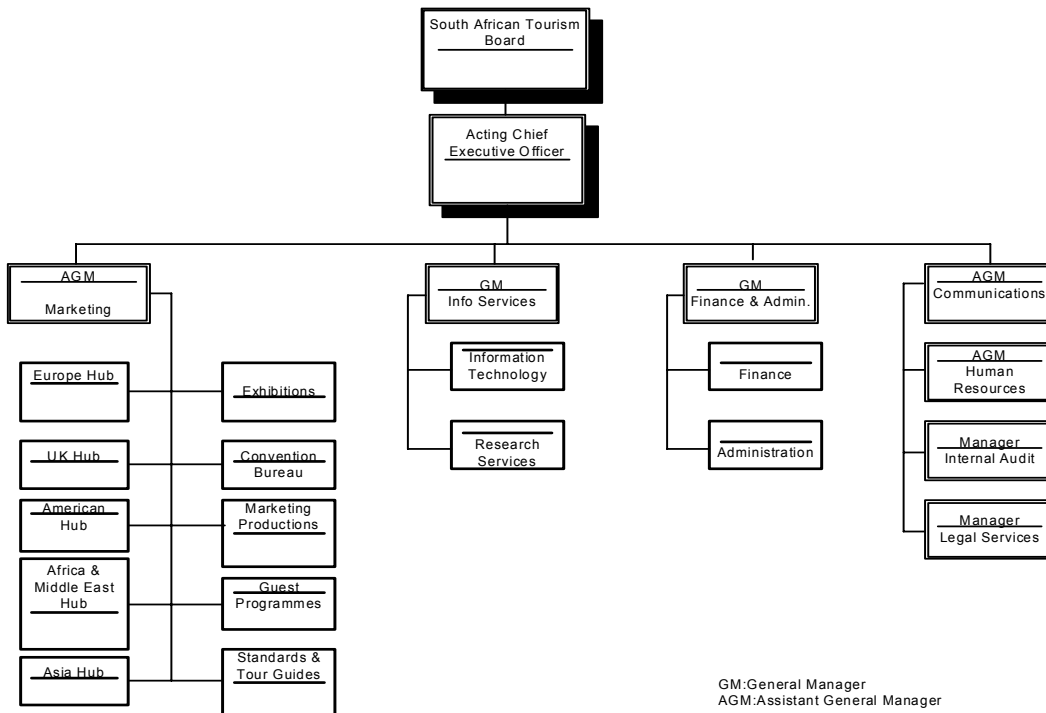
(3)   The SA Tourism Marketing Partnership Committee (SMPC)

The forum where the private sectors consult on the marketing activities of SA Tourism.

4.2.2   Provincial and Local Organizations

(Source: SOUTH Africa YEARBOOK 1999,2000/2001,DEAT Home Pages)

The provincial government has responsibility for all of the functions indicated at the national government level (facilitation, co-ordination, regulation, monitoring and development promotion) with a few exceptions, additions and modifications.

In 1994, the Interim Constitution of South Africa delegated powers to the provinces to undertake tourism activities in terms of Schedule 6 of that constitution. In response to this delegation of responsibility, the South African Tourism Board (SATOUR) announced in 1995 the closure of its provincial offices. The provincial duties, assets and liabilities of SATOUR were transferred to the provinces.

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.

The provincial tourism organisations are key players in the tourism industry. Schedule 6 of the Constitution makes specific provision for tourism to be a provincial responsibility. Provincial tourism organisations will formulate tourism policies, which are applicable to their areas, in accordance with the national policy. They will also be partners in the implementation of relevant national policies, strategies, and objectives.

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. ecotourism, culture tourism, sports tourism), which are applicable across provincial boundaries.

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.

4.3   Major Private Institutions

4.3.1   Tourism Business Council of South Africa (TBCSA)

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 which provide core business to the tourism industry in South Africa.

They include:

- Accommodation Providers such as hotels, resorts, game lodges etc.
- Travel services such as airlines, agents, operators etc.
- Ground transport services such as car rentals, coaches etc.
- Providers of infrastructure such as airports etc.
- Tourism attraction businesses.
- Foreign exchange services.
- Food and beverage suppliers which provide service primarily to tourists.

Association members consists of industry associations of whom a substantial number of their members are organisations whose core business is tourism. Our supportive members are organisations involved in the tourism industry, but not as their primary business. They include property owners, developers, consultants, financial institutions, organisations not for profit and non-government organisations, providers of tourism marketing services, marketing, advertising and media organisations.

Working Committees
- Government affairs
- Tourism funding & membership
- Training and education
- Environment & infrastructure
- Tourism month
- Marketing
- Safety and security
- Provincial networking
- Small and micro business
- Khula Project

TBCSA represents the business sector of the tourism industry and ensure that through comprehensive, united and effective representation and support at national level, appropriate macro strategies are adopted for developing and maintaining an environment in which international and local tourism will prosper as a national priority, and in which the business sector will be able to achieve successful growth and equitable development while ensuring the protection of our natural and cultural heritage. This will be achieved through supportive partnerships with Government, through close relationships with relevant organisations, institutions and associations and fostering positive linkages amongst all stakeholders.

- representation on SA Tourism Board and its Marketing Committee,
- representation on the Tourism and Hospitality Education and Training Authority (THETA) Board
- representation on the new Grading Council
- membership of the Advisory Committee on Research and Information
- representation on the Department of Transport's Airline Bilateral negotiations for airline access
- on the Executive Committee of the Regional Tourism Organisation of Southern Africa (RETOSA)

4.3.2   The Board of Tourism Marketing SA (TOMSA)

At the Tourism Summit in December 1998, The Tourism Business Council of South Africa (TBCSA) committed itself to raise the international tourism marketing fund which should ultimately amount to R50-million per year through the 1% voluntary tourism levy and the Board of Tourism Marketing SA (TOMSA) was established in TBCSA and started to implement in May 2000.

In the first full financial year (2000) of the levy system R 22,359,329,000 was raised from all sectors of the tourism industry, including tour operators, vehicle rental companies and accommodation establishments.

These successes have shown that the public/private sector partnership in tourism is a constructive and effective one.

This important levy makes an important contribution to the Tourism Marketing Plan, which is the blueprint for the international marketing of South Africa as a leading tourist destination.

4.3.3 Association of Southern African Travel Agents (ASATA)

ASATA, the Association of South African Travel Agents, was formed on 4 September 1956. Its founders created a representative forum in the industry to promote professional service with security for both members and their clients.

ASATA's emphasis is on free trade without violating rules and regulations.

- ASATA is administered by a full-time Secretariat with an Executive Director and approximately 16 staff members.
- The Association's day-to-day functions are monitored by a Management Committee, and its continued role and direction are guided by a Board of Directors.
- It has a membership base of approximately 620, of which the majority represents Retail Travel Agents, Wholesale Tour Operators and Incoming Tour Operators.

ASATA is the only national affiliated member of the Universal Federation of Travel Agents' Associations, which has its headquarters in Geneva. ASATA closely associates itself with SACOB, TBCSA, the Fair Practices Committee, the Consumer Council and the Department of Environmental Affairs and Tourism. We support and recognise the roles of SA Tourism, SATSA and FEDHASA and work in close association with these bodies.

4.3.4 Southern African Tourism Services Association (SATSA)

SATSA is a division of ASATA and as the inbound tourism association of Southern Africa, SATSA represents almost all the major players and principals including airlines, coach operators, accommodation establishments, vehicle hire companies, attractions, conference organizers and related marketing organisations.

Recognising that tourism is a service industry, the appearance of the SATSA logo is a sign of commitment to service excellence for the tourist.

During the past 28 years SATSA has established a reputation for integrity and professionalism and with continued support from the growing membership base this is ensured for years to come.

4.3.5 Federated Hotel Association of South Africa (FEDHASA)

FEDHASA represents the South African Hospitality Industry (Hotel) as the Private Sector's voice which is recognised by all decision and policy makers in Government and Industry

Fedhasa's position on legislation:

FEDHASA acts as a watchdog on all new and planned legislation and amendments, and then researches its impact on the businesses of its members.

Where possible, FEDHASA makes submissions and seeks hearings on all new legislation that may affect the activities of its members.

Fedhasa's position on marketing:

FEDHASA is not a marketing organisation and does not directly ensure increased business for its members.

FEDHASA does, however, involve itself in areas where members feel that their needs are not recognised and seeks to promote the association as a brand, thereby supporting the marketing initiatives of its members.

Chapter 5
Tourism Products and Support

For the purposes of this study we define tourism resources, facilities and services as follows:

- Tourism Resources → Attractions & Places of Interest
- Tourism Facilities → Accommodation
  - → Conference
  - → Restaurants
  - → Entertainment
- Tourism Services → Transport (Air, Rail & Road)
  - → Tour Operators & Ground Handlers
  - → Travel Agents

5.1 Tourist Attractions

5.1.1 Scope and Location

An official comprehensive national database of tourism attractions has not been compiled. A few provinces (KwaZulu-Natal and Western Cape) have commenced with construction of provincial databases of tourism resources, facilities and services, but have first concentrated on formal facilities for future registration purposes. Many attractions have therefore not yet been included in the databases.

In order to provide an overview of the extent, type and location of attractions available we have utilised two sources:

The *"Review of Infrastructure in Support of International and Domestic Tourism Development"*, carried out by KPMG on behalf of the DEAT in 1998/99 provides a mapping of the existing tourism product portfolio at that time. This map does not only show tourism resources (i.e. attractions) but also tourism facilities and services. However, it does provide an indication of the location or position of tourism resources.

Specifically for this study, we collated the tourism resource offerings as per local, provincial and national destination marketing organisation visitor guides and web sites and trade magazines such as Getaway. This resource list is compiled by province and by tourism areas within each province.

The KPMG Study:

The mapping of the SA tourism product portfolio as at 1999 as per the KPMG study is provided in Appendix C. The map shows the broad location of the following attractions:

- Beaches
- Deserts
- National parks, reserves & wilderness areas
- Natural places of interest
- Scenic routes
- Botanical gardens
- Health spas
- Historical sites
- Major golf courses

- Proposed World Heritage Sites (several are ı authorised world heritage sites)
- Major diving sites
- Hiking trails
- Casinos
- Theme parks
- Natural springs
- Cultural villages & Attractions

The map shows that South Africa offers a great diversity of attractions located all over the country. However, several locations show a strong nucleus of attractions, i.e.

- Cape Town & surroundings
- The Garden Route
- Port Elizabeth to East London
- Durban & surroundings
- The Lowveld and Escarpment in Mpumalanga
- Gauteng
- Sun City and the Pilanesberg

Unfortunately the study's public reports do not provide information on the number of attractions. For this reason we collated our own matrix of tourism resources for the purposes of this study, the results of which is discussed below.

JICA TPDP Study – Tourism Resource Matrix:

Appendix D provides two matrices. Matrix 1 provides a detailed schedule of the South African tourism resources by type, province and tourist areas within provinces. Matrix 2 provides a summary picture of Matrix 1 and shows the resources by major category and province. **IT MUST BE STRESSED THAT THIS COMPILATION BY NO MEANS INCLUDES ALL TOURISM RESOURCES IN SOUTH AFRICA, MERELY ALL RESOURCES THAT ARE LISTED IN MARKETING MATERIALS.**

These matrices again highlight that South Africa offers a great diversity of attractions. In addition it also indicates that South Africa offers a significant number of attractions, over 6 300.

The largest number of marketed attractions are nature based, followed by adventure and historical/museums.

Western Cape offers the largest number of attractions, followed by KwaZulu-Natal and the Eastern Cape. The dominant attractions in the various provinces are:

- Wine and food attractions in the Western Cape;
- Nature and adventure in KwaZulu-Natal and the Eastern Cape;
- Historical/museums in Gauteng, the Free State, Northern Cape and North West; and
- Wildlife and nature in Northern Province and Mpumalanga.

5.1.2 Entertainment

i) Restaurants

There were an estimated 20,500 restaurants, pubs and fast food outlets in South Africa in 1999. Table 5.1.1 provides a breakdown of South Africa's food service industry by type of establishment. Although several strong restaurant chains exist in South Africa, the majority of restaurants are independent. A large number of international quick service franchises or chains have been established in South Africa – for this reason around 40% of quick service establishments are chain affiliated. Another sector with high chain affiliation is pubs - almost 50% of pubs are chain affiliated.

Table 5.1.1   The South African Food Service Industry, 1999

Type	# of Establishments	Structure (# of establishments)	
		Independent	Chain
Quick service & take away	7,340	4,250	3,090
Casual dining	4,575	4,500	75
Fine dining	50	50	
Upmarket	1,520	1,500	20
Pubs	425	215	210
Clubs	150	150	
Taverns & Shebeens	4,375	4,375	
TOTAL	20,515	16,195	4,320

Source: JB Consulting

The restaurant industry is highly competitive. In addition this industry also competes with other economic sectors for personal disposable income, and restaurateurs are complaining that they are losing their share to the lottery, gambling and cellular industries. However the restaurant industry is still experiencing an increase in the number of restaurants, although growth rates have reduced in recent years (23% in 1997, 20% in 1998 and 9% in 1999).

With competition increasing, restaurant revenues are under pressure – in the last 2 years revenues have not kept up with inflation. The sectors achieving the lowest revenue growth are pubs and family restaurants. Store closure is also far higher in these two sectors than in any of the other sectors.

ii)   Casinos

The National Gambling Act, 1996, provides for a total of 40 casinos, including the 17 operated by Sun International which existed at the time the former homelands were reincorporated into South Africa. The proposed allocation of the 40 licences across the provinces is summaries in Table 5.1.2.

There are currently 31 legal casino licences in South Africa.

Table 5.1.2   Allocation of Casino Licences

Province	Entitlement	Issued / Held	Consortium	Location
Eastern Cape	5	3	Sun International	Wild Coast Sun
			Sun International	Port Elizabeth
			Tsogo Sun	Outside East London
Free State	4	2	Sun International	Naledi Sun
			Sun International	Thaba 'Nchu Sun
Gauteng	6	5	Afrisun	Carnival City, Brakpan
			Global Resorts	Caesars, Kempton Park
			Gold Reef Casinos	Gold Reef City, Ormonde
			London Clubs International	Emerald Casino, Vanderbijlpark
			Tsogo Sun	Fourways
		On appeal	Ramada Rhino	Kromdraai
KwaZulu-Natal	5	5	Balele Leisure	Monte Vista, Newcastle
			Gold Reef Casinos	Msunduzi, Pietermaritzburg
			Tusk Casino Group	Umfolozi Casino, Richards Bay
			Afrisun	Sibaya Resort, Umdloti
		Under Contention	Tsogo Sun	Village Green, Durban
Mpumalanga	4	3	Tsogo Sun	Emnotweni, Nelspruit
			Tsogo Sun	Champions, Witbank
			Global Resorts	Graceland, Secunda
North West	5	5	Sun International	Sun City
			Sun International	Morula Sun
			Sun International	Carousel
			Tusk Casino Group	Taung Sun
			Tusk Casino Group	Mmabatho
Northern Cape	3	3	Desert Palace Hotel Resorts	Upington
			Magic Mountain Casino	Colesberg
			Sun International	Flamingo Resort, Kimberley
Northern Province	3	2	Sun International	Venda Sun
			Meropa Leisure & Entertainment	Pietersburg
Western Cape	5	4	Tusk Casino Group	Pinnacle Point, Mossel Bay
			Sun International	Grandwest Casino, Cape Town

Province	Entitlement	Issued / Held	Consortium	Location
			Gold Reef Casinos	Mykonos, Langebaan
			Century Casinos	Caledon

Source: Grant Thornton Kessel Feinstein

The new casino dispensation ended the previous monopoly enjoyed by Sun International. Already Tsogo Sun, Gold Reef Casinos and Global Resorts are emerging as major players in the industry. However, Sun International still holds a large share of the market (see Table 5.1.3)

Table 5.1.3   The Most Active Casino Operators (only includes operators with 2 and more licences)

Casino Operator	# of Licences	% of Total Issued Licences
Sun International	12	39%
Global Resorts	2	6%
Tusk Casino Group	4	13%
Tsogo Sun	5	16%
London Clubs	2	6%
Gold Reef Casinos	3	10%

Source: Grant Thornton Kessel Feinstein

It is believed that South Africans spend between 1% and 1.5% of disposable income on casino gambling. Based on this assumption, the casino gaming market in South Africa is currently worth around R 6 billion a year.

73% Of the total casino revenue is projected to accrue in Gauteng, KwaZulu-Natal and the Western Cape (see Figure 5.1.1).

Figure 5.1.1   The Distribution of Casino Spending in South Africa
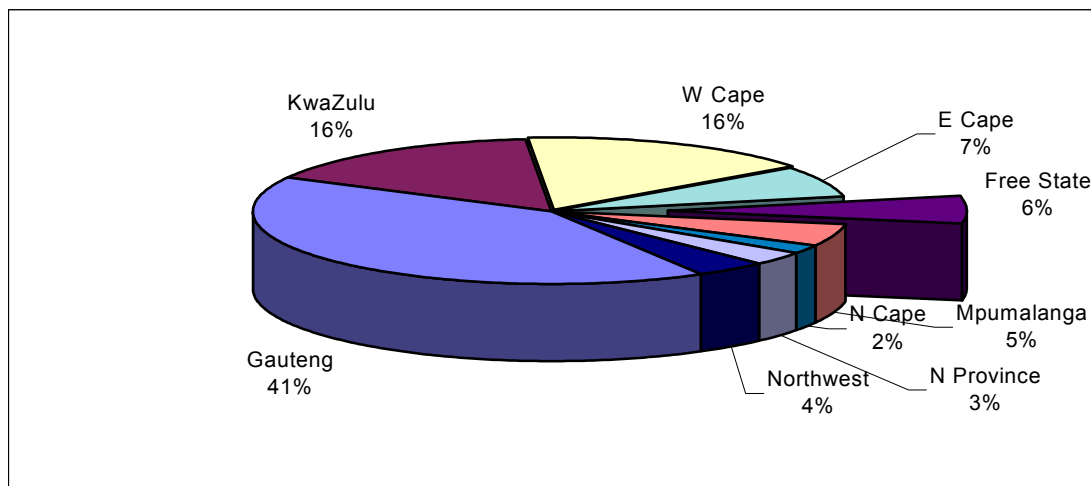
Source: National Lotteries & Gambling Board

Successful casino licence holders are required to include significant tourism and entertainment infrastructure in their developments. Most new casino developments include tourist accommodation, sophisticated conference facilities, sport centres, retail facilities, event facilities and entertainment facilities such as video arcades, restaurants, cinemas, etc. Many of these additional amenities are cross-subsidised by the casino component, and although casinos are profitable businesses, if too large a facility is developed, this profitability could easily be eroded.

iii)   Theme parks

To date, theme parks have not been particularly successful in South Africa. The main reason for the failure of theme parks is that South Africa lacks the population numbers with required

levels of disposable income within an immediate radius of the park that is required to support establishments of this nature.

There are currently only two "real" theme parks in South Africa, Gold Reef City in Johannesburg and Ratanga Junction in Cape Town.

Gold Reef City was developed in 1986 and offers a mining experience, fun rides, retail outlets, accommodation, food outlets and a permanent circus. The park went into liquidation in 1988 and was bought at the time for an undisclosed but very low sum. Operators indicate that the park never provided a return on investment and have always struggled to make an operating profit. The park now forms part of the Gold Reef City Casino complex, which was constructed adjacent to the park and completed in 2000. Some upgrading was also carried out on the theme park at the same time. Golf Reef City Theme Park attracts around 800,000 visitors per annum. The majority of the visitors (80%) are local residents.

Rantanga Junction, which opened in Cape Town in December 1998, can be considered Africa's first <u>major</u> theme park. At the time of opening, it was reported that the R 340 million park would create some 1,300 permanent and seasonal jobs. Rantanga Junction is constructed around an island theme. Canals have been dug, creating small islands connected by bridges. The park houses numerous restaurants, pubs, shops, cinemas and a theatre complex. The theme park itself, which covers 20 hectares, features over 30 attractions including roller coasters, family and kiddies rides and various stunts and variety shows. Tariffs are on a one-ticket basis – providing free access to all rides and attractions. After 17h00 a "non-rider show ticket" is available for entry into a central entertainment complex call Rantanga Island.

Rantanga Junction was unwilling to disclose attendance figures. It was planned that Rantanga Junction would attract some 2.5 million visitors each year, it is rumoured that visitor numbers are not close to expectations. As a consequence, the theme park has already reduce its working days from 7 to 5 per week and other operational and structural changes are also considered in order to boost operations, for example closing the park during winter months.

5.1.3   Standard & Performance of Attractions

Most tourism resources are owned by government (primarily provincial and local government), only a small percentage is in the hands of the private sector. Although a large number of tourist attractions track performance or utilisation, no formal documentation is produced on such performance.

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-utilised 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 through-put of visitors.

5.2   Tourist Accommodation

5.2.1   Total Industry

Given that no compulsory registration of tourist accommodation facilities is required, the actual number of tourist accommodation establishments is not known. Instead we provide in Table 5.2.1 the estimation as per the Tourism White Paper Situation Analysis Report, 1996, as well as an updated estimation based on an analysis of the AA Travel Guide database and general industry information.

Table 5.2.1   South African Tourism Accommodation Capacity

Type	1996 Estimation		2001 Estimation	
	# of Establishments	# of Units/Rooms	# of Establishments	# of Units/Rooms
Hotels	726	43,560	1,032	61,921
Guesthouses & Farms	2,500	17,500	1,226	8,581
Bed & Breakfast	2,000	8,000	2,637	10,547
Self-catering & Resorts	1,489	37,225	1,709	42,727
Game & Nature Reserves*	428	8,560	481	9,619
Hunting Lodges	404	8,080	404	8,080
Timeshare	150	5,550	170	6,290
Youth Hostels/Backpackers	55	385	117	1,045
TOTAL	7,752	128,860	7,808	148,810

Source: Tourism White Paper Situation Analysis, SA Tourism, 1996, AA Travel Guides & JICA TPDP Study Team
* Includes National and Provincial Parks

5.2.2   Hotels:

i)   Capacity

The hotel industry in South Africa is characterised by some degree of monopoly through groups and chains of hotels - an estimated 30% of hotel establishments and 60% of hotel bedrooms are in hotels, which have an affiliation to a chain or group.   The major hotel groups in South Africa are locally owned groups, such as Sun International (which includes the limited service brand City Lodge and service apartment brand, Courtyard), Protea and Southern Sun (which includes the Holiday Inn and Formule 1 brands).   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.

Currently no national grading system is in place in South Africa.   Most of the large hotel groups pulled out of the former national grading system operated by SA Tourism a few years ago.   A very large proportion of South African hotels are therefore currently categorised as non-graded.   A new national grading system is currently being developed by the South African Tourism Grading Council, a council commissioned by the Minister of Tourism late in 2000. The accommodation component of the grading system is expected to be launched at the end of July 2001.

The hotels industry body in South Africa is the Federated Hospitality Association of South Africa (FEDHASA).   This body represents the broader hospitality industry but its primary membership is hotels.   FEDHASA has around 500 hotel members.   However, these are primarily independent hotels, the major hotel groups pulled out of FEDHASA in the early 1990s as they felt it was not representing their needs.   The major groups formed their own informal association, the Hotel Industry Liaison Group (HILG).

ii)   Performance

Hotel trading statistics are collected and compiled by StatSA on behalf of the industry.   Since many hotels are not graded, the statistics are only meaningful if analysed on a national or area basis, statistics by star grading is largely meaningless.

The hotel sector has fared poorly, with occupancy levels consistently lower than international norms.   Although the 2000 occupancies were higher than that achieved in 1990 to 1994 (when occupancies dropped below 50%), the average for the country at 51% cannot be viewed as good.   Although room rates have seen consistent growth over the last decade, in the last four years, average room rates have declined in real terms.   The pressure on rates and occupancies is mainly as a result of the increase in supply (between 1994 and 2000, South

Africa saw significant hotel bedroom additions) by far outstripping the increase in demand. In fact lower demand growth has been experienced in the last two years than would have been predicted when the new hotels were being planned and built. This is particularly true for Cape Town, which achieved good occupancy levels from 1995 to 1997, but which also received most of the additional room supply coming on stream from 1998.

Table 5.2.2   Hotel Room Occupancies and Room Rates, All Grades

	1995	1996	1997	1998	1999	2000
Average Room Occupancy:						
South Africa	56%	56%	54%	52%	52%	51%
Cape Town	72%	72%	71%	65%	57%	60%
Johannesburg	44%	45%	40%	41%	41%	51%
Durban & Umhlanga	66%	66%	60%	62%	67%	67%
Average Room Rate:						
South Africa	R168	R207	R233	R249	R263	R279
Cape Town	R206	R239	R287	R295	R304	R342
Johannesburg	R147	R194	R247	R237	R267	R337
Durban & Umhlanga	R166	R198	R204	R220	R250	R256

Source: StatSA, Hotel Trading Statistics, 1995 to 2000.

Occupancies and rates are not expected to improve significantly until demand growth is sufficient to absorb the current room over-supply.

5.2.3   Guesthouses:

i)   Capacity

Guesthouses tend to be small (maximum of 25 rooms), individually-owned and run by their proprietors. Guest farms are usually adjuncts to a core farming business. Most guesthouses are fairly unique and individualistic and some are located in fine old residences.

Registration of guesthouses is required and no formal statistics are collated in respect of this sector. Many industry stakeholders have indicated that the StatSA hotel trading statistics should be expanded to other types of accommodation, but given cost consideration it is unlikely. There is, however, a Guest House Association of South Africa with some 200 members, which lobbies for member needs with SA Tourism and other authorities.

ii)   Performance

Although the hotel industry has experienced difficult trading conditions, continuing demand from foreign visitors for guesthouse accommodation has sustained growth in this sector. Hotel operators are also complaining that they are losing domestic business to guesthouses – many domestic business travellers are now opting for this type of accommodation. Given that these establishments are operated by their proprietors, it is often possible for individual guests to negotiate more reasonable rates, which is normally not possible in larger hotels.

Occupancy levels of guesthouses vary considerably depending on location, reputation and business mix. Room occupancies range from 30% to 90%.

5.2.4   Bed & Breakfast:

i)   Capacity

In the 1980s there were considered to be no B&B establishments in South Africa and in the early 1990s there were only a few. In the last 10 years, however, B&Bs have grown to a significant sector. Although still growing, the level of growth is finally slowing down, with only the more serious operators (rather than the part-time and whimsical) now entering the sector.

B&Bs are generally small (capacity ranges from 1 to 4 rooms) and are characterised by sole proprietors, offering hospitality in their own homes.

There is a Bed and Breakfast Association of South Africa ("BABASA"), which looks after the welfare of the industry sector and its members. BABASA currently has 300 members. BABASA estimates that the total Bed and Breakfast industry in South Africa comprises around 2 500 establishments. The industry might be larger due to the growth of these type of establishments as part of cultural and township tourism.

ii)   Performance

Growth in the size of the B&B industry has been less than 10% over the past year and has been city and suburban based rather than rural. B&Bs are normally cheaper than hotels and are often good value. B&Bs are rarely operated as formal businesses with rigid profit goals – operating costs are seldom properly tracked and the revenue often simply supplements the owner's other income. As with guesthouses, the popularity of B&Bs as an alternative accommodation type is increasing, both with the foreign and domestic markets. For business travellers, B&Bs are often a more reasonable alternative for long stays.

5.2.5   Self-Catering:

i)   Capacity

The self-catering industry has never been regulated in any way, nor has proper research or statistics been collated for it. The self-catering market includes a range of type of establishments, viz:

Holiday apartments/flats	Boutique self-catering holiday establishments
Resorts with chalets or flats	Serviced executive apartments

This sector is characterised by independent operators rather than groups. There is a self-catering chapter of FEDHASA, which has around 100 members.

ii)   Performance

Self-catering accommodation is more popular with holiday rather than business tourists and with domestic rather than foreign tourists. However the use of self-catering establishments by foreign tourists is growing. Self-catering is cheaper than traditional hotel accommodation (particularly for families or groups) and it provides flexibility, independence and privacy.

Given that self-catering establishments, in general, are utilised predominantly by the domestic market, utilisation is highly seasonal (weekends and domestic school holidays). Average utilisation level for the total industry is between 30% and 50%. However, some components of this sector, i.e. serviced executive apartments, are primarily located in major business districts, target the business market and achieve higher utilisation rates of around 70%.

5.2.6   Private Game & Hunting Lodges:

i)   Capacity

Game lodges are small establishments - the average size being 30 rooms. Game Lodges have grown substantially in numbers in the last 10 years as they are popular products and satisfy the growing trend for eco-based leisure tourism.

Most game reserves offer game viewing only, but some offer a combination of game viewing and hunting. There are also a significant number of hunting-only establishments in South Africa. Hunting lodges are smaller than game lodges (around 7 rooms).

Game lodges are found on small, medium and large game reserves. The large game reserves involved are often shareblock entities, syndicates or simply joint-venture agreements between owners, which enable a large reserve to have one or more lodges, which can be privately-owned and successfully exploited. Private game lodges vary in standard from middle-

to very up-market.   Both domestic and foreign tourists use the middle market lodges, whilst the luxury lodges almost exclusively cater to foreign tourists.

Virtually all private game and hunting lodges are independent.   There are one or two small groups operating game lodges in South Africa, most notably Conservation Corporation. There is a Hunting Association of South Africa ("PHASA"), which has around 600 members.   There is no game lodge association.

ii)   Performance

On average, game lodges achieve annual occupancies from 40% to 85%, depending primarily on location.   Mid-market lodges operate near or at full capacity over weekends, but mid-week occupancies are much lower.   Lodges catering primarily to the foreign market have less fluctuation in occupancies.

Hunting-only lodges achieve very low occupancies as these lodges typically only operate in hunting season (South African winter months).

There are many new game lodges and some new hunting lodges coming onto the market every year, as land owners and farmers consider the operation of these eco-tourism facilities to supplement their income or start a new business.   Because of the large number of primarily independent operators and the current growth in supply, game lodges and hunting tends to be very competitive.   Private lodges are also experiencing greater competition from national and provincial parks.

5.2.7   National & Provincial Parks:

i)   Capacity

The South African National Parks (SANP) has 41 hutted camps providing some 5,400 beds. The other major player is KwaZulu-Natal Nature Conservation, which has 30 hutted camps providing 2,700 beds.   There are a further estimated 26 camps in the other provincial parks, bringing the total in the sector to 97 establishments and 9,600 beds – only around 2% of total tourists beds in South Africa.

SANP is owned by central government and has traditionally largely been operated by SANP employees.   However, several elements within the Kruger National Park (accommodation, food and beverage and retail operations) are currently being commercialised, primarily by way of outsourcing/management contracts.

Provincial parks are owned and operated by agencies of the provincial governments.

ii)   Performance

The KNP achieved a bed occupancy of 75% and a hut occupancy of 85% in 1999 in its major rest camps.   These occupancies declined by around 4 percentage points on 1998 levels. Other national parks achieve far lower occupancy levels compared to the KNP - bed occupancies of around 52% and hut occupancies of around 72% were achieved in 1999. Again occupancies declined in 1999 compared to 1998.

KwaZulu-Natal parks achieved an average hut occupancy of 61% in 1998, down from 64% in 1998.   No occupancy figures could be obtained in respect of other provincial parks, however given their lower popularity, we would expect these occupancies to be far lower than that of the KwaZulu-Natal parks.

The Parks have over the last few years significantly improved their range of services, which enable them to compete with private reserves.

5.2.8 Timeshare:

i) Capacity

Timeshare only took off seriously in South Africa in the early 1980s, but the industry grew very quickly. In 1997 about 250 000 timeshare weeks had been sold in South Africa in the then 150 resorts. At that time, growth slowed down due to a sell out rate of over 80% in existing resorts. Although the industry was very successful, in the mid 1990s its image was tarnished by a number of spectacular failures. In recent years there have been indications of a revival, due primarily to the work of The Timeshare Institute of South Africa (TISA) in developing a formal code of conduct in an effort to eradicate some of the more odious marketing practices.

Although there are a number of groups or chains in the timeshare sector (none owning more than 10 establishments), the vast majority of establishments are independent.

ii) Performance

Timeshare resorts achieve fairly high year-round occupancies, around 80%. The timeshare selling market, in spite of the high sell out rates is still highly competitive. Re-sales and purchasers for points selling consortia contribute to this. However, reasonable growth is expected in this sector.

5.3 Conference Facilities

5.3.1 Structure

Figure 5.3.1 shows the main role players in the South African meetings, incentives, conventions and exhibition ("MICE") industry.

Figure 5.3.1   The South African MICE Industry
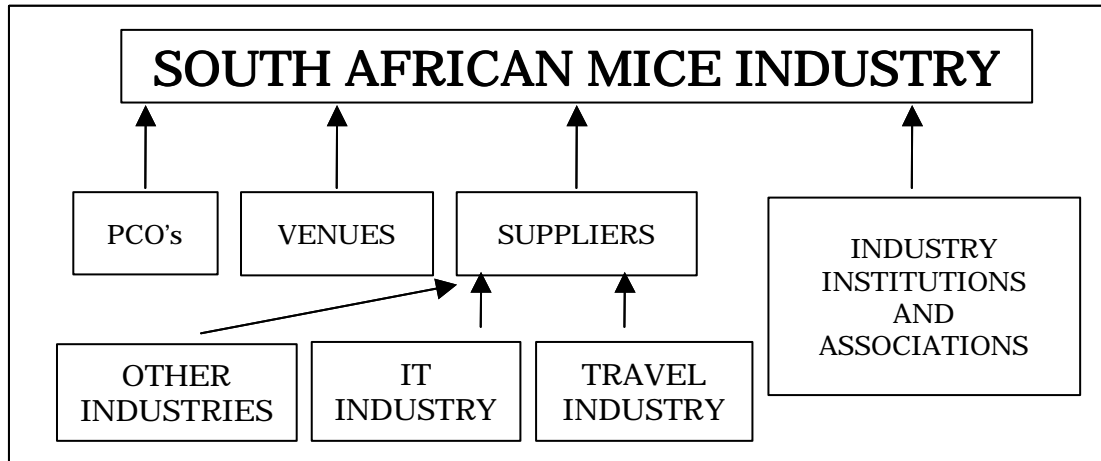
Source: Grant Thornton Kessel Feinstein

Professional Conference Organizers ("PCO's") organize the events, the venues provide the facilities needed, the suppliers provide any equipment and services needed including travel and transport needed and the institutions and associations provide support and structure to the above.

The capacity in respect of venues is discussed below. Associations in this industry include:

- SA Tourism Convention Bureau, which undertakes:
  - Lobbying for international meetings and bidding, and/or aiding South African organisations, associations, conference venues and other companies to bid, for international meetings; and
  - promoting the South African MICE industry internationally.

- The South African Association of for the Conference Industry ("SAACI "), which has a membership of 429.
- The Association of Professional Conference Organizers of Southern Africa ("APCOSA"), which comprises 34 accredited PCO's.
- The Exhibition Association of South Africa ("EXSA") with a membership of 104.
- The South African Federation of Convention Cities ("SAFCC") has been formed between the tourism promotion agencies of the six largest convention cities (Bloemfontein, Cape Town, Durban, Johannesburg, Pretoria and Port Elizabeth) with the key aim of positioning the 6 cities as the leading icons for international MICE.

5.3.2   Capacity

South Africa comprises a large number of conference venues and the sophistication of venues has improved significantly in the last decade.   In total, there are 1 500 venues that can host events in South Africa.   The breakdown of venues by province is provides in Table 5.3.1. Together, the Western Cape, Gauteng and KwaZulu-Natal provide 72% of the conference venues in South Africa.

South Africa offers a variety of types of conference venues.   Table 5.3.2 shows the breakdown of South African conference venues by type of venue.   65% Of South Africa's conference venues are located within accommodation establishments.   Only a small percentage of South Africa's conference facilities are purpose-built, specialised centres located outside of accommodation establishments.   However, South Africa now offer two International Convention Centres (in Durban and Sandton, Johannesburg – linked to the Monte Casino) and a third is being constructed in Cape Town linked to the Sun West casino. Several of the other new casino developments around the country also included or will include smaller but sophisticated conference venues.

Table 5.3.1   South African Conference Capacity Breakdown by Province, 2001

Province	% Of Conference Venues in South Africa
Eastern Cape	8.4
Free State	3.0
Gauteng	22.6
KwaZulu-Natal	16.8
Mpumalanga	6.5
North West	4.8
Northern Cape	1.5
Northern Province	4.1
Western Cape	32.4
Total	100.0

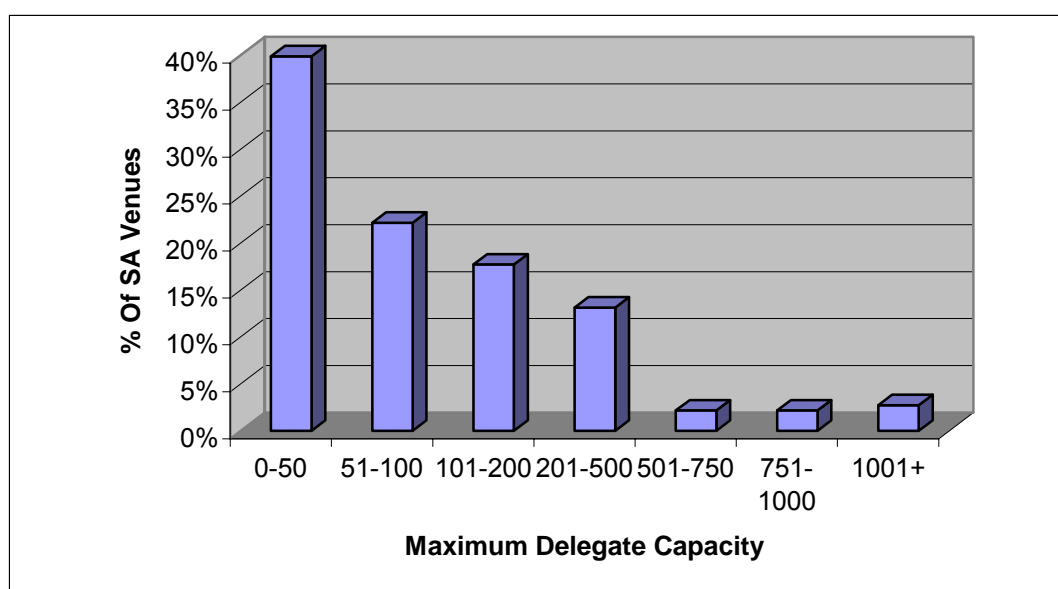*Source: Contact Publications & Grant Thornton Kessel Feinstein, 2001*

Table 5.3.2   South African Conference Capacity Breakdown by Venue Type, 2001

Type of Venue	% Of Conference Venues in South Africa
Bush venue	7.6
Church venue	0.6
Civic centre	0.8
Country hotel	10.5
Country resort	4.8
Educational institution	2.6
Farm venue	1.8
Guest house	10.7
Holiday resort	7.0
Hotel	30.4
Multi-purpose venue	9.4
Municipal venue	2.4
National park	1.1
Non-hotel venue	3.6
Race course	0.7
Restaurant venue	1.9
Specialised centre	3.2
Theatre	0.8
Total	100.0

Source: Contact Publications & Grant Thornton Kessel Feinstein, 2001

It is estimated that venues in South Africa have 1.4 million conference room days and 100 million delegate days available in a year.

Figure 5.3.2   Breakdown of South African Conference Venues by Maximum Delegate Capacity – Theatre Style, 2001

Source: Contact Publications & Grant Thornton Kessel Feinstein, 2001

i)   Performance

The SA Tourism Conference Industry Study carried out in 1999/2000 established that South Africa hosted just over 101,000 events in 1999.   This represented 11.1 million delegates and

14.8 million delegate days (Table 5.3.3).   The majority of conference demand emanates from the domestic market.

Table 5.3.3   The South African MICE Demand in 1999

	Events		Delegates		Delegate Days	
	Number	Share	Number	Share	Number	Share
International	1,548	1.5%	110,059	1.0%	259,988	1.8%
Domestic	99,797	98.5%	10,953,186	99.0%	14,511,932	98.2%
All Events	**101,344**	**100.0%**	**11,063,245**	**100.0%**	**14,771,920**	**100.0%**

Source: Grant Thornton Kessel Feinstein

The SA Tourism Conference Industry Study established the conference room utilisation rate to be 9.3% and the delegate seat utilisation rate to be 14.8% (Dutch utilisation rates were 28% for rooms and 16% for seats in 1991).   This utilisation rate is calculated over all venues in South Africa.   If only the venues that account for the majority of the MICE business in South Africa (i.e. the most popular and successful venues) are included, conference room utilisation is 44.3% and delegate day utilisation is 25%.

The South African MICE industry is estimated to have grown at around 5% per annum for the last couple of years. Demand is expected to continue to grow, but, given the ongoing increase in capacity supply, utilisation levels will remain much the same, possible even declining slightly with the advent of new and larger venues.

5.4 Tourism Support Services

5.4.1 Transport

(1)   Air

Due to the re-acceptance of South Africa into the global community, the de-regulation of international air routes and good levels of growth in foreign arrivals, the number of international airlines servicing South Africa increased significantly in the 1990s, from 21 in 1991 to 50 in 1995 to over 60 in 1997 to 1999.   However, in 1999/2000 a significant number of airlines steadily started cutting services to South Africa.   Although foreign tourism growth slowed down significantly at that time, most airlines indicated that they were still achieving good demand levels, but that the structure of demand was unbalanced.   The airlines could easily fill economy seats, but were not selling sufficient business class seats to be able to achieve acceptable yields.   In addition some airlines yields were also negatively affected by a price inequality between local and foreign flight prices - an equivalent ticket is much cheaper in South Africa than in the relevant foreign country.

There are currently around 40 international airlines serving South Africa.   Although the number of airlines has decreased, South Africa is still reasonably well served with international air services to most continents.   However, many tour operators are complaining that it is currently very difficult to book seats into South Africa from certain areas of the world (particularly Europe), and this in the so-called low season.

SAA, the national carrier, is the dominant international airline serving South Africa.

Air transportation from the East Asian market is limited in airlines and services and consequently airfares for this market remains relatively high. Table 5.4.1 shows the existing services between East Asia and South Africa.

Table 5.4.1   Air Route between East Asia and South Africa

Route	Carrier	No. of flights a week	Remarks
Hong Kong -Johannesburg	CX SAA	4 4	Code share
Singapore - Johannesburg	SQ	6	
Bangkok - Johannesburg	SAA	6	
Singapore - Cape Town	SQ	2	Via JHG
Singapore – Durban	SQ	2	Via JHG
Kuala Lumpur –Cape Town	MH	4	Via JHG

Source: JICA TPDP STUDY

As yet there are no large charter flight operations bringing foreign tourists to South Africa, although some large European charters are about to commence services into Durban.   There are many smaller charter carriers who handle regional and domestic flights for tourists, usually in craft with small seat capacities.

There are 7 major domestic airlines serving South African air routes, viz: SAA, SA Express, SA Airlink, Comair, British Airways, Nationwide and Intensive Air.   Of these by far the biggest is SAA.   SAA owns 20% of SA Express and has code sharing arrangements with SA Airlink. Together with these two associates, it handles 85% of the total estimated 4.5 million domestic passengers carried annually. SA Express and SA Airlink primarily handles the thinner and more remote domestic routes and generally have fleets of small aircraft.

Comair is the second oldest and second largest South African airline.   Comair operates mainly passenger services, including many flights on the main routes between Johannesburg, Durban and Cape Town. Comair and Intensive Air are locally owned and independent. Nationwide is co-owned by the Belgian airline SABENA and British Airways co-owns the local British Airways service.   All other domestic airlines are government owned.

The domestic airline industry is fiercely competitive, in particular on price.   It is believed that the price competition is unfair, and is based on the monopoly position of SAA. New airlines find it extremely difficult to enter the domestic market, particularly as SAA controls around 85% of the market.   Several domestic airlines folded in the last five years - Flitestar folded after less than two years and Phoenix after less than a year, whilst Sun Air (the old "national" airline of the former homeland of Bophuthatswana) folded after many years of service. The further privatisation of SAA is still planned for the future.

(2)   Road

Car Hire:

There are an estimated 60 car hire companies in South Africa of which only 14 to 15 major companies belong to SAVRALA (South African Vehicle Renting and Leasing Association), with a total fleet of about 27,000 units in summer decreasing to 17,000 units in winter.   In addition there are many camper and four-wheel drive hirers and a few chauffeur drive services.

The five major car rental companies are Avis, Imperial, Budget, Hertz and Europe Car, who together account for an estimated 70% of car hire fleets.   There are a further 10 national firms, some of which have rapidly developed from regional operators in recent years.   The remainder are local operators only.

The vehicle hire business has grown rapidly over the last few years and fleets have increased by over 50% since 1990.   Industry growth is around 10% per annum in terms of the industry measurement, which is Real Growth in Rental Day Activity.   Most business (around 80%) is generated by business travellers.   International customers account for around 10% of business. Leisure rentals are buoyant in specific destinations and at specific times of the year.

Generally the car hire industry is profitable, however, it is capital intensive and very susceptible to economic trends given its reliance on business travel.

Coach Operators:

Coach operations in South Africa can be divided into charters for specific tours (varying from simply hiring-out the vehicle, to shuttle services for special events, transfers, fully-inclusive tours, etc.) and scheduled (mostly long-distance and inter-city) services. Springbok Atlas dominates the charter service business with around 120 luxury coaches. Three operators - Greyhound, Translux and InterCape - dominate the scheduled inter-city services with around 300 luxury coaches between them.

The Coach Operators Association of South Africa ("Coasa") estimates that around 400 coaches with a capacity of over 44 seats each are active in the industry. The major routes for both charter and scheduled services connect the major city centres - Johannesburg, Pretoria, Durban, Cape Town and Bloemfontein - with many stops en-route. There are subsidiary routes (some of which operate only in season) linking the smaller cities and towns (Port Elizabeth, East London, Knysna, Upington, Margate etc.) into the network. The scheduled operations also provide some services into neighbouring countries such as Namibia, Zimbabwe and Malawi.

In recent years, fares have been under pressure, dropping from about a half (in 1996) to a third of the equivalent budget airfare for a particular route. The Rugby World Cup and the Cape Town Olympic Bid created an over-optimistic investment outlook amongst existing operators and attracted an influx of new operators, and an over-supply situation.

Coach utilisation is not measured in a consistent way, and it is therefore difficult to judge overall capacity utilisation. However, operators say that during the last few years coaches have been operating at 100% capacity during the peak season and that the peak season is lengthening. The passenger composition seems to be changing from purely tourist travellers to an even spread of tourist and business travellers. Traders from mainly southern African States are using coach transport to travel to South Africa, on a weekly basis, to purchase tradable goods.

The capital costs and availability of new luxury coaches has been a contentious issue in the industry for years. High import duties are no longer the central issue as they have been cut significantly, the issue has, however, shifted from quality and affordability to availability. With current exchange rates, an imported luxury coach is about the same price as a locally-manufactured one, although the generally small local manufacturers having difficulty meeting production schedules. So most operators now import their coaches, although a few are building their own.

Other difficulties for the coach industry include inadequate parking ranks and terminus facilities in the cities and at hotels and airports. Operators believe that future growth in the industry will come, not from the South African market, but from expansion into Africa.

(3)   Rail

Mainline Passenger Services:

Johannesburg and Pretoria are connected by intercity passenger train services to Durban, Cape Town, Nelspruit, Pietersburg, East London and Port Elizabeth. Many secondary cities are connected on the same network. Mainline passenger trains also connect Johannesburg and Pretoria with Maputo, Harare, Bulawayo and Victoria Falls.

Train travelling times are long. A Pretoria-Cape Town trip takes 28 hours and Johannesburg-Durban trip takes 13.5 hours. This compares to 18.5 and 8.25 for the intercity coaches and 2 and 1 hours for flights. Slow trains and frequents stops are the main causes for the long travelling times. Faster trains could reduce travelling times by 50% but would increase fares significantly. Basic fares are currently only slightly cheaper than the intercity coach fares and 1st class coupe fares are similar to cheaper economy air fares.

All mainline passenger services are operated by Spoornet, a subsidiary of Transnet, the state-owned transport corporation.

The latest figures available puts mainline passenger numbers at around 6 million per annum. An estimated 90% of passengers is generated from black patronage. Most of the passengers carried are VFR and holiday makers although many traders make use of the train from within South Africa and in particular from neighbouring countries. Overseas tourists make virtually no use of the trains and Spoornet encourages this. Standards are not up to European and North American expectations (for instance no air conditioning).

Mainline passenger services is a loss making entity and it faces an uncertain future.

<u>Special Trains:</u>

There are a number of special trains operating in South Africa, the most famous being the luxury Blue Train, which could be compared to other famous luxury trains such as the Orient Express. The Blue Train is government owned.

The Blue Train travels 4 return routes, viz. Pretoria to Cape Town (1 night), Pretoria to Victoria Falls (2 nights), Pretoria to Hoedspruit (1 night) and Cape Town, Port Elizabeth, Garden Route (2 nights). Off-train excursions are undertaken on the Cape Town Garden Route and Victoria Falls routes. Per person one-way fares are indicated in Table 4.1.9. The rates are per suite (luxury or deluxe) and cover all services, meals and drinks on board.

Rovos Rail is another major operator of special train services in South Africa. It runs luxury, primarily steam, trains on four routes (Johannesburg to Victoria Falls, to Cape Town and to Komatipoort/Maputo, and Cape Town to Knysna). Annual journeys include Cape Town to Dar es Salaam, Pretoria to Namibia, and an African Collage tour (an 8-day tour, which includes Pretoria, Maputo, Hluhluwe, Durban, Bloemfontein, Graaf Reinet, Oudtshoorn, Knysna and Cape Town). Per person one-way fares are indicated in Table 5.4.2.

<p align="center">Table 5.4.2   Fares (in Rands) Per Blue Train Route</p>

Season	Double (Deluxe-Luxury)	Single (Deluxe-Luxury)
Pretoria to Cape Town/ Cape Town to Pretoria		
High Season	10,800 – 12,100	8,000 – 9,000
Low Season	7,600 – 8,400	5,700 – 6,300
Pretoria to Victoria Falls/ Victoria Falls to Pretoria		
High Season	13,000 – 14,500	9,800 – 10,800
Low Season	9,100 – 10,100	6,800 – 7,600
Pretoria to Hoedspruit/ Hoedspruit to Pretoria		
High Season	6,700 – 7,600	5,100 – 5,800
Low Season	4,700 – 5,400	3,500 – 4,000
Garden Route (Cape Town to Port Elizabeth/ Port Elizabeth to Cape Town		
High Season	12,800 – 13,900	9,600 –10,500
Low Season	8,900 – 9,800	6,700 – 7,400

Table 5.4.3   Fares (in Rands) Per Rovos Rail Route

Routes	Rates	
	De Luxe Suite	Royal Suite
Cape Town to Pretoria/ Pretoria to Cape Town	6,695	9,200
Pretoria to Victoria Falls/ Victoria Falls to Cape Town	7,500	9,950
Cape Town to George/ George to Cape Town	4,295	5,850
Pretoria to Durban/ Durban to Pretoria	6,995	9,500
Pretoria to Swakopmund/ Swakopmund to Pretoria	14,995	19,900
African Collage	17,995	23,995
Kaleidoscope of Golf – Cape Town to Pretoria	24,000	32,000
Cape Town to Dar es Salaam	*7,200	*9,500

US Dollars

There are several local tourist steam train day trip services. These include the Outeniqua Choo Choo in the Garden Route, the Apple Express in the Eastern Cape, the Banana Express in KwaZulu-Natal and the Oosterlijn in Mpumalanga.

5.4.2   Tour operators

The number of tour operators in South Africa has increased substantially in recent years. Although difficult to quantify accurately, it appears that there are currently some 460 tour operators who provide ground tours in South Africa, about 15 of which may be considered major players in the sector. Around five of the major players are part of larger groups who have significant other interests in tourism, such as outbound operations, coach operations and retail travel operations. The rest are independent operators.

Tour operators can be divided into two main groups:

- General inbound tour operators (primarily providing a general tour(s) of South Africa) of which there are around 135.   This market is further divided into:

  - brokers which don't own infrastructure and tend to be purely ground handlers who do not produce brochures and re not branded with the consumer in any way.   They sell to overseas wholesalers and are covered in their brochures
  - Infrastructure owners which either own or lease some or all of their infrastructure, i.e. coaches, accommodation and other facilities, are more likely to act as both round handlers and wholesalers and produce their own brochures.

However few inbound operators exclusively package and brand their tours and most make some use of wholesalers.

- Specialist tour operators of which there are believed to be over 300 and which is further divided into:

  - Area specific operators, i.e. organize tours in a specific area in South Africa; and Market specific operators, i.e. specialise in specific niches, i.e. bird tours, diving, river rafting, etc.

There is a growing trend for tour operators to specialise, either along tour-package lines - for example incentive groups or charters - or according to source market. The need for specialisation of tour operators has grown in tandem with increased market segmentation.

This sector is not regulated in any way, and there are no entry requirements or qualifications needed before one may trade as a tour operator.   In particular, problems are experienced in the specialist tour operator sector with operators appearing on the scene for a few months and then disappearing without a trace.

A large number of tour operators are members of the South African Tour and Safari Operators Association (SATSA) or the Association of Travel Agents of South African (ASATA) or both.

Tour operator business grew phenomenally in the mid 1990s, but slowed down significantly in 2000. Tour operators indicate that 2000 was a tough trading year and business levels have not improved in 2001. Given the significant increase in supply during the boom years in the mid 1990s, the market is highly competitive, and it is expected that some of the less serious and sophisticated players may choose or be forced to exit from the sector in the following months.

5.4.3 Travel Agents

Traditionally the role of the retailer in the travel industry has been played by the travel agent. Historically, travel agents have been affected by regulations, especially from airlines, which restricted the number of agents because of concern over competition to their own sales outlets. In South Africa this sector of the trade was deregulated in the early 1990s; now anyone may operate as a travel agent.

The Association of South African Travel Agents (ASATA) currently has around 450 retail travel agents. The International Airline Transport Association (IATA) has around 800 registered travel agents as members; a significant increase from the 600 in 1996. An agent must register with IATA, and place a bond with it, in order to issue airline tickets. Other non-IATA registered members "subcontract" ticketing to a registered agency or buy direct from airlines.

Information technology is having a profound affect on intermediaries in the travel trade. Travel agents are facing competition from areas unrelated to tourism, for example, from companies in the telecommunications and computer fields, who have the technologies that can facilitate on-line travel planning. Microsoft has already entered this market world-wide and in South Africa. Travel agents are increasingly expected to add value in the chain - such as greater information or more tailored services - rather than act as mere ticket-issuing mechanisms.

Although already well entrenched in many other countries, the move away from a commissioned based fee structure to a service charge fee structure has only just started in South Africa. ASATA commissioned research last year to develop the mechanism of a service charge structure. Other than some pilot sites, the new structure is not as yet implemented in the industry.

There are a number of national agencies with multiple branches throughout the country. In total around 150 agencies are affiliated to groups, the largest and dominant group is Rennies Travel with more than 70 agencies. Given the large number of small agents, this sector of the tourism industry is characterised by a high degree of competition. With no real differentiation in the end-products offered, the agencies must compete primarily on the quality of service they provide. It is believed that South Africa's retail travel industry is over traded.

A typical agency will make most of its turnover (75%) on outbound leisure and business travel. Domestic business travel provides the bulk of turnover related to the domestic travel market. Airline sales provide about 80% of all sales, the balance is made up primarily of car hire and accommodation sales. Overall, commissions average 9% of sales made and profits, on average, 2% of turnover. Most travel agencies are modest businesses.

5.5   Marketing and Promotion

5.5.1   Background

In 1994 the government announced an ambitious campaign to make tourism South Africa's number one industry by the year 2000 (the new millennium) to create jobs and to increase foreign earnings. In the meantime 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, establishing

partnerships to significantly contribute the improvement of the quality of life of every South African. To achieve the vision, strategic, professional approach to marketing and promotion had been stressed, focusing on growing 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.

5.5.2   Review of former strategy

Total international visitor arrivals in South Africa in the year 2000 are 5,872,248. Among them visitor arrivals from long haul source markets (except visitors arrival from Africa) are estimated 1,531,720 with 4.2% decrease from previous year.   Tourism Action Plan defined that the long haul source market consists of the core market and rest of world. The core markets were top-6-shared-markets, UK, Germany, USA, Netherlands, France and Italy in which UK and Germany were identified "matured" markets and the remainder "growth" markets. The rest of world was identified   "growing market".   The profiles of typical long haul source markets are summarized in Table 5.5.1

Table 5.5.1   The Profile of Visitors from Long Haul Source Markets

Source Market	Profile/Characteristics
UK	Leisure 45% VFR 36% Business 16% Others 3%
Germany	Leisure 63% VFR 26% Business 8% Others 3%
Netherlands	Leisure 66% VFR 21% Business 10% Others 3%
USA	Leisure 52% VFR 22% Business 20% Transit 5% Others 1%
Australia	Leisure 40% VFR 27% Business 18% Conference 5% Others 10%
Japan	Leisure 85% VFR 3% Business 4% Others 8%
Taiwan	Leisure 65% VFR 9% Business 9% Others 17%
Rep of Korea	Leisure 21% VFR 21% Business 38% Others 20%

Source: South Africa Tourism Challenge /A Profile of the Tourism Cluster

In marketing of South Africa, the market segments have been identified in Tourism in Gear like the following, focusing on growing and high-yield international market.

Table 5.5.2   Tourism Market Segments

Geography	Activity	Demography
Western Europe & Scandinavia North America South East Asia South America	• Ecotourism – various niches (safari, bird-watching, specialist, etc.) • Cultural tourism (arts & crafts, heritage, historical/political, etc.) • Adventure tourism (diving, climbing, canoeing, gliding, etc.) • Sports Tourism (soccer, rugby, cricket groups, cycling, etc.) • Conference, meetings & company incentive • Special interest group (agriculture, flora/fauna, mining, wine, arts & culture)	Retired – wealthy and mobile Upward mobile Professionals (individuals and families) Youth market- Backpackers (due to long term return potential and long average stay)

Source: TOURISM IN GEAR Tourism Development Strategy 1998 – 2000

5.5.3   Strategy (2001-2002)

Strategic Plan by South African Tourism

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 as follows:

Primary Markets: Germany, USA, UK
Secondary Markets: France, Netherlands, Italy, India
Tertiary Markets: Asia, Africa/Middle East

Fund Allocation by discipline and Geographic Spend Focus are summarized in Table 5.5.3 and Table 5.5.4

Table 5.5.3   Fund Allocation by discipline

(Rand/Million)

	99/2000 Actual	2000/01 Budget	2000/01 Actual	2001/2002 Proposed	Target 2002/03	Target 2003/04
Above-the-line	69.7	100.0	97.2	70.0	70.0	70.0
Below-the-line	22.9	51.3	95.3	77.6	81.1	80.3
JMAs	1.7	20.0	21.4	30.0	30.0	30.0
Domestic Marketing	-	15.0	16.1	10.0	6.0	6.0
Research/Mk t	0.9	11.4	20.1	15.1	10.1	10.1
Segmentation	-	10.0	8.2	30.0	30.0	30.0
Public Relation	-	1.5	0.5	-	-	-
Grading Council						
TOTAL	**95.2**	**207.7**	**258.1**	**232.8**	**227.1**	**226.4**

Above-the-line: TV and Cinema, Print, Outdoor, Radio, Internet
Below-the-line: Relationship marketing, Trade Market, Event and promotion, Exhibition
JMAs: Joint Market Agreements
Source: South African Tourism

Table 5.5.4   Geographic Spend Focus

Markets	Spend	Activity
Primary Markets	**60 %**	
USA		Print, Internet, and tactical use of radio All BTL elements MICE Research
UK		All ATL during consideration and booking cycle All BTL elements MICE
Germany		Research
Secondary Markets	**20 %**	
Italy Netherlands France India		Only the print element of ATL during cycle periods All BTL elements MICE Research
Tertiary Markets	**10 %**	
Africa/Middle East		Tactical selection of print All BTL elements MICE Research
Asia		Tactical selection of print All BTL elements MICE Research
South Africa	**10 %**	As per primary markets (except MICE)

MICE: Meeting, Incentive, Conference and Exhibition
Source: South African Tourism
Source: Tourism Action Plan

5.5.4   Promotional Activities by South African Tourism

South African Tourism is doing its best within the bounds of its constrained circumstances during a fundamental restructuring and down-sizing of the head office staff which sets the stage for refocusing on international marketing.

South African Tourism has undertaken the following activities to ensure effective promotion. Promotional exposure of South Africa is highly targeted at source markets.

Attendance at Trade Fairs:
Major fairs and exhibition in which South African Tourism participated jointly with local governments and private sectors during 1999–2000 were:

Table 5.5.5   International Travel Exhibitions

Exhibition	No. of South African Companies	Where	Date
World Travel Mart	83	Earls, London	15-18 Nov. 1999
FITUR	19	Madrid, Spain	26-31 Jan. 2000
ITB	124	Berlin, Germany	06-10 Mar. 2000
EIBTM	26	Geneva, Swiss	18-20 May.2000

All the Provinces exhibited in all of the above exhibitions, and SAA played a key role in assisting SA Tourism
Source: SA Tourism Annual Report 1999/2000

Other exhibitions participated in:

NATAS Travel '99	Singapore	05-07 Mar. 1999
International Travel Exposition (ITE 99)	Hong Kong	10-13 Jun. 1999
Borsa International Travel Fairs (BIT 2000)	Milan, Italy	23-27 Feb. 2000
International Congress and Travel Mart	Tokyo	25-27 Aug. 2000

The SA Tourism Media Release of February 05, 2001 announced that the organisation would again exhibit in two major exhibitions in the South East Asia region as part of its intensified marketing efforts in Asia and Oceania, viz:

- National Association of Travel Agents' (NATAS) bi-annual holiday exhibition at the Suntec Centre in Singapore from 30 March to 01 April 2001
- Malaysian Association of Tour and Travel Agents (MATTA), the Malaysia International Travel Fair (MITF) held in Kuala Lumpur at the Mines Resort City from 06 to 08 April 2001.

Also the SA Tourism Media Release of February 06, 2001 announced that 250 delegates from 117 South African companies participated in ITB 2001, the biggest travel trade fair in the world.

INDABA:

INDABA is South Africa's premier Tourism Trade Exhibition, which showcases the best of the South and Southern African travel and tourism industry. INDABA 2001 was held at the International Convention Centre (ICC) in Durban with 913 exhibitors from 21 to 24 April 2001. 1,470 Pre-registered international delegates, including media from 70 countries, attended with figures increased by 29% over the corresponding figures in 2000.

This year 139 new, small-to-micro-medium (SMME) tourist enterprises from each of South African's nine provinces participated in the travel show as exhibitors showcasing their indigenous and emerging products.

Media Advertising:

Advertising was placed in newspapers, TV, consumer magazines and travel trade publications in the top six markets.

The first phase of the International marketing campaign (January – June 2000) was aimed at consolidating South Africa's market share in the key source markets of the United kingdom, and Germany, whilst increasing market share in the "growth" markets of the United states, Netherlands, France and Italy. Print advertising featured in 98 major newspapers and upmarket travel and leisure magazines in the UK, France, Italy, Netherlands and the USA, while posters were displayed at approximately 5,000 outdoor sites in major cities.

Image advertising was also done in the USA, France and Italy targeted at their July/August outbound travel market. In London, forty cabs painted in the colours of the South Africa national flag and ten painted in zebra stripes initiated the roll-out of the campaign. Commercial advertisements are being filmed for Germany. No media advertising was undertaken in the rest of world.

Public Relations:

The Corporate Communications and Public Relations Division is responsible for enhancing the image of South Africa and building the tourism brand of South Africa. Regular interaction with the media, stakeholders and overseas offices has been undertaken, including 71 media releases and guidance, publication of the corporate news letter, press conferences and presentations of events at head office and servicing over 250 enquiries from media and stakeholders.

SA Tourism's overseas offices carried out numerous public relations activities for the purpose of strengthening South Africa's brand image as a tourist destination and inbound market

development. PR activities included constant editorial contacts and contribution of articles to newspapers and magazines; dissemination of news releases, appearances and interviews on TV and radio; publication of periodical travel news bulletins; supply of colour photographs to the press; holding press conferences and so forth.

In the northern American market, eight North American radio stations transmitted live broadcasts from South Africa to 360 radio stations across the United States. In Germany a PR agency was appointed to deal with media matters, in Italy South Africa received positive media coverage with 76 articles and in France editorial publicity in 48 hosted media was carried out, generating a significant value in Rand.

<u>Welcome Campaign:</u>

The campaign was launched in December 1999 for the purpose of strengthening the South African public's attitude toward tourism, creating a strong service orientated tourism industry and is an awareness campaign that hopes to turn South Africa into a tourist nation. The campaign was designed as local back up to the International marketing campaign in the Tourism Action Plan. Up to a million posters, stickers and promotional materials were distributed. In addition, advertisements were put in newspapers and magazines and on TV and radio nation-wide. The exposure cost was R 20 million.

The campaign has been well supported by national brand corporations such as SAA, ABSA, Avis, Sun International and Southern Sun. Vodacom contributed a sponsorship of R 2 million.

<u>Guest Programs:</u>

- Media assistance (Press Tour):

SA Tourism's media assistance is designed to provide service to hosted media, acquainting prominent travel writers, photographers or TV crews with various tourist attractions in South Africa by providing financial or editorial support to them. When carrying out this program, SA Tourism obtains active co-operation from airlines, hotels, provincial governments and many other tourism-related organizations. In 1999, 590 international media guests were hosted with figures increased by 49% in comparison with the previous year.

In addition more than 50 international journalists were registered in INDABA 1999 held at ICC in Durban. These journalists were hosted under the INDABA budget. Some of them participated in Pre and Post Media Tours, arranged and funded by nine provincial Tourism Bodies as well as the South African Guest Program.

- Familiarization tours:

SA Tourism's familiarization tours are designed to provide service to hosted trade and incentive guests from each source market.   99 travel agents and 112 incentive buyers from more than 31 countries were hosted in 1999. In addition several hundreds of travel agents and buyers were hosted at INDABA, and 36 London Cab drivers from London.   Apart from the guest program, 2,000 German travel agents took part in an educational tour in 2000.

<u>Travel Seminar and events:</u>

In 1999 - 2000, travel seminars and workshops for travel trade, tourist-related organizations and events for consumers were as follows:

- Prior to ITB, SA Tourism exhibited at seven consumer fairs throughout Germany.
- 698 seminars and workshops were held in England.
- 19 seminars, where more than 1,750 travel agents attended were held in Italy.
- Trade seminars increased in France from 21 to 112, due to the growing demand from trade. In addition SA Tourism participated in one consumer and two trade exhibitions and the second workshop was held in the Eiffel Tower, where 520 trade members attended.
- Americas Hub had a series of workshops across the USA and Canada, visiting New York, Toronto, Chicago, Houston, San Francisco and Los Angeles. In addition workshops was held in Sao Paulo, and Buenos Aires.

- SA Tourism Sydney participated in the consumer Holiday and Travel Shows at 6 main cities in Australia. In addition several seminars were held around Australia and New Zealand.
- A workshop arranged by SAA was held in Bangkok, where no South African Tourism office exists.
- SA Tourism Tokyo dispatched a Japanese Tour operators Mission to South Africa to educate South African ground operators on hosting Japanese visitors in co-operation with SAA and Cathay Pacific. Seminars were held in Durban, Cape Town and Pretoria. For consumers, a South African Food Festival was held at a leading Hotel, Capital Tokyo Hotel.

Promotional Materials:

As a result of the restructuring of SA Tourism, a new team in *the design studio* (formerly called Production) is responsible for the production of promotional materials. A team consists of a manager, editor/journalist, four designers and an additional proof-reader.

The following materials were published in 1999 – 2000:

- A 60 page Travel guide: the original English version was researched and designed in-house, with translation into Dutch, French, Italian, Spanish, German, Japanese, Portuguese done externally.
- An A1 Map (folded to A4): a new up-to-date map translated into English, German, French, Japanese, Spanish, Portuguese, and Dutch.
- An 8 page barrel-folded, handout teaser written in English, Italian, German, French, Japanese, Spanish, Portuguese, Dutch, Arabic and Mandarin (also Simplified Chinese).

These promotional materials were distributed in each source market. For example 61,308 were distributed in Japan and Korea, 102,000 in Australia and New Zealand, 111,590 in USA. SA Tourism Frankfurt completed the photo library, BONA, which contains more than 1,000 colour pictures on South Africa with text. They are distributed in nine sets of CD ROMS and have been welcomed by the trade and media.

Information Service:

At SA Tourism's overseas offices, information on travel to and within South Africa is provided to consumers, travel trade, the press and other interested parties. Above all, providing suggestions and assistance for local travel agencies and tour operators to develop tours to South Africa is an important role of overseas offices. Inquiries made at South African Tourism's overseas offices in 1999 - 2000 in person, by telephone call or by letter are significant. For example, 11,836 inquiries from trade and 20,482 from consumers in Frankfurt. 14,360 Inquiries from trade and 19,063 from consumers in Sydney. 1,768 Inquiries from trade and 4,961 from consumers in Tokyo.

With regard to Website hits, the number of Hits to SA Tourism's home page, from April 2000 through March 2001, totalled 767,640 (excluding UK Website).

Convention and Incentive travel promotion:

SA Tourism identifies MICE (Meeting, Incentive, Conference and Exhibition) as one of the most important market segments. Convention and incentive travel promotion is an integral part of SA Tourism and is the responsibility of the Convention Bureau. The Convention Bureau undertakes international marketing activities, provides services to South African associations and organizations to lobby and bid for international conferences and events to be held in South Africa and promotes South African conferences and events internationally, to achieve maximum international delegate attendance.

At present there are two international conference centres of world class in South Africa, the Durban Convention Centre and the Sandton Convention Centre.   A new conference centre will be opened in Cape Town in 2003. The role of the bureau will become more important. In 1999-2000 South African associations participated in 19 bid presentations to international

organizations in which 11 were won through service provided by the bureau. The successful bids will attract 5,000 international delegates to South Africa.

▪   Liaison with Convention-related International Association

South African Tourism is a member and maintains a close relationship with the International Congress and Convention Association.

▪   Participation in Convention Industry Trade Shows

South African Tourism has regularly participated in the world's major convention and incentive trade shows, EIBTM in Geneva, IT & ME Show in Chicago, AIME in Melbourne, together with regional convention organizations and convention related industries.

South Africa Tourism participated at the annual European Incentive Business Travel and Meeting Exposition (EIBTM) held in Geneva from 29 to 31 May 2001. 25 convention related companies exhibited together with the Cape Town Convention Centre, the Durban Metropolitan Tourism Authority, the Sandton Convention Centre, Gauteng Tourism and South Africa RAI.

Co-operating Marketing venture:

SA Tourism entered into joint marketing ventures with major international tour operators and travel agencies in each source market. Partners for co-operation initiatives were selected on the basis of their commitment to future and present market promotion for South Africa and to the targeted additional selling in a decided period.

Many deals have been concluded:

In the United Kingdom: Kuoni UK, Travelbag, Rainbow Tours, Thomas Cook, Travel 2 Travel 3, Saga Holidays, Bluebird Holidays and Usit World, which specializes in student and backpackers, etc.

In Germany: TUI, DER Reise, two of the largest groups in Europe, etc.
In the USA: Tauck Tours, etc.
In Japan: JTB, World Travel, Kinki Nippon Tourist, etc.

The Co-operative Marketing Initiative is to result in the increase of 88,500 tourist arrivals and it is estimated that the return on investment will be R 812.3 million. Table 5.5.6 shows the situation of agreements contracted in each source market.

<p align="center">Table 5.5.6   Joint Marketing Agreement</p>

International Hub	No. of contracts	SAT commitment (R'million)	Expected increase in Passengers	ROI (R'million)
Europe	40	11.6	37,400	305.3
USA	24	10.7	17,600	242.8
UK	32	10.3	20,700	171.5
Asia	13	3.6	11,700	89.6
Africa	2	0.1	1,100	3.1

Source: South African Tourism

Tourism Support Programs on Promotion:

▪   International Tourism Marketing Assistance Scheme (ITMAS)

The Department of Environmental Affairs and Tourism provides financial support to entrepreneurs for specific costs incurred in promoting tourism to South Africa.

The following programs are available:

- Marketing and Sales Missions, which consists of two components, namely Individual Sales/Marketing Trips and Group Tourism Missions and/or Workshops.
- Exhibition Assistance.
- Production and Distribution of International Tourism Marketing Materials.

(Source: Investing in Tourism)

5.5.5   Promotional Activities by Tour Operators

The main tour operators dealing with the East Asian markets are listed in Table 5.5.7.

<p align="center">Table 5.5.7   Main East Asian Tour Operators</p>

Company Name	Covering Markets	Strongest in East Asia
CROWN TRAVEL	Japan, China, Taiwan, Hong Kong Korea, Thailand, Singapore etc.	China
WILSON COLLINS TRAVEL	Japan, Korea, Thailand, Europe etc.	Japan
ERM	Taiwan, China, Hong Kong, Singapore, Malaysia etc.	Taiwan
THOMPSONS SOUTH AFRICA	Europe, USA, Japan etc	Japan
AMEGA TRAVEL	Hong Kong, China, Taiwan etc.	Hong Kong
ABERCROMBIE & KENT	USA, Japan	Japan

Wilson Collins Travel receives 3,500 tourists from Japan.
Source: JICA TPDP STUDY

Some examples of promotional activities, which have been undertaken by the above operators are:

- The publication of its sales-promotion brochures to win business from possible tour operators or travel agents in target source markets. In the promotional material, they mention their company profile, strong selling-points, recommended tour itineraries, and accommodation, and suggested price.

- Representative offices or sole agents in key source markets such as the case of Wilson Collins Travel, which has a representative office in Tokyo, a sole agent in Soul and of Crown Travel, which has representative offices in Tokyo, Osaka, Nagoya and Fukuoka. Abercrombie has agent offices in Tokyo and Osaka. Thompson has representative offices in Tokyo and Osaka.

- Direct sales visits to travel agents in main cities of target source markets two or three times a year in co-operation with representatives.

- Familiarization tours for important clients in source markets on their account.

- Taking part in the reputed international travel fairs such as ITB, WTM, JATA International Congress and Travel Fair.

- Members of international or regional organizations such as ASTA, PATA, JATA, OTOA (Overseas Tour Operators Association of Japan).

- Participated in mission tours to target source markets organized by SA Tourism. In September this year a seminar will take place on Tokyo and Osaka. Its mission tour will be composed of 15 members from tour companies, hoteliers, game lodges, etc.

- Some of them are also IATA agencies, which retail air tickets and other service directly to FIT passengers.

5.5.6   Promotional Activities by Hotel Companies

There are a large number of international-class hotels in South Africa, which are managed/owned by local hotel groups/chains such as:

- Southern Sun
- Sun International
- Protea

Some examples of promotional activities undertaken by them are:

- The publication of its sales-promotion brochures for tour operators, local foreign corporations and consumers in source markets.

- Southern Sun includes the Holiday Inn as well as the Intercontinental brands. These hotels can take advantage of their related-international hotel chain's promotional support such as being included in the chain-hotel directory and the chain world-wide reservation systems.

- Southern Sun and Sun International have sales representatives mainly in Europe, United States and some in Japan for direct sales and promotion to travel agents, representatives of ground operators and consumers, especially business demand in source markets.

- In respect of selling rooms for group tours, the hotel groups primarily depend on ground operators. In most cases, ground operators present the hotels' recommendable tour itineraries, accommodation, and suggested price to the travel agents in source markets. Therefore it is crucial to keep good relationship with ground operators, providing them with sales-promotion brochures, professional information, know-how of hospitality, and competitive room rates.

- They have taken part in the reputed international travel fairs such as ITB, WTM, JATA International Congress and Travel Fair.

5.5.7 Promotional Activities by Airlines (SAA)

SAA contributed to the Welcome Campaign, providing its seed capital. SAA assist with familiarization trips of media and tour operators to INDABA. In co-operation with SA Tourism Tokyo, 10 operators from Japan and Korea were brought out for the last INDABA.

In Taiwan, China and Thailand where there is no SA Tourism, SAA carries out its promotional activities in co-operation with the SA Embassy. In China SAA participated at the Guangzhou International Travel Fair. In Bangkok a workshop arranged by SAA was held. In Taiwan SAA contributed to achieve good publicity results in newspapers and magazines.

Media advertising is hardly to be seen in off-line markets because it is considered to be very difficult, not meaningful and too costly to do it. SAA does however seek publicity in newspapers and magazines.

5.5.8 Promotional Activities by Province

West Cape

(1) Attendance at overseas Fairs and Exhibition
The Board's international marketing strategy is aimed at primary and secondary international markets and runs parallel with that of SA Tourism, whilst also using platforms created by SA Tourism.
- International shows attended
    Indaba 2000: Durban, 7-10 May 2000
    123 agents visited WCTB information desk
    South America Workshop: 20 – 26 August 2000
    294 Agents attended.
    India Workshop: 4 – 8 September 200
    US Travel Mart, Atlanta: 14 – 17 September 2000
    Toronto: 18 & 19 September 200
    225 contacts visited the stand.
    World Travel Market: London, 13-16 November 2000
    317 contacts visited WCTB desk
    Utrecht Vakantiebeurs: Holland, 9 – 14 January 2001
    54 media and 2 830 consumers visited the stand
    ITB: Berlin, Germany, 3-7 March 2001
    2000 consumers visited the stand.
- Other international promotions

Chelsea Flower Show 2001
In partnership with the National Botanical Institute (NBI) and Old Mutual, Western Cape Tourism Board produced a Chelsea Flowermap that depicted the floral kingdom of the Cape.

(2)   Media Advertising
 Newspapers:
 TV:
 Consumer magazines:
 Travel trade publications:

(3)   Public Relations
KFM Radio Campaign, Beaufort West, December 2000
In conjunction with KFM, WCTB and Die Burger welcomed holidaymakers to the province during the holiday season.

(4)   Media Assistance (Press tour)
WCTB, in conjunction with SA Tourism, assisted financially with various foreign media (journalists and film crews) on familiarisation tours to the Western Cape and regions of the Cape.

(5)   Activities done for the travel trade
Western Cape Tourism Board's role in marketing the province was to encourage locals to visit their own province and tourist attractions and to create a platform for regions. Domestic marketing within the rest of South Africa was aimed at increasing the Western Cape's share of domestic tourism, particularly in Gauteng and Kwazulu-Natal.

- Domestic shows attended
     Outdoor Adventure Expo: Johannesburg, 15 - 18 June 2000, 45,000 consumers
     Getaway Show: Johannesburg, 15 - 17 September 2000, 45,000 consumers
     Getaway Show: Durban, 27 - 29 November 2000, 20,000 consumers

- Other domestic promotions
     Flowerline 2001, 1 August - 30 October 2001
     MTN/Western Cape Tourism Food and Wine Festival

Klein Karoo Nasionale Kunstefees, Oudtshoorn 25-31 March 2000. Seven of the Western Cape tourism regions participated in the Food and Wine Festival attended by 100,000 consumers.

(6)   Promotional materials produced in recent year
- Printed materials

The following promotional material was recently produced:

- Western Cape Travel Guides, 40,000 copies. Promoting the Western Cape to the markets is both exhilarating and challenging. With its tremendous natural beauty and diversity, promotional material easily reflects the wondrous attractions of the province.
- Marketing material was distributed to SA Tourism offices and foreign missions/embassies in Australia, New Zealand, Austria, Benelux countries, France, Germany, Italy, Japan, Switzerland, United Kingdom, USA, Zimbabwe, Argentina, Canada, India, Ireland, Sweden, Thailand, Spain and Denmark.
- In conjunction with Northern Cape Tourism Board and MTN, a 2001 Flower-map will be printed for this years spring flower season.

- Audiovisual Aids
No new video was produced. The Western Cape Tourism Board's videos, "Africa's Fairest Cape", are sold at our information office in Cape Town.

Regional information and product listings appear on Western Cape Tourism Board's website, www.capetourism.org .   For the months of June – November 2001 a "Hot Deals" special are on the website to promote visitors to the Western Cape during the winter months.

- Photographs

Slides of the Western Cape are available to the public/tourists.   No new photographs/slides have been produced in the recent year.

(7)   Convention and Incentive travel Promotion

The Cape Town Convention Bureau (a unit of Cape Metropolitan Tourism) is promoting Cape Town as an international Conference, Incentive, Meetings and Exhibition destination. Cape Town is the top meetings city in Africa and is ranked No. 30 in the world (ICCA 2000). Construction of the Cape Town International Convention Centre has already started and it would be open for business by 1 August 2003.

Development of MICE Market
- Market research

As members of ICCA, The Cape Town Convention Bureau (CTCB) is doing research via the ICCA Data CD Roms (Research for new business). Last year CTCB did some research on the South African Association market.
- Promotional & Sale Activities
  - Contacts Database
  - Finalist in the ICCA Marketing Awards 2000
  - Produce marketing collateral with the theme of "WHY CAPE TOWN?"
  - Produce an annual   "CAPE TOWN CONFERENCE & INCENTIVE GUIDE"
  - Advertorial in The International Workbook
  - Advertorial in SA Conference, Exhibition and Incentive Guide
  - Advertorial in Incentives.com magazine
  - Advertise in SA Tourism Update
  - Advertise in Chamber of Commerce (Cape Town) Business Guide
  - Advertise in ICCA's Statistical Guide
  - Advertise in ICCA's Annual Report
  - Web site
  - Bids for conferences
  - Newsletter

- Liaison with Convention-related international Association

ICCA (International convention & Congress), UAI (Union of International Association)
CTCB is a member of: ICCA, IACVB, SITE, SAACI and will soon become members of UAI

- Overseas Promotion
  - Participation in Convention Industry Trade Shows

EIBTM in Geneva, IT&ME Show in Chicago, AIME in Melbourne
  CTCB is exhibiting annually at: ICT Expo (Johannesburg), Confex (London), EIBTM (Geneve), AIME (Melbourne), M&IT (London). The SA Tourism office in New York is representing us at IT&ME in Chicago,
  Invitation of key person of international association and meeting planners
CTCB is constantly participating in initiatives to host Association and Corporate buyers in order to attract more business to the city.   CTCB is also taking care of site inspections when needed for bids.

(8)   Activities at Indaba 2001, Durban

The Western Cape Tourism Board provided a platform for 20 previously disadvantage individuals (PDI's) to promote their products at this show.
A media breakfast was held to inform the media of all new developments
happening in the Cape.

5.6 Human Resource Development

5.6.1 Introduction

One of the biggest challenges facing South Africa from an economic and social perspective is unemployment. The development of the tourism industry, known to be a labour-intensive sector, is seen as crucial to expanding job creation in South Africa. In tandem with developing tourism, therefore, job creation and human resource development in the tourism sector are seen as crucial.

Within the larger South African economy, the pressing need to upgrade skills and foster employment amongst the previously disadvantaged, led to the passing of the South African Qualifications Authority Act (no.58 of 1995), the Skills Development Act (no. 97 of 1998), followed by the Skills Development Levies Act (no. 9 of 1999). These three Acts create an environment within which training and development of human capacity is encouraged and supported and the human resource development and training in the tourism industry is strongly influenced by and follows the dictates of these Acts. It is widely accepted by the Department of Labour and other players in the skills development arena, that in terms of human resource development in line with the national legislation, the Tourism Industry is a lead, if not The lead, sector.

5.6.2 Brief History

Around the early-eighties, tourism training was largely limited to in-house training on various, mainly informal levels. Some large progressive groups were very active, e.g. Holiday Inn, with structured in-house and on-the-job training schemes. Others had in-house management trainees, but very little else. Many skilled senior and kitchen staff were recruited overseas – many chefs and managers were not from South Africa. The Witwatersrand Technikon was the only Hotel School at the start of the decade but a few others opened in the 80's. There were no degree level courses.   Ticketing courses for travel consultants also existed and the airlines gave extensive training for staff.

In 1986 FEDHASA (The Federated Hospitality Association of South Africa) started the HCTC (The Hospitality and Catering Training Council), to foster training in the hospitality and catering sector. In 1992, the HCTC was converted to the HITB (Hospitality Industries Training Board), a training board under the Manpower Training Act, and became a statutory body, with the power to raise a levy. The HCTC and its successor the HITB were instrumental in developing training and the professionalisation of training in the hospitality industry through the late eighties and nineties.

The HITB only covered the hospitality sector which included mainly hotels and serviced accommodation, restaurants and catering. It raised a 1% levy on payroll above an annual threshold (R 500,000 1998). It covered all industry participants, but many smaller players were below the threshold and some industry operators always escaped the net. The HITB accredited training courses and trainers and contributing companies then claimed back from the levy funds for the training of their staff on accredited courses. In practice many of the larger companies had their training departments and courses accredited and claimed back levies for most of their training, but many smaller players did not utilize the system.

By 1994, a career guide for the tourism industry developed by Satour (now SA Tourism), listed 14 Technikons and Technical colleges around South Africa offering tertiary tourism/travel training and a further 3 private sector colleges (offering both distance and establishment based courses). In 1997 Fedhasa started a sub-association – SATCHI (The South African Association of Trainers, Consultants and Service Providers to the Hospitality Industry).   In 1998 it had some 51 members of which 21 were categorized as trainers.

In the 90s tourism education in schools also made its debut, but the take-up and spread of quality school tourism curricula was slow. Now a number of NGOs are supporting the introduction of tourism education in schools.

From the inception (and before) of the South African Qualifications Authority Act (no.58 of 1995) the HITB accredited courses were designed to meet the requirements of the National Qualifications Framework established by the Act.

TETASA, the Travel Education and Training Authority of South Africa, which was formed in 1992, was another body regulating training in the travel industry, particularly ticketing courses for travel consultants. In 1999 TETASA merged with the HITB in a process to move towards the formation of a tourism industry sector educational and training authority ("SETA") in line with the Skills Development Act.

Also during the late 1990s the training and accreditation of tour guides was transferred from Satour (now SA Tourism) to THETA.

5.6.3   Legislative Framework

The South African Qualifications Authority Act (No. 58 of 1995) and The Skills Development Act (No. 97 of 1998) provide for the establishment of structures to achieve the objectives of upgrading the skills of the South African workforce.

The SAQA Act established a National Qualifications Framework (NQF) which recognizes learning achievements in both formal and non-formal learning environments; and the Skills Development Act introduces mechanisms to improve the match between workplace skills needs and the provision of education and training. These include new learning programs, new approaches to implementing work-based learning, financial incentives and new structures. In particular, the Skills Development Act provides for the establishment of Sector Education and Training Authorities.

SETAs are established to assist the raising of skills in South Africa, and through strategic planning and management to achieve a balance between demand for skilled employees and the supply of trained people. They are required to ensure that quality-assured training meets industry-endorsed standards within the National Qualifications Framework, and that skill acquisition mirrors international standards of best practice. SETAs are also required to promote training throughout their sectors, in both the formal and informal economic domains, and particularly to address the skill development needs of small, micro and medium sized enterprises (SMMEs). The South African Revenue Service ("SARS") will levy employers by sector on behalf of SETAs – initially 0.05% of payroll, which increased to 1% of payroll in April 2001. 80% of the funds collected are allocated to the SETA and 20% goes to the National Skills Fund.

It is incumbent upon each SETA to:

- Prepare a Sector Skills Plan (SSP) for its sector, and to drive and monitor the Plan's implementation;
- Develop and implement Learnerships;
- Ensure implementation of the NQF;
- Receive levy payments and expend or disburse levy funds;
- Maintain links with and provide reports as required to SAQA, the Department of Labour, the National Skills Authority, other SETAs, the employment services, professional and industry associations and bodies, and international/global institutions and equivalent bodies; and
- Perform the key training quality assurance function for the sector as an Education and Training Quality Assurance body (ETQA).

The SAQA act allows for the registration of National Qualifications ("NQs"), for functional job categories within a sector. An NQ can have from 1 to 8 levels (8 is masters degree level), and NQs are applicable to all vocational training offered at schools, in the public sector (Technikons, Universities etc) and by the private sector.

A key facet of the NQF however, is the recognition of competency as opposed to a traditional classroom based qualifications. As such recognition of prior learning ("RPL") is a key tenet of

the system and assessors can award an NQ level through observing competency in the workplace.

The Skills development Levy Act details the structure and manner in which the Skills Development levies will be collected and how the levy funds will be disbursed to SETAs and on what basis employers may recover skill levy funds.

The SDA required the demarcation of industry sectors and the setting up of SETAs. Each SETA must submit to the National Skills Authority a Sector Skills Plan ("SSP") on an annual basis. Each employer must appoint a Skills Development Facilitator ("SDF") and develop a Workplace Skills Plan ("WSP") and submit it to their THETA (facilitator appointments were due in May 2000 and first annual plans were due by mid-2000). An employer can claim back 15% of levies as a grant for appointing an SDA and 10% for submitting a WSP.

5.6.4   THETA

In March 2000, the merged HITB and TETASA body was officially accredited as the Tourism, Hospitality and Sport Education and Training Authority ("THETA").   As such its ambit includes some sub-sectors only partially in the tourism industry and some, which fall outside the tourism industry. THETA is structured in 5 chambers as shown in Table 5.6.1.

The THETA covers an estimated 42,000 employers across the above sectors.

The THETA now has 34 employees in total, 22 of whom are direct THETA employees while 12 are part of the TLP and SATI programs. It has a projected annual budget of R 82.8 million of which R 42.5 million is budgeted to be raised by the levies through SARS. THETA operates under a large board on which the DEAT, Unions and all the chambers and many industry sub-sectors are represented.

The Theta has awarded some 16 103 NQs. Tables 5.6.1 & 5.6.2 show the distribution of NQs awarded.

Table 5.6.1   Industry Sub-sectors by THETA Chamber

HOSPITALITY	TRAVEL & TOURISM SERVICES	GAMING & GAMBLING	CONSERVATION & LEISURE
Accommodation Services	**Travel Operations**	**Gaming/Gambling**	**Leisure & Special Attractions**
Hotel or Motel	Travel agent	Licensed casino	Special events, convention, exhibition or festival
Guest House/Farm	Tour operator	Licensed slot machine gaming outlet/club	Event, conference, festival, attraction venue management
Bed & Breakfast	Destination management operation	Licensed bingo operator	Fun fair or park
Self-catering	Venue management	Licensed betting or bookmaking operator	Adventure tourism operator i.e. rafting, abseiling, bungi, etc
Timeshare	Tour guide	Totalisator or lottery operator	**Wildlife Conservation**
Hostel	**Tourism Services**	Horse racing club	Wildlife park
Caravan & camping parks	Tourism marketing/development agency		Game reserve
Game lodge	Tourism authority, commission or board		Zoological garden
Resort	Tourist information centre		Camp & conservation park management
Food & Beverage Services	Tourism industry association		Botanical garden
Restaurant	**Transport**		Trekking & safari operators

HOSPITALITY	TRAVEL & TOURISM SERVICES	GAMING & GAMBLING	CONSERVATION & LEISURE
Licensed Night Club	Motor car rental	**SPORT**	
Bar, pub, tavern	Inbound international airline	Sports Federations	
Fast food outlet		Professional sports teams/people	
Snack bar, Kiosk		Outdoor Adventure	
Industrial/contract caterer		Health & Fitness	
Function/outside caterer		Sports Marketing & Promotions	
Canteen		Recreation	
Club administration/ operations		Sports Stadia	
Hospital Catering			

Source: THETA

Table 5.6.2   Number Of Hospitality NQs And Units Achieved

Level	Number of National Qualifications	Number of Units
0	-	2,957
1	4,650	44,101
2	1,995	19,072
3	2,593	4,333
4	148	377
TOTAL	9,386	70,840

Source: THETA

Table 5.6.3   Number of NQs and Units Achieved per Functional Area

Functional Area	Level	Number of National Qualifications	Number of Units
Accommodation Services	1	2,000	8307
	2	174	17,558
	3	34	901
	4	4	48
	5	1	
	TOTAL	2,213	26,862
Front of House	1	250	807
	2	681	3,329
	3	50	2,771
	4	3	524
	5		215
	6		43
	TOTAL	966	8,211
Food Preparation and Cooking	1	3,898	13,083
	2	654	35,441
	3	75	10,377
	4	4,650	1650
	5		331
	6		20
	TOTAL	2,430	60,902
	1	2,011	3,014

Functional Area	Level	Number of National Qualifications	Number of Units
Food and Drink Service	2	2,468	11,443
	3	127	10,345
	4	4	1225
	5		205
	6		3
	TOTAL	4,610	26,235
Generics	1	-	18,893
	2	-	16,481
	3	-	6,971
	4	57	2,066
	5		651
	6		31
	TOTAL	57	45,093
Training and Development	2		2957
	3	3,353	2923
	4	215	760
	5	38	581
	TOTAL	2,663	7221
Gaming Services	3	1	1
	TOTAL	1	1
TOTAL NQs & UNITS ACHIEVED		**12,940**	**174,525**

Source: THETA

THETA submitted its comprehensive Sector Skills Plan to the National Skills Authority in September 2000, and it is currently preparing to draft its second SSP. The SSP follows the format as laid down by the Department of Labour and includes the following sections:

1.   Foreword
2.   Introduction and Background
3.   Executive Summary
4.   Sector Profile
5.   Factors Influencing Future Change in the Sector
6.   Current Education and Training Supply for the Sector
7.   Sector Development Strategies
8.   Employment and Skills Needs
9.   Implications for Skills Policy and Skills Provision
10.   Vision, Objectives and Strategic Goals
11.   Financial Implications and Budget
12.   Monitoring, Reporting and Evaluation

THETA commissioned a survey of 600 employers across its various chambers to inform its SSP.   Section 4 of the SSP contains much detail from the research including estimations of total employers and employees by chamber and SIC code within chambers, and by functional job category (see Chapter 4.4.7). Other details include the breakdown by gender, race, level (e.g. management, supervisory), disability, part-time/casual/full time, skills and qualifications, and skills required. These breakdowns are by chamber and we have included in this report, in Appendix E the tables for the Hospitality and Travel & Tourism Services Chambers which cover the majority of tourism industry employees.

The SSP acknowledges that much of the information is little more than informed estimates as the sample of 600 is limited, and cannot be structured to accurately represent a total population, as the total population is unknown. In addition, much of the detailed response information is often not tracked accurately by employers, and is therefore estimated.

The THETAs Vision, objectives and strategic goals are summarized below. Appendix F gives the THETAs action plan as per its 2000 SSP.

Vision:	TRAINING FOR GROWTH	
Mission:	To facilitate the achievement of excellent standards and growth through the development and recognition of people	
Values:	➢ Service ➢ Efficiency ➢ Quality ➢ Equity	➢ Accessibility ➢ Integrity ➢ Partnership

THETA's objectives:

- Develop the skills of workers in the sector;
- Increase the levels of investment in education and training in the Tourism & Hospitality sector;
- Encourage employers in the sector to train their employees, provide opportunities for work experience and employ new staff;
- Encourage workers to participate in learnership and other training programs;
- Improve the employment prospects of disadvantaged people;
- Ensure the quality of education and training in and for the sector workplaces;
- Assist work seekers to find work and employers to find qualified employees;
- Encourage providers to deliver education and training in and for the sector workplaces;
- Co-operate with the South African Qualifications Authority; and set curricula and make available opportunities to these in the SMME sector.

THETA'S STRATEGIC GOALS

A. Provide a range of recognised national qualifications across all sub-sectors.

B. Develop and implement effective systems for the accreditation of training provision and recognition of learner achievement.

C. Establish and maintain occupational competency standards for all occupations in the sector.

D. Identify skill shortages and training needs in all sub-sectors.

E. Encourage, advise and assist industry to acquire.

- ■ Sufficient skilled staff for their current and future needs

- ■ Suitable training arrangements for learners

F. Make effective use of levy revenue and secure additional resources to enable the achievement of the Vision.

G. Promote education, training and the development of competence.

H. Encourage the entry and retention of disadvantaged people and those with disabilities into employment and entrepreneurship in the sector.

5.6.5   Tourism Learnership Project ("TLP")

THETA has been allocated R 115 million; R 80 million from the National Business Trust and R 35 million from the Department of Labour; for the Tourism Learnership Project ("TLP"). The TLP is managed by THETA and currently has a staff of 9.

Learnerships are an education and training program aimed at supporting the development of occupational competence amongst the unemployed. They include training and time on placements in industry. The HITB piloted hospitality learnerships in KwaZulu-Natal in 1997 and 1998.

The TLP will support the development of a comprehensive learning framework within which education and training for the tourism sector will take place in the future.   This includes the

development of key national qualifications ("NQs") for the sector, the upgrading of training providers and the training of on-the-job instructors and assessors. This learning framework will accelerate employee training by employers in the sector, as well as the training of unemployed people through learnerships, against the new national qualifications.

The TLP comprises of three phases, viz:

Phase 1:   The generation of NQs and unit standards for all fields in tourism;

Phase 2:   The motivation and facilitation of training for the currently employed;

Phase 3:   The development and implementation of learnerships for the unemployed.

Phase 1 of the project commenced in January 2000, and Phase 2 commenced in the last quarter of 2000; Phase 3 will commence in 2002 (year 3 of the project).

A comprehensive business plan detailing the implementation strategy for the project was prepared by the HITB for the National Business Trust.

The TLP project is audited from time to time for the Business Trust and the last audit was completed at end February 2001 based on the achievements to 31 December 2000. Table 5.6.5.1 summarizes the status of the TLP against its original objectives.

The TLP plans to submit a further 16 NQs to SAQA this year.

The NQs have been developed within a framework to ensure integration within the industry, portability, learning pathways and lifelong qualification relevancy. They maximise practical application and assessment has been designed to be neither time nor resource intensive.

In addition the TLP commissioned the development of learning material for 22 different subjects covering a total of 42 NQ levels.

The TLP has also embarked on a marketing campaign to encourage employers to support the initiative, embark on NQ based training and be willing to host learners. Lack of industry knowledge and support of the process has been identified as a potential stumbling block to the program and the greater acceptance of NQF training.

The TLP's overall objectives for 2001 include:

- Submit 10 qualifications to SAQA for registration;
- Have 1,500 employees registered with THETA and being assessed against new unit standards and qualifications;
- Have 360 training practitioners trained and capacity built in outcomes based education;
- Have 3,000 employees registered with THETA and being assessed against hospitality unit standards and qualifications; and
- Have 500 unemployed learners with signed learnership agreements.

The overall objectives of the TLP over its 3-year life are to:

- Register 40 NQs;
- 9,000 employees assessed against hospitality NQ unit standards;
- 3,250 employees assessed against new NQ unit standards;
- 200 trainers providers trained; and
- 2,000 learnerships implemented

Table 5.6.4   TLP Actual Achievement vs. Original Business Plan Deliverables

Agreed Deliverable (31/12/2000)	Achieved by the TLP (31 December 2000)
Undertake an evaluation of the current NQs	The following information sources were used evaluates current NQs and determines new NQ requirements. ▪ Study undertaken by Grant Thornton Kessel Feinstein in early 2000, which assisted in determining the occupational categories for which there is a need for NQs. ▪ Industry listening groups at the beginning of the process highlighted areas of concern and industry's attitude to NQs. ▪ The Theta Sector Skills Plan provided a comprehensive assessment of the current NQs and their application in the hospitality industry.
Set-up 3 Standards Generating Bodies (SGBs)	3 SGBs set-up, viz: ▪ Hospitality, Tourism, Travel, Leisure and Gaming * ▪ Guiding ▪ Conservation * Although formed before the TLP, this SGB has played an important role in the formulation of new NQs for the TLP. In addition, 12 Working Groups were formed under the SGBs and two further SGBs were set up in early 2001 (Sport Recreation & Leisure and Sport Administration and Management.
Register 20 NQs with SAQA	9 new NQs were submitted to SAQA on 6 December 2000; however, these NQs are yet to be registered. These were National Certificate NQFs as follows: Nature Conservation (level 2) Guiding (level 2) Guiding (level 4) Car Rental (level 4) Cabin Crew (level 5) Event Support (level 4) Reception (level 4) And National Diploma Management (level 5) National Degree in Service Management (level 7) 16 Hospitality, Tourism and Travel NQs registered with SAQA in October 2000 (273 unit standards registered). These NQs were not part of the 20 TLP NQs.
3 000 Employees assessed against hospitality NQs	6 738 candidates assessed against hospitality NQs in 2000; and 51,664 candidates assessed against hospitality unit standards.
250 Employees assessed against new Unit Standards	Not achieved. New unit standards have not been registered with SAQA, therefore they cannot be used for assessment. This objective has been incorporated into the revised 2001 deliverables.
20 Training Providers trained	Not achieved. This objective has been incorporated into the revised 2001 deliverables and is in progress. 48 trainers are undergoing the training.

5.6.6   South African Tourism Institute (SATI)

During 1997 the Department of Environmental Affairs and Tourism (DEAT), in co-operation with the Spanish Agency for International Co-operation, investigated various areas of potential co-operation and eventually a research study on the viability of a South African Tourism Institute was launched.   The study was completed in 1999 and was handed to the Deputy Minister, and proposed that the Institute be established as a matter of urgency.

The South African Tourism Institute (SATI) established with Spanish donor funding, has an initial life span of projects for 3 – 4 years.   As part of the final agreement between the Spanish and South African governments, SATI will be managed as a separate entity by the Tourism,

Hospitality and Sport Education and Training Authority (THETA) with separate staff, resources and objectives to THETA. SATI has three staff at present.

The mission of SATI is to establish South Africa's definitive 'body of knowledge' in the Tourism sector; up skill educationalists in the fields of Tourism and Hospitality; make Tourism skills accessible to the disadvantaged community and create a culture of Tourism within the region.

SATI's vision is to:

- Be the home of Tourism's academic research and development
- Be the catalyst of consistently high levels of Tourism education in our region,
- Act as the Tourism sector change agent within the disadvantaged community
- Create a culture of Tourism among the people of Southern Africa.

SATI has identified 8 areas in which it will pursue actions:

Action 1: National development of teachers offering Tourism Studies and Hospitality studies in the public further education sector.

Action 2 and 3: National development of on-the-job instructors and assessors in the Tourism and Hospitality Fields

Action 4: Establish a National Centre of Research and Tourism Resource Material

Action 5: Establish a Trust Fund for Bursaries and scholarships

Action 6: Assess and Fund other identified projects

Action 7: Develop and deliver a Tourism Management Development and Leadership Program for Provincial Tourism Officials

Action 8: Develop and ensure delivery of Winter School Program for tourism industry leaders and future leaders.

In total the Spanish Government has granted R 13.2 million to SATI over a three-year period. At present SATI is in the early stages of finalising its action plan and beginning projects.

5.6.7   Tourism Training Demand

(1)   Demand From Employees

There are many estimates of the number of employees in the tourism industry, which vary depending on industry definitions and methodology applied. However, when considering tourism human resource development, it appears to be accepted internationally that the human resources are those working in businesses and entities which fall directly into the tourism sector, e.g. hotels and transient accommodation, tourism and travel services etc. This therefore excludes employees in sectors such as retail, where direct tourism spending is received.

THETA research provides the best current estimate of these direct tourism employees in tourism businesses. Table 5.6.5 indicates the employer and employee estimates for THETAs chambers, as well as giving an indication of which would be direct tourism employees based on the definition of tourism. Appendix G provides a more detailed breakdown by THETA sub-sectors.

Table 5.6.5   Number of Employers and Employees

Chamber	Estimated No. Employers	Estimated No. Employees	Estimated Travel & Tourism Share	Estimated Travel & Tourism Employment
Hospitality	35,830	476,700	49%	231,560
Gambling & Lotteries	850	20,500	10%	2,050
Travel & Tourism Services	2,870	38,600	97%	37,550
Sport & Recreation	1,560	34,400	5%	1,720
Conservation & Leisure	900	30,300	69%	21,000
Total	42,000	600,000	49%	293,880

Some direct tourism employees in the car hire, rail transport and air transport industry (SAA and airports) are not included under THETA. Their training and development needs currently fall under the transport SETA and the Department of Transport as well as the Department of Public Enterprises. (THETA has been approached by players in these sectors to assist with NQs).   The Tourism industry is therefore somewhat divorced from human resource developments in these sub-sectors of the industry.

The estimated 3,000 Tour Guides in the country are also not in the above table. (THETA is actively developing tour guide NQs).

The THETA research provided indications as perceived by management, of numbers of employees with a relevant qualification as well as estimates of the percentage of the workforce requiring skills training. The detailed tabulated results are shown in Appendix I of this report for the Hospitality and the Travel & Tourism Services chambers.

In general, black females, followed by black males in all occupational categories, have the least number of relevant qualifications.   In general, male and female black supervisors do not have relevant qualifications, unlike their white counterparts.   Relevant qualifications are clearly lacking in the lower-skilled jobs such as labourers and related workers and craft and related workers, maids/cleaners etc occupational categories.

As the percentage of employees requiring training/skills is calculated from the total number of requested training programs/skills development courses by the total number of employees in each occupational category, it is possible to have more than 100% of employees in an occupational category requiring skills development/training. The research indicates that there is a relatively high demand for training in HR/ personnel skills. This information may be skewed by the fact that HR personnel completed the majority of the research questionnaires.

Trackers, field rangers and messengers are the only low-skilled operative occupational categories with relatively high training/skills development needs. According to the employers interviewed many of the low-skilled employees do not require significant amounts of training, however, the training that is required is often directly related to their job description in addition to basic language and communication skills and tourism knowledge/dealing with tourists training.

Computer skills and travel and tourism knowledge were identified as lacking in many employees spanning across the range of occupational categories. In terms of soft-skills, cross-cultural diversity/understanding, people skills and dealing with tourists were frequently identified as lacking in employees across all occupational categories.

In summary it is concluded that many skilled workers in the industry, especially Blacks and those in the lower skill functional areas, have no recognised qualifications. They are therefore constrained from further growth and development and have no portability of their skill. In addition, workers at many levels are lacking skills in certain areas, often in soft and service related skills.   The NQF is aimed at addressing both these aspects of human resource development, as RPL is included, and many soft skills are unit standards within the various NQs.

From a technical perspective it therefore seems that there is significant need from within the employed workforce for training and human resource development. However, the major challenge for the THETA and the tourism industry is to transform that need into active demand through the grant system and using the NQF.

(2)   Demand from New Entrants

Demand for training for new labour market entrants is harder to gauge.   At best the tourism industry is expected, in its widest definition and at good growth rates, to create an additional 30,000 – 40,000 employment opportunities per annum, many of which would not be direct jobs in tourism businesses. However, in the last 12 – 18 months, foreign tourism growth has declined significantly and the domestic industry appears constrained by a number of factors. Actual levels of new entrants into the industry are therefore currently likely to be running at much less than 30,000 per annum, and may even be flat. Against this background and given that some new entrants will take tertiary education courses, or simply school matric and enter the industry, learnerships for the unemployed are probably not in high demand.   The 2000 learnerships to be provided by the TLP should therefore be adequately taken up by the industry as new employees.

Demand for training from new labour market entrants at the mid-skilled levels appears strong, but there are no records of the percentage who enter the industry nor how long they remain in the industry. In 1999, public sector colleges awarded 1 930 tourism (foodservice, hospitality & catering and tourism subjects) NQs, some students probably obtained more than one NQ level in the year, and Technikons also in the public sector, awarded 1,103 tourism related national certificates, higher certificates, diplomas and B Tech degrees.   It is probable that the industry can fairly readily absorb these numbers of new entrants.

(3)   SMMEs and Rural Enterprises

Unfortunately a recognised limitation at present of the NQF and SDA is the failure to capture the needs and provide structures to encourage, human resource development for SMMEs. Especially those in rural areas where access to training is limited, and those owned and operated by the previously disadvantaged. The NQs, being based on functional areas, at present miss the needs of the small entrepreneur whose day-to-day job encompasses all areas of operation and management.

The tourism industry is characterised by many SMMEs, and many rural enterprises, and it is policy to encourage black ownership of tourism SMMEs. The training and development of human resources in this sector of the industry remains a huge challenge. The THETA is aware of this an alludes to it in its SSP.

5.6.8   Tourism Human Resource Training Supply

Table 5.6.6 indicates the number, broken down by province, and type of government institutions and private sector colleges providing tourism industry courses and registered with THETA.   It is known that the lists are not complete.

Table 5.6.6   Government Institutions & Private Colleges Registered with THETA

Province	Number	Type	Number
Eastern Cape	7	Technical College	47
Free State	6	Technikon	15
Gauteng	33	Training centre	2
KwaZulu-Natal	14	University	3
Mpumalanga	5	School	5
Northern Province	1	Private college	18
Northern Cape	11	Other	7
Northwest Province	3		
Western Cape	18		
Total	**97**		**97**

As a general observation it appears that there are sufficient tertiary education establishments offering tourism courses. However, their distribution provincially is very skewed to Gauteng, then KwaZulu-Natal and the Western Cape, indicating a thin supply in the other provinces, some of which such as Mpumalanga and the Eastern Cape have high tourism volumes.

Generally it is thought that the quality of the government sector training can be improved. "The technikons, technical colleges and schools are capable of providing the greatest quantum of skilled people for the sector because they have the infrastructure to do so. They must re-focus their endeavours to address industry training needs, in formats and styles that are accessible to industry and its current employees, as well as school leavers." THETA SSP, 2000.

The government education and training sector mainly focuses on education and theory, and less on skills development.   The industry is generally more urgently concerned with skills than with general education. "……. and industry is the client. Some government education and training institutions have yet to acknowledge this fact." THETA SSP, 2000.

Courses are often structured to be accessible only to full-time students, are too long and lack sufficient practical and work-based components. Teachers, and some lecturers, have little industry experience and are ill equipped to communicate industry expectations to students. Some courses are teacher-driven, rather than industry-driven.

There appears to be few schools registered, however, it is known that far more schools (92) have tourism courses in their curricula and 21 hospitality courses. The quality of school tourism programs is often questionable due to lack of teacher knowledge, and upgrading of teachers as well as rolling out to more schools is required.

Table 5.6.7 shows the number of private training institutions other than colleges that are registered with THETA. Of these 276 institutions, the majority are in-house training facilities in the groups and chains, which have been accredited for THETA purposes. However, it is thought that most enterprise-based providers are not yet accredited.

Table 5.6.7   Private Training Institutions (Excluding Colleges)

Province	Number
Eastern Cape	14
Free State	3
Gauteng	123
KwaZulu-Natal	41
Mpumalanga	12
Northern Province	9
Northern Cape	4
Northwest Province	5
Western Cape	64
Total	**276**

Research conducted in 1999 (USAID Workforce Development Strategies; South African Tourism Pilot) indicated that within the travel and hospitality sectors, 50% of the 40 respondents use a combination of in-house and external training providers, 42.5% train in-house only, 2.5% train with external providers only and a worrying 5% don't train.

When asked to evaluate whether there was a shortage of external training providers, on a scale of 1 = no shortage; 5 = severe shortage, the following responses were obtained:

Accommodation	2.53
Tour Operators	2.33
Food Preparation	2.14
Food & Drink Service	2.09
Travel Consultants	2.07
Tour Guides	2.00
Reservation Clerks	2.00

These results indicate a moderate but far from critical shortage of external training providers to these sectors of the industry. Generally the overall supply of training in the industry appears adequate in number/volume, but not in quality, certain topics, e.g. soft skills, and not in distribution/delivery methodologies. These are areas, which THETA is tackling through its various programs.

Also of high concern is the overall training behaviour of enterprises. The THETA SSP indicates that some 20% of hospitality, travel and tourism and gambling sector enterprises undertake no training at all (BMI Tourism Training Needs and Resources in South Africa, 1997). This is no training according to a more formal definition of training involving structured, planned learning experiences directed towards the acquisition of identified competencies within. Many companies claim to be "training" their staff because they attempt to inculcate some knowledge, attitudes or skills; and many employees receive on-the-job "training" simply by gaining experience. Both of these mechanisms can be valid ways to acquire skills, and even to attain NQs through the Recognition of Prior Learning (RPL), but they do not indicate a real involvement in training by the enterprise. Most disturbing is the indication that 25% of enterprises provide no training, formal or informal, in customer service.

5.7 Tourism Security Issues in South Africa

5.7.1 Background

A recent conference paper presented in April 2001 by the Institute for Security Studies ("**ISS**") shows that crime trends in South Africa's major cities have followed a similar pattern to crime trends nationally since 1994. According to their research, a comparison of crime rates shows that Johannesburg has the highest volume of serious crime followed by Pretoria, Cape Town and Durban. There is no single satisfactory explanation with regards to why South Africa has

consistently high levels of crime. According to the ISS it is necessary to consider the following:

- the ongoing political and socio-economic transition;
- the connection between the country's violent past and contemporary criminal behaviour;
- the impact of the proliferation of firearms;
- the growth in organized crime;
- changes in the demographic position of the country; and
- the consequences of a poorly performing criminal justice.

According to a briefing by the Minister of Safety and Security in August 2001 the following areas in the different provinces have the highest overall levels of crime:

- Alexandra and Katlehong in Gauteng;
- Inanda and Kwa-Mashu in KwaZulu-Natal;
- Mitchell's Plain and Khayelitsha in the Western Cape; and
- Mdantssane and Motherwell in the Eastern Cape.

The moratorium on the publication of safety and security statistics has been lifted. Crime statistics are now released on a quarterly basis. The South African Police Service (**"SAPS"**) have implemented measures to improve the integrity and reliability of crime statistics. According to the SAPS only crime statistics that have been gathered from the 1 July 2001 will be seen as statistics with a high degree of validity. These are however not yet available on the SAPS website (www.saps.org.za).

5.7.2   South African Crime Profile

According to the latest report by the South African Police Service (SAPS), the composition of serious crime during the first nine months of 2001 in the RSA is as shown in Table 5.7.1. From this table it is clear that other thefts (23.1%), assault - both GBH and common (20.1%) and housebreaking at residential and business premises (15.7%) account for nearly 60% of all serious crime reported in the RSA.

Table 5.7.1   Composition of Serious Crime

CRIME CATEGORY	CASES REPORTED: (JAN - SEP 2001)	% OF TOTAL
Murder	15,054	0.8
Attempted murder	21,207	1.1
Robbery with aggravating circumstances	87,610	4.8
Rape	37,711	2.0
Assault GBH (serious)	188,961	10.2
Common Assault	182,110	9.9
Housebreaking - residential	223,045	12.1
Housebreaking - business	67,279	3.6
Other robbery	65,766	3.6
Stock-theft	30,668	1.7
Shoplifting	49,661	2.7
Theft - motor vehicle	74,281	4.0
Theft - out of/from vehicles	151,277	8.2
0ther Thefts	426,065	23.1

CRIME CATEGORY	CASES REPORTED: (JAN - SEP 2001)	% OF TOTAL
Commercial crime	46,600	2.5
Arson	6,657	0.4
Malicious damage to property	103,495	5.6
Illegal possession of firearms	11,264	0.6
Drug related crime	36,756	2.0
Driving under the influence of alcohol or drugs	18,774	1.0
Total	1,844,241	100%

Source: Crime Information Analysis Centre, Crime Intelligence, South African Police Service

According to all analyses done over the past six years, assault GBH and common assault, accounting for the second largest proportion of serious crime reported in the RSA (20.1%), are mostly committed within the domestic/family environment and the drinking environment (i.e. in or at bars, taverns, shebeens, etc). Alcohol abuse clearly plays a very important contributing role. Where knives, other sharp instruments, broken bottles or, to a lesser extent, firearms are used in these assaults, these may sometimes unfortunately result in murder or attempted murder.

A very close association also exists between both categories of assault and malicious damage to property (5.6%). Malicious damage to property is frequently committed during assaults (i.e. the tearing of clothes, breaking of furniture, etc.) and consequently listed as another charge. It should also not be forgotten that in many assault cases stemming from a fight among people, separate case dockets will be opened if charges are laid by the different parties involved (the difference between victims and perpetrators in such cases often tends to become vague).

5.7.3 General Safety and Security Initiatives - National

At a national level a number of safety and security initiatives are in place and a number are in the process of being implemented. These initiatives generally filter down to the provinces. The main difference with regard to the different provinces is the focus areas of the SAPS. For example, in the Western Cape Province the main focus may be on combating gangsterism on the Cape Flats, whereas in Gauteng the focus may be on dealing with other forms of violent crime such as hijackings.

The main national government initiatives to deal with crime and to encourage safety and security in South Africa are listed below.

- According to the National Minister of Safety and Security the main force in National Government's overall strategy to decrease levels of crime in the country is the SAPS.

- In a drive to improve service delivery, R 410 million has been allocated to the upgrading and modernisation of the SAPS vehicle fleet.

- R 155 million has been allocated to the erection and purchase of police facilities. 88 new police stations will be built and 320 additions will be made to existing police stations. The increase in the number of police stations will promote access by the public to policing and service delivery.

- SAPS is reorganising its structures to ensure a multi-disciplinary approach to organized crime through the closure of specialised units and the creation of organized crime units. 203 specialised units have thus far been closed. Nine new organized crime units, and 15 new units dealing with serious and violent crimes have been established and are spread throughout all provinces. 300 organized crime task teams will be set up to further strengthen the capacity and to deal with identified organized crime threats. 50 Fully equipped crime prevention units will be established at identified priority stations. These

units will be in place by the end of September 2001 and will increase the visibility of the SAPS.

- A new curriculum and training program has been developed for crime prevention. This program is currently being piloted, and all members involved in crime prevention will receive the new training.

- A national Rapid Deployment Stability Force was established by 31 October 2001 for deployment in all provinces. The Rapid Deployment Stability Force is supported by the South African National Defence Force and 43 SAPS intervention units.

- Air supported reaction units are being established in Gauteng. This was extended to the Western Cape, KwaZulu-Natal and the Eastern Cape by October last year. These units act as quick response units to incidents of serious and violent crimes such as vehicle hijackings and for air surveillance purposes. Helicopters are being linked to Highway Patrol, Flying Squad and Dog Unit vehicles to ensure an integrated reaction capacity between air and ground units. Satellite tracking systems will be installed in all SAPS aircraft to extend the capacity to deal with hijackings and vehicle theft.

- Partnership between government and People against Crime – the emphasis is on demand reduction for stolen property. The mass mobilisation campaign has started in Gauteng and will be rolled out to the other provinces in the near future;

- The President signed the Firearms Control Act in April 2001. R 217 million has been allocated for the implementation of the Act. In terms of this Act, certain 'Gun Free' zones will be announced. These zones will be areas that are traditionally plagued by violence involving the use of firearms.

In June 2000, while reviewing the first three months of Operation Crackdown, the National Commissioner of the SAPS and top management expressed their dissatisfaction with the unreliability of crime statistics. The Commissioner instructed that the gathering of statistics be reviewed in its entirety to optimize operational planning. The Minister for Safety and Security consequently imposed a moratorium on the release of crime statistics on 20 July 2000.

A task team was appointed and an implementation plan formulated with target dates extending to mid-2001. The task team discovered that most of the problems existed at grass-roots level, because members were not applying the correct definitions to crimes. Members were incorrectly entering crimes into the system, for example, entering crimes in the wrong geographical areas on the system or using the incorrect crime codes.

By February 2001, more than 3,000 members had been trained in the capturing, extraction and analysis of crime information as part of the implementation plan. Standardized crime definitions and counting rules had also been developed. Additional civilian members were employed at key police stations to assist with the capturing of crime-related data.

The relevant information technology systems are being improved in areas such as user-friendliness, integration with other crime-related systems, crime codes, and geographic reporting blocks. A contingency plan was implemented to address the down times. Additional work stations were used in 2000 to acquire the Crime Administration System.

The business community through *Business Against Crime ("BAC")* supports the government's fight against crime. BAC identifies areas of research where they can best assist government in fighting and preventing crime. The organisation supports government's efforts by complimenting government resources with entrepreneurial, managerial and technology skills. The objective of BAC is the following:

"Together with government, and in partnership with the citizens of our country, we want to make South Africa a safer place to live, work and do business in"

The BAC is mainly involved with the Department of Justice and the SAPS. They have branches in Gauteng, the Western Cape Province, KwaZulu- Natal, Mpumalanga, the Eastern Cape, and the Free State. The main initiatives include:

- Service Delivery Improvement Program;

- Semi-Automated Court Project of the Integrated Justice System;
- Durban Metro Safer City Project;
- Community Based Crime Prevention;
- Closed Circuit Television Cameras;
- Surveillance Technology;
- Multi-Agency Delivery Action Mechanism (MADAM);
- Tourism Safety Forums; and
- Victim Support.

Business Against Crime with government partners believes that improved efficiencies will in 5 years result in 20% improvement in convictions, 15% reduction in costs and an overall reduction in crime of 10%-20%.

*The Airports Company of South Africa ("**ACSA**")* has adopted a policy of 'Zero Tolerance' to crime. The implementation of this policy was rolled out at all its airports by December 2001. This includes physical security upgrades, stricter access control through a new colour coded permit system, changing staff mindsets through an awareness campaign and setting up two state of the art monitoring nerve-centres in Johannesburg and Cape Town.

5.7.4   Tourism Specific Safety and Security Initiatives

The SAPS crime statistics do not distinguish between crimes against tourists and crimes against the general public. The only indication therefore that one gets of crimes against tourists are via South African Tourism's surveys of South Africa's International Tourism Market. These statistics were only available for the period 1997-1999. Therefore, we are not able to compare crimes against tourists with the broader crime statistics for 2001, and we have not compared 1997-1999 statistics of crimes against tourists with the broader crime statistics of the SAPS, as the SAPS has admitted that the statistics for this time period are unreliable. We have however provided more detail on the SA Tourism crimes against tourists' statistics below.

(1)   **South African Tourism International Tourist Surveys**

The following crime questions were posed to departing tourists:

- Were you personally a victim of crime during your visit?
- If yes, where did the crime take place?
- Please describe the crime.
- Did you report it to the police?

Table 5.7.2   Were you personally a victim of crime during your stay in South Africa?

	1997	1998	1999
Sample Size	101,660	115,975	136,416
Yes	6%	7%	5%
No	85%	82%	85%
No Information	9%	11%	10%

Source: SATourism

Statistics for the period 1997 to 1999 show that there have not been any significant increases in crimes against tourists. We also believe that we can safely assume that those who did not provide any information were not victims of crime.

Table 5.7.3   If yes, where did the crime take place?

	1997	1998	1999
Johannesburg	36.7%	32.5%	28.7%
Cape Town	22.2%	28.4%	31.0%
Eastern Cape/ Port Elizabeth/East London	3.8%	7.7%	6.2%
Durban	15.7%	12.4%	7.7%
Pretoria	7.7%	6.2%	6.1%
Mpumalanga	3.3%	2.1%	2.8%
Western Cape		1.2%	3.1%
KZN	3.8%	3.0%	3.0%
North West	1.5%	1.2%	1.4%
Free State	1.4%		1.0%
Northern Province		0.3%	0.4%
Northern Cape		0.4%	1.6%
Other	0.7%	1.0%	1.8%
No Information	3.2%	4.0%	5.6%

Source: SATourism

A comparison of the crime statistics shows that Johannesburg, Durban, Pretoria, Mpumalanga, and KwaZulu-Natal have experienced a decline in the occurrence of crimes against tourists. Cape Town, the Eastern Cape, the Northern Province and the Northern Cape on the other hand have experienced increases.

Johannesburg and Cape Town have the highest incidence of crimes against tourists. In 1999 almost 60% of crimes against tourists occurred in these 2 cities. However, these two cities are also the most visited areas by foreign tourists. Less popular tourism provinces such as the Free State, Northern Province and the Northern Cape have lower incidences of tourism crimes.

Table 5.7.4   Description of the crime

	1997	1998	1999
Theft	46.0%	46.7%	46.6%
Mugging	28.0%	21.4%	26.3%
Car broken into	6.5%	15.3%	8.3%
House robbery/ Break In	3.8%	3.6%	8.3%
Hijacking	1.7%	3.2%	1.8%
Car Stolen	2.6%	1.5%	1.3%
Rape	0.3%		
Attracted by Gang with Knives		1.3%	1.3%
Gang/ group provoking us	3.0%	3.7%	1.5%
Other	2.8%	0.4%	4.0%
No Information	4.3%	2.9%	1.0%

Source: SATourism

Theft, followed by mugging represented almost 75% of tourism crimes for the period 1997 to 1999. The third most prevalent type of crime against tourists was car break-ins. **It is clear, therefore, that only a very small percentage of crimes against tourists are violent crimes.**

The statistics do not given a breakdown of the type of crime by area. We are therefore not able to see where the highest incidences of violent crimes take place.

Table 5.7.5   Did you report it to the police?

	1997	1998	1999
Yes	44%	49%	46%
No	50%	47%	50%
No Information	6%	4%	4%

Source: SATourism

Based on the survey, almost 50% of the crimes were reported. We assume that the 50% that were not reported were not serious crimes.

(2)   National Tourism Safety and Security Initiatives

At a national level a number of safety and security initiatives are in place and a number are in the process of being implemented.

  A Policy on South African Tourism Safety and Security was launched in September 2001. This document highlighted a number of key issues for South Africa that include, inter alia:

- The development of a well-planned policy that deals with all aspects of tourist related crime and involves all role players in such a fashion that action taken and policies adopted are sustainable into the future.
- Addressing the concerns of the potential tourist and taking steps to ensure that crimes are reported in a balanced and non-sensational way.
- The setting up of a National Tourism Safety and Security Body, that will be repeated on a provincial and city level and that would involve senior role players. The body would have the necessary funding and power to address relevant areas of concern and would report to stakeholders on a regular basis. Areas of responsibility of the National Tourism Safety and Security Body would include:
- Statistical Analysis;
- Crime Prevention and Investigation;
- Victim Empowerment; and
- Media Liaison, Information and Marketing.

The objective of the above action plan is:

"to dispel fear and create a feeling of well being with tourists and potential tourists that South Africa is as safe as any other international destination and that steps are being taken to prevent crime against tourists and, where tourist have been a victim of crime that the crime will receive proper investigation and prosecution and that the victim will be empowered to resume a normal life as quickly as possible".

The Airports Company of South Africa ("ACSA") has adopted a policy of 'Zero Tolerance' to crime. This includes physical security upgrades, stricter access control through a new colour coded permit system, changing staff mindsets through an awareness campaign and setting up two state-of-the-art monitoring nerve-centres in Johannesburg and Cape Town.

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The BAC is mainly involved with the Department of Justice and the SAPS. They have branches in Gauteng, the Western Cape Province, KwaZulu- Natal, Mpumalanga, the Eastern Cape, and the Free State. The main initiatives include:

- Service Delivery Improvement Programme;
- Semi-Automated Court Project of the Integrated Justice System;
- Durban Metro Safer City Project;
- Community Based Crime Prevention;
- Closed Circuit Television Cameras;
- Surveillance Technology;
- Multi-Agency Delivery Action Mechanism (MADAM);
- Tourism Safety Forums; and
- Victim Support.

BAC with government partners believe improved efficiencies will in 5 years result in a 20% improvement in convictions, a 15% reduction in costs and an overall reduction in crime of 10%-20%.

National initiatives generally filter down to the provinces. Tourism safety and security initiatives at provincial levels generally focus on raising an awareness of the importance of tourism in the creation of jobs, improved security in popular tourism areas and CBDs and rapid response programmes to assist tourists that have been victims of crimes.

The objective of the above action plan is:

"to dispel fear and create a feeling of well being with tourists and potential tourists that South Africa is as safe as any other international destination and that steps are being taken to prevent crime against tourists and, where tourist have been a victim of crime that the crime will receive proper investigation and prosecution and that the victim will be empowered to resume a normal life as quickly as possible"

An update of the draft document on Safety and Security will be presented on Friday 7th September 2001 at the Annual Conference of the South African Security Association.

(3)   Provincial Tourism Safety and Security Initiatives

A number of tourism safety and security initiatives are in place at provincial levels to deal with the issue of tourist safety. The Western Cape, Gauteng, Mpumalanga and KwaZulu-Natal are leading the way in this regard. The initiatives are briefly discussed below.

i)   Western Cape

Recent reports show that *ACSA* will be spending R 6.7 million on a security upgrade at the Cape Town International Airport. The new safety measures will compliment existing measures that consist of Closed Circuit Television Cameras that are strategically placed in and around the airport as well as a special crime squad that patrols the parking areas. The airport is also working with the Cape Town Unicity's law enforcement branch on the development and implementation of an efficient crime fighting strategy.

It is envisaged that a comprehensive traffic control management plan will be implemented in the near future. Further plans include the installation of 60 additional Closed Circuit Television Cameras as well as a modernised camera control room, an increase in the number of police officers, improvements in the perimeter fence and access control that includes the closure of the road that links the airport to the neighbouring industrial area.

The *Provincial Department of Tourism* is in the process of finalising a framework for the development of a communication strategy with regard to tourism safety and security.

ii)   Gauteng

The Gauteng Tourism Authority has plans to appoint a tourism safety manager. The Tourism Safety Manager will largely be responsible for raising tourism safety awareness and for managing and leading safety and security projects. The person will also be responsible for

developing and implementing initiatives for tourism safety, and for establishing partnerships in support of tourism safety projects.

The Gauteng Tourism Authority has put in place a number of projects aimed at increasing tourism safety in Gauteng. Projects include the Tourism Safety Ambassador Project that calls for youth involvement in raising tourism safety and security in their respective communities and regions.

iii)   Mpumalanga

The Mpumalanga Tourism Authority has formed the Lowveld Area Priority Committee for Tourism. The objective of the committee is to counter potential attacks on tourists who visit Mpumalanga Province. The committee is a cross border forum that is made up of the Mpumalanga Tourism Authority, law enforcement agents, and tourism business operators. The committee meets on a monthly basis to strategise and operationalise crime prevention and management measures to ensure the safety of tourists to the province.

To compliment the safety committee on tourism, the Provincial Tourism Directorate has developed an awareness campaign program aimed at educating people about tourism.

iv)   KwaZulu-Natal

There are approximately nine organisations dealing with tourism security in the greater Durban area. The lack of coordination between these organisations is currently being addressed.

Tourism KwaZulu-Natal commissioned research into the perceptions around crime and the influence of these perceptions on both foreign and domestic tourism to KwaZulu-Natal. Some of the suggestions of the research include the following:

- A message should be sent to the international tourism trade, marketers and consumers that the problem of crime is being addressed in an aggressive and efficient manner;

- Particular areas of the beachfront should be concessioned out to commercial entities who would then be responsible for the safety situation; and

- The creation of a Red Light District in an effort to contain prostitution and drug peddling to a specific area.

The findings and suggestions put forward in the research have not yet been developed into actions.

5.8 Environmental Conservation

5.8.1 Legal Framework

(1) General

South Africa is responding to environmental change by signing international agreements, passing national laws and developing national policies, implementing management strategies, monitoring and research, raising awareness, and through education. Some of these responses are generic to most or all of the environmental changes taking place at present. The Constitution gives people the right to a healthy environment, and the right to have the environment protected against activities that are damaging or degrading. There has been a recent rise in public awareness regarding environmental issues. The environmental policies and actions taken in the private sector towards more sustainable development, together with improved information and communications technology, access to information, and international awareness and pressure towards sustainable development, have raised public awareness. The participatory approach encouraged by the new government empowers individuals and communities to take action to protect their environments, for example, by lobbying against developments with negative environmental impacts.

Macro-economic reform is a response to combat environmental change in all ecosystems. The removal of subsidies from water and energy will encourage users to conserve more. The culture of wasting resources can be effectively reversed only by making users pay the consequences. Removal of subsidies from agrochemicals will also restrict their use and relieve some of the pressures on the land and on aquatic systems. There are plans to reform the System of National Accounts to include natural resources as capital. This not only forces recognition of their value, but also forces the realisation that they are being used unsustainably. At present people are living off their capital instead of the interest (the renewable component), because the current national accounting system does not make the value of resources explicit. Turning sustainable development into an economic issue will ensure a faster and more effective response than merely treating it as a political issue.

Another generic response to environmental change in South Africa is the draft Population Policy (White Paper, 1998). This policy forms an integral component of development policies. It reflects the government's position that development must meet the needs of the present generation and improve their quality of life without destroying the environment or depleting non-renewable natural resources, in order to avoid compromising the ability of future generations to meet their own needs. The policy recognises three population factors that need to be addressed: fertility, mortality and migration. The policy recognises that rapid increase in population puts pressure on natural resources and limits social and economic development which is already under strain from backlogs in employment, education, housing, health and other factors. Alternative choices to migration are also proposed, in order to relieve the concentration of pressure on natural resources and social services in urban areas.

Since the democratic elections in 1994 South Africa has increased its involvement in the international arena of sustainable development. Active participation in deliberations at the United Nations Commission on Sustainable Development, submission to the Commission of annual progress reports on the implementation of Agenda 21 in South Africa, and participation in some of the Commission's initiatives, provided South Africa with the opportunity to support and influence the standpoints presented by developing countries to the Commission. South Africa has also participated in many global sustainable development initiatives, such as testing of the Commissions proposed set of indicators of sustainability, and the City Environment Reports on an Internet project endorsed by the United Nations Environment Program, the European Environment Agency, the World Health Organisation, the Global Urban Observatory, and the International Council for Local Environmental Initiatives.

South Africa chaired the "G77 and China" at the eight session of the UN Commission on Sustainable Development in April 2000. The "G77 and China" (Group of seventy-seven and China) is the largest intergovernmental coalition for developing countries in the United Nations system. As such, the G77 and China provides the means for the developing world to articulate and promote its collective economic, social and environmental interests and enhance its joint negotiating capacity.

Within the southern African region, South Africa is taking a leading role in, or participating in, many sustainable development initiatives such as the Global Water Project, the State of the Environment Reporting Program and the SADC Protocol on Shared Water Course Systems. As a signatory to the Convention on Biological Diversity, South Africa attends regional meetings to develop strategies for incorporating traditional knowledge into the sustainable use of biodiversity, and to promote the sharing of benefits from natural resources with local communities.

South Africa is also playing an active role in the Valdivia Group (consisting of Southern Hemisphere countries: Australia, New Zealand, Uruguay, Chile, Argentina, Brazil, and South Africa). Within the Valdivia Group, South Africa is responsible for co-ordination of all activities related to the Convention to Combat Desertification. This includes projects, the exchange of expertise and best practices, and networking activities. South Africa hosted the annual meeting of the Valdivia Group in the year 2000.

Table 5.8.1 highlights some of the international agreements, national policies, and programs and management strategies which are currently being implemented in response to loss and

fragmentation of habitats, loss of biodiversity, resources depletion, pollution and waste, impaired ecosystem functioning, and national needs.

Table 5.8.1   Outline of International Agreement, National Policy, and Program & Strategy

Title	Outline
International Agreement	
Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES)	Protection of endangered species by regulating trade in live specimens or products
Convention on Biological Diversity	Promotion of the sustainable use of biological resources, regional co-operation, and sharing of benefits by local communities
United Nations Convention to Combat Desertification in those countries experiencing serious draught and/or Desertification, particularly in Africa	Promotion of sustainable land use practices through research into the causes of draught
Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramser Convention)	Promotion of wetlands convention
Framework Convention on Climate Change	To halt and reverse the trend in climate change through reduction of emissions of greenhouse gases
Protocol for the Protection of the Ozone Layer (Montreal Protocol)	To prevent further depletion of the ozone layer by reducing emissions of CFCs
Convention on the Prevention of Pollution by Dumping of Wastes and other Matter	To prevent dumping of waste from ships, and to minimise the risk of oil spills
National Policy	
The Constitution (Act 108 of 1996)	To give all South Africans the right to a healthy environment, and the right to protection of the environment
The Reconstruction and Development Program	To consist of many programs to provide basic needs, create employment and economic growth, redistribute access to resources and benefits derived from them and improve quality of life for all South Africans
National Environmental Management Act (Act 107 of 1998)	To prevent or minimise damage to the environment, and to rehabilitate already degraded environments
Draft national Coastal Management Policy (White Paper, 1998)	To promote the sustainable use of marine and coastal resources, to prevent or minimise damage to coastal and marine systems, and to prevent or reduce pollution and waste
National Water Act (Act 36 of 1998)	To promote the sustainable use of water resources, and to provide for basic human needs and ecological requirements
National Forest Act (Act 84 of 1998)	To ensure sustainable timber production, minimisation of waste, and sustainable use of resources
Draft Policy on the Conservation and Sustainable Use of South Africa7s Biological Diversity (White Paper, 1998)	To promote the sustainable use of biological resources, and support sharing of benefits by local communities

Title	Outline
Draft Integrated Pollution and Waste Management Policy (White Paper, 1998)	To minimise waste and pollution generation, to promote re-use and recycling of waste, and to ensure the efficient and safe treatment of waste and pollution
Draft Energy Policy (White Paper, 1998)	To remove subsidies from electricity generation, and to minimise pollution impacts from electricity generation
Atmospheric Pollution Prevention Act (1965)	To minimise emissions of pollutants into the atmosphere
Program & Strategy	
Spatial Development Initiatives	To co-ordinate and centralise development, minimising fragmentation of habitats
Strategic Environmental Assessments, Environmental Impact Assessments, Environmental management Plans	To ensure impacts of development or practices are understood, that environmental damage is minimised, and that already damaged environments are rehabilitated
Working for Water Program	To remove alien vegetation from catchment areas, thereby improving run-off and biodiversity, and to create jobs
Land Care Initiative, National Grazing Strategy, Stock Reduction Schemes, Responsible Care Program	To promote sustainable production techniques, minimising damage to vegetation and soil
Standards & Guidelines (e.g. for water quality)	To regulate pollution and maintain high quality of resources

(2) Fragmentation and Loss of Natural Habitats

i) Policy Responses to Fragmentation and Loss of Natural Habitats

Fragmentation and loss of habitats result largely from uncontrolled urban, industrial, and agricultural development in the interior and along the coast of South Africa. This is driven by rapid population growth and migration and the need for employment and economic growth.

The National Environmental management Act (Act 107 of 1998) requires that "the potential impact on the environment, socio-economic conditions, and the cultural heritage of certain activities (such as construction of urban, commercial or industrial structures, or change in land use) must be considered, investigated and assessed prior to their implementation and reported to the organ of state charged by law with authorising, permitting, or otherwise allowing the implementation of an activity". Environmental Impact Assessment (EIA) regulations were promulgated in 1997 in terms of the Environment Conservation Act, 1989. These regulations will be replaced within the next few years with EIA regulations that will be promulgated in terms of the National Environmental Management Act, 1998, and will ensure the following:

- Investigation of the environment likely to be significantly affected by the proposed activity and alternatives thereto;
- investigation of the potential impact, including cumulative effects, of the activity and its alternatives;
- investigation of mitigation measures to keep adverse impacts to a minimum, as well as the option of not implementing the activity;
- public information and participation, independent review and conflict resolution in all phases of the investigation and assessment of impacts;

- investigation and formulation of agreements for the monitoring and management of impacts, and the assessment of the effectiveness of such arrangements after their implementation.

However, EIAs can be very lengthy and costly processes. In the coastal zone in particular, this has led to an increase rather than reduced fragmentation of habitats, as projects are approved on a piecemeal basis without consideration of the cumulative impacts of several developments in an area. In an attempt to counteract this, the Consortium for Estuarine Research and Management was established to conduct research in coastal areas, and aims to ensure environmentally sustainable development of Southern Africa's estuaries. The National management Act and the draft national Coastal management Policy (White Paper, 1998) are additional responses to enhance co-ordination and control of development in terrestrial and coastal environments.

In terms of regulating forestry development and its impacts, the National Forest Act (Act 84 of 1998) makes provisions for more sustainable timber production by regulating water use, enforcing strict pollution regulations, and developing criteria and indicators of sustainable forest management.

ii)   Program/Strategy Response to Fragmentation and Loss of Natural Habitats

The Spatial Development Initiatives promoted by the Department of Trade and Industry are designed to concentrate development in certain areas (such as the Wild Coast, the Maputo Corridor, and the Coega harbour area). This should reduce the fragmented approach to development by concentrating it in specified corridors. Although not a legal requirement, Spatial Development Initiatives often carry out Strategic Environmental Assessments (SEAs), which consider the environmental opportunities and constraints to policies and development programs on a regional scale. Consideration of all development projects within the specified region should identify any potential conflicts between projects, and raise awareness to cumulative impacts resulting from separate projects.

Many companies are Implementing Environmental Management Plans or other strategies which set guidelines for wise resource use, minimisation of impacts, and rehabilitation of degraded or damaged habitats. South Africa ranks fourth in the world in terms of the number of certificates issued according to the criteria and indicators of the international Forestry Stewardship Council (FSC), after the US, Sweden, and the UK. These certificates reflect the practice of environmental management to required standards. Some forestry companies are working towards obtaining the International Standards Organisation's environmental accreditation (ISO 14001) certificates in addition to FSC. In 1994 the Chemical and Allied Industries Association (CAIA) launched Responsible Care in South Africa to respond to public concerns about the manufacture, transport, use and disposal of chemicals. Community awareness and involvement are key features of the initiative. Responsible Care also reflects the chemical industry's concern for:

- the health and safety of its employees and of the public;
- environmental protection and rehabilitation;
- introducing cleaner technology; and
- sustainable development.

(3)   Loss of Biodiversity

i)   International Responses to Loss of Biodiversity

South Africa has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and controls trade in endangered species through a stringent system of permits and customs control measures. South Africa has also signed the Convention on Biodiversity that aims to promote sustainable use of resources through regional co-operation. Some structures are already in place to ensure such co-operation, although it is uncertain how effective they will be.

ii)   Policy Responses to Loss of Biodiversity

The draft Policy on the Conservation and Sustainable Use of South Africa's Biodiversity (White Paper, 1998) aims to promote sustainable use rather than exploitation of resources, and sharing of benefits to local communities. This will be achieved by empowering and educating communities, thereby promoting ownership rather than alienation from natural resources, and hence recognition of the economic and ecological benefits of resource conservation. Threats to biodiversity from over-fishing, pollution and siltation of estuaries, are being tackled by the draft National Coastal Management Policy, which aims to establish and effectively manage a system of protected areas to maintain the diversity of coastal ecosystems, in addition to regulating resource use and pollution in coastal areas. However, these policies have not yet been passed as legislation, and will require the commitment of extensive financial and human resources in order to be effective. The potential desire to meet sustainable development objectives, as expressed in these far-sighted policies, requires the political will to allocate scarce resources, to ensure policy becomes legislation, and that legislation is enforced.

iii)   Program/Strategy Responses to Loss of Biodiversity

Threats to biodiversity from alien invasive organisms are being tackled by government schemes such as The Working for Water program. This has been remarkably successful in controlling the spread of alien vegetation, as well as generating employment, education, and awareness. However, unless further resources are committed to such programs, very soon the gains made will be lost, and all the current effort will be negated.

(4)   Resource Depletion

i)   International responses to Resource Depletion

Resource depletion is apparent in terrestrial, freshwater, and marine and coastal ecosystems. Resources of particular concern are water, fish stocks, grasslands and woodlands, soil, and rare and endangered species of terrestrial plants and animals. International conventions and agreements that aim to conserve these resources include conventions on shared watercourses, the United Nations Convention on the Law of the Sea, the Convention to Combat Desertification, and CITES. These empower South Africa to protect its own resources, and to co-operate with other countries on the protection of shared resources. Successful implementation depends on enforcement of the regulations, either through translation to national law, or via international watchdog activities.

ii)   Policy Responses to Resource Depletion

At the national level, policies and legislation aimed at reducing the rate of resource depletion include the National Water Act (which has introduced a radical new pricing structure to reflect the true cost of water to users, and makes provision for a minimum allowance for human consumption). Making the user pay the full cost of inputs such as water and energy will deter users from wasting the resources and will go a long way towards promoting sustainable use. The draft National Coastal Management Policy aims to promote the diversity, vitality and sustainability of coastal economics and activities, ensuring that renewable resource use practices are in accord with the regenerative capacity of coastal ecosystems, and that non-renewable coastal resources are used in a manner that optimises the public interest and retains options for alternative and future uses. Licensing systems are already in place to control access to, and harvesting of, many marine resources, but the effectiveness of these systems is uncertain due to shortages in policing capacity to enforce them.

iii)   Program/Strategy Response to Resource Depletion

These responses include stock reduction schemes, the LandCare Program and the National Grazing Strategy, which are focussed on conservation and sustainable use of resources under agricultural and grazing use. The government's electrification program should reduce the pressure on woody biomass as a fuel source, by supplying electricity to remote and/or impoverished communities. However, preferences for certain fuel types, the cost of electricity and continued population growth may out-weigh the benefits of electrification.

Investigations are under way to secure additional water resources in the future from neighbouring countries, and from the desalination of seawater. However, dependence on other countries for water supply may be politically difficult. An education and awareness program, and stringent water conservation measures (such as increased tariffs reflecting the true cost of water supply), need to be implemented in order to reduce demand to a reasonable level. Methods of supplying this reduced demand should then be investigated.

The success of many of these schemes and initiatives also depends on the level of ownership of those people affected. Several conservation authorities have established structures for greater decision making and sharing of benefits from protected areas with surrounding communities. The draft National Coastal Management policy also aims to ensure meaningful public participation and partnerships between the State, the private sector and civil society in order to foster co-responsibility in coastal management. Commodity forums and trusts have been established to control the quantities and prices of agricultural produce. These are positive steps towards an improved culture of stakeholder participation, and will in the long-term contribute to the success schemes for sustainable use.

(5)   Pollution and Waste

i)   International Responses to Pollution and Waste

International conventions that South Africa has signed to address problems associated with pollution and waste include the Framework Convention on Climate Change, the Montreal Protocol, the International Convention for Prevention of Pollution at Sea, and the United Nations Convention on the Law of the Sea. South Africa and Namibia have also developed oil spill contingency plans. Again, the effectiveness of these responses lies in their implementation and enforcement, which, especially for the marine conventions, may be logistically difficult, and which in all cases, depends on financial and human resources being committed. The time frame over which certain obligations have to be met are in some cases so long those it may hinder monitoring of the effectiveness of these conventions.

ii)   Policy Responses to Pollution and Waste

The draft Integrated Pollution and Waste Management Policy (White Paper, 1998) is structured so as to promote holistic and integrated pollution and waste management through pollution prevention, minimisation at source, impact management and remediation. The National Waste Management Strategy, put forward in terms of the policy, will address the following priority topics:

- education and capacity building;
- waste inventories, reporting and data management;
- pollution prevention, waste minimisation, impact control and remediation;
- cleaner technologies, products and production;
- hazardous waste including radioactive waste; and
- legislative aspects.

Various frameworks and sectoral policies also tackle waste and pollution at a national level, including the Dumping at Sea Control Act, the draft National Coastal Management Policy, the draft Energy Policy, the Atmospheric Pollution Prevention Act, and the National Water Act and National Environmental Management Act. Perhaps the most overarching is the Constitution that states that everyone has the right to an environment that is not harmful to his or her health or well-being. This empowers communities and individuals to protect their environments from pollution and waste, and to prosecute offenders through the Constitutional Court. In practice this may not be as effective as it is in principle, due to shortages in capacity and awareness. Other tools that can be used to enforce compliance with regulations include taxation of pollution, use of pollution permits, and subsidisation of cleaner technologies, recycling, and other waste minimisation strategies. However, these too need resources in order to operate effectively.

iii) Program/Strategy Responses to Pollution and Waste

Other responses to pollution and waste problems include the development of Water Quality Guidelines for freshwater and marine waters, and monitoring of effluent outfalls along the coast. This is especially valuable where pollution can be attributed to a point source, and thus the pertinent regulations can be enforced.

(6) Impaired Ecosystem Functioning

i) Policy Responses to Ecosystem Functioning

The National Water Act is perhaps the most important of all South Africa's legislation, as water is the most limiting resource to national development. The Act makes provision for an "ecological reserve" which is the minimum amount of water that must remain in the river or water body, for it to function normally. There are technicalities still to be finalised in terms of this Act, such as the exact amount of the reserve, and how preservation of the reserve will be regulated by the relevant authorities. However, this will contribute to improved water quantity and quality in future, for both human and environmental uses.

The draft National Coastal Management Policy has maintenance of the diversity, health and productivity of coastal processes and ecosystems as one of its goals, and the National Environmental management Act states that damage to ecosystem functioning must be avoided. Both these policies also make provision for minimisation of impacts where they cannot be altogether avoided, and for rehabilitation of damaged and degraded ecosystems. Approval of an Environmental Impact Assessment prior to development, and compliance with an Environmental Management Plan during operation and following closure of the development, are regulations designed to enforce these aims. However, these activities increase the burden of monitoring and policing on the relevant authorities, and in turn cause delays, incur additional coasts, and reduce the level of effective co-ordination between projects.

ii) Program/Strategy Responses to Ecosystem Functioning

Many of South Africa's national policies and programs, such as the LandCare Program, the Stock Reduction Schemes and the National Grazing Strategy aim to mitigate the causes of soil degradation and desertification. If successful, these projects will contribute to sustainable use of the land and improved plant and animal productivity. However, to be effective, the programs must be adopted by the relevant farming communities and monitored and encouraged by the relevant authorities. Such strategies must also be coupled with macro-economic reform that removes subsidies that encourage damaging behaviours such as cultivation in marginal areas, over-use of agrochemicals, and monoculture.

5.8.2 Environmental Impact Assessment (EIA) System

(1) General

Environmental impact management should play a more significant role in all spheres of society. As determined in Schedule 4 of the Constitution of South Africa, 1996, the environment is a concurrent function of the relevant national and provincial departments. For the national and provincial environmental departments, a major role is inter alia to set specific regulatory norms and standards for impact management and to ensure that individuals and organizations meet these.

In order to provide for thorough and uniform control of the environmental impact of development projects, draft legislation for compulsory environmental impact assessment (EIA) was published for comment on 4 March 1994 and an amended draft on 1 November 1997. A participatory process to finalise this draft legislation for promulgation has been completed. Comprehensive comments had been received from interested parties and several workshops had been held to address the issues and concerns rose in this regard.

A Comments and Response Report have been published and was available on request. One of the major recommendations was that a Guideline Document be published to provide the various role players with a uniform basis for implementing the regulations. The Draft Guideline was published by the Department of Environmental Affairs and Tourism in September 1997 to coincide with the publication of the List of Activities and Regulations for EIAs in the Government Gazette of 5 September 1997, in terms of sections 21, 22 and 26 of the Environment Conservation Act, 1989. The Draft Guideline was subsequently revised and finalised in view of comments received.

The promulgation of legislation for compulsory EIA may be regarded as a very significant step in formalising environmental impact assessment in South Africa and is in line with similar developments internationally. In this manner the integration of environmental impact management with development activities will be facilitated. This should lead to more responsible and environmentally sensitive development.

(2) Application for Authorisation to Undertake Activity

Appendix J shows the application procedure of an EIA.

i) Pre-Application Consultation between relevant Authority and Applicant

During this stage it is essential that the applicant consult with the relevant authority to:

- determine whether the proposed activity needs to comply with the regulations if the applicant is not certain whether the proposed activity falls within the description of the activity identified;
- determine the specific contact person on provincial authority level;
- obtain an application form;
- obtain general guidance on the procedures, information and reports required;
- determine whether the application for authorising the undertaking of an identified activity should comply with the legislative requirements in terms of the Environment Conservation Act, 1989;
- determine whether the application should be submitted to the Minister of Environmental Affairs and Tourism for consideration; and
- determine whether other authorities are involved.

Consultation between the two parties at such an early stage may/will avoid delays caused by requests for additional information and also provide an opportunity for exchange of views at a stage when there is still flexibility in the design of the proposed development. Pre-application consultation can be telephonic, by letter, by facsimile, by e-mail or two parties can meet.

ii) How Applicant/Consultant Must Apply

The applicant must apply for authorisation to the relevant authority to undertake the identified activity. The application must be made on a specific application form obtainable from the relevant authority. In order to simplify the administrative process in this regard, all applications must be submitted to the relevant provincial environmental authority.

iii) Application Form

The relevant authority must provide the applicant/consultant with the necessary application form with the following headings:

- a reference number;
- the date when the application was received;
- the title of the proposed activity;
- name of applicant and consultant(s) representing the applicant;
- address of applicant;
- address of consultants;
- location of proposed activity;
- proposed extent of activity; and

- problematic issues identified by the applicant.

It is also during this stage that the relevant authority must register the application. The objectives of such a registration are to:

- facilitate public access to information upon which required environment reports are based; and
- ensure efficient and convenient access to such information.

(3)   Submission of Plan of Study for Scoping

After submitting the application to the relevant authority, the applicant and/or consultant may be requested to submit a Plan of Study for Scoping or a Scoping Report, as the case may be. The Plan of Study must be submitted to the relevant authority for review before the applicant is required to submit a Scoping Report.

(4)   Submission of Scoping Report

After the Plan of Study for Scoping has been accepted by the relevant authority, the applicant and/or consultant will be required to submit a Scoping Report.

(5)   Plan of Study for EIA

If the relevant authority decides that the information contained in the Scoping Report should be supplemented by an EIR, the applicant must submit a Plan of Study for an EIA.

(6)   Submission of Environmental Impact Report

After the relevant authority has accepted the Plan of Study for EIA, an Environmental Impact Report must be finalised.

i)   Contents of Environmental Impact Report

- An Environmental Impact Report must contain the following:
- A description of each feasible alternative
- Assessment of impacts (nature of the impact, extent, duration, intensity, probability)
- Determination of significance
- Mitigation
- Addressing of key issues
- A comparative assessment of the feasible alternatives
- Appendices

ii)   Review of Environmental Impact Report

Reviewing is the step in the EIA process that:

- determines whether the Environmental Impact Report (EIR) on a identified activity is an adequate assessment of the environmental impacts, and of sufficient relevance and quality for decision-making;
- collects and collates the range of stakeholder opinion about the acceptability of the proposal and the quality of the EIA process undertaken;
- ensures that the EIR and process complies with the Plan of Study; and
- determines whether the application complies with the required regulations.

The applicant/consultant plays a leading role in preparing a systematic approach for reviewing the EIR. The following steps are involved:

- Setting the scale
- Notification criteria
- Reviewers
- Determine review criteria

The following may form the basis of reviewing the technical information:

- Effectiveness
- Efficiency
- Equity
- Administrative implications
- Acceptability
- Cost implications
- Macro-economic impact review methods
- Comments and response report

Impacts will be evaluated before and after mitigation in terms of the following factors:

- Effects on public health or risk of life
- The scale of the negative environmental impacts
- The geographical extent of the impacts
- The duration and frequency of the negative environmental impacts
- The size of the affected community
- The degree to which the negative impacts are reversible or irreversible
- Ecological context
- International. National and provincial importance
- The degree and likelihood of uncertainty of negative environmental impacts

iii) Consideration of Application

When the review of the EIR is completed, the relevant authority will decide to either issue an authorisation with or without conditions, or reject the application. A Record of Decision will be issued by the relevant authority to the applicant. The Record of Decision will also be made available to the interested parties on request.

5.9 Investment

5.9.1 Investment Trend

In South Africa, no official statistics are available specifically indicating the amount of nationwide tourism investment, for instance, the total amount invested in accommodation. Gross fixed capital formation by type of assets and foreign direct investment data[27] do not separate the information on tourism investment. It is also very difficult to estimate the total capacity of accommodation, not only because there is no such official data, but also because this industry has been well developed with a variety of types of accommodations being supplied, which makes it difficult to keep track of the capacity changes for this diverse industry. The diversity of accommodations is well illustrated by breakdown of accommodation provided in Table 5.2.1.   Hotels are not the dominant type of tourist accommodation supplied in South Africa. For instance, guesthouses (many with 5-20 rooms) and Bed & Breakfasts (B&B: largely an inexpensive guest house-type accommodation) account for a substantial portion in terms of the number of establishments.

Although the accurate trend can hardly be shown due to lack of statistics, it is widely recognized among industry experts and observers that tourism investment has been stagnant in the last five years following the investment boom in the mid-1990s. Around 1995 and 1996, investors, local or foreign, were quite optimistic about the prospects of South African tourism largely due to a sharp rise in foreign visitor arrivals at the time. Accordingly, significant

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[27] For the amount of foreign direct investment in tourism, for example, Trade and Investment of South Africa (TISA), a governmental agency responsible for promotion of exports and investment under the Department of Trade and Industry, has relied on the estimate by Business Map, a private research firm, that is made based on larger-scale investments. TISA is trying to obtain more comprehensive FDI data for tourism from other information sources.

capacity expansion took place in this period. This optimism did not last long, however, as demand grew much more slowly than anticipated and excess capacity soon became apparent.

This trend can be seen partly by the operating statistics of a sample of hotels collected periodically by the government. As shown in Table 5.2.2, the average room occupancy rate for the sample hotels declined fairly substantially after 1995. Note that this decline should also be partly because these statistics do not include all other types of accommodations such as B&B and guesthouses whose supply and demand is said to have much increased in this period. Their increased supply, however, would not change the overall stagnant investment trend since many are converted from existing structures (properties of individuals), not requiring large amounts of capital.

From the experience since the mid-1990s, the market generally feels that investment in tourism projects is very risky. Investors, particularly local ones, tend to be very negative about tourism investment, and the financial industry including insurance companies and investment banks is reluctant to finance tourism projects, some are even trying to get rid of their stake in existing tourism investments.

Currently, the most active players in tourism investment are local communities, particularly those interested in developing eco-tourism and cultural tourism in their areas. DEAT, for example, receives a number of applications from communities for its Poverty Relief Program (described later) that provides grant finance for the tourism-related projects that meet certain criteria set by DEAT. Despite communities' strong interest, however, their lack in managerial and business skills has been a major issue, and they are seriously in need of skills upgrading in order to achieve commercial sustainability of the investment.

5.9.2 Government Support

There are several forms of government support available for tourism investment. The Department of Trade and Industry (DTI) and the agencies under its supervision as well as DEAT are the main players providing this support.

(1) DTI Incentive Schemes

DTI offers various incentive schemes for increasing foreign and domestic investment in economic activities in South Africa. Much emphasis has been placed on developing Small, Medium, and Micro Enterprises (SMMEs), increasing opportunity for Black Economic Empowerment (BEE), and reducing inequality and poverty.

DTI incentive schemes applicable to tourism are relatively limited compared with those provided for the manufacturing sector. As of July 2001, they include the following:

- Small and Medium Enterprise Development Program (SMEDP)
- Skills Support Program (SSP) as part of SMEDP
- Critical Infrastructure Program (CIP)
- Tourism Development Finance (provided by the Industrial Development Corporation)

i) Small and Medium Enterprise Development Program (SMEDP)

Establishment grant: Assistance in the form of a tax-free establishment grant for the first two years with the amount depending on the size of the investment, extendable to the third year if the ratio of the labour remuneration to the value added is 30% or higher.

ii) Skills Support Program (SSP)

Provision of a three year cash grant up to the value of 50% of the cost for training new staff resulting from a new or expansion project, on the condition that the training program should be approved by the Skills Authority.

iii) Critical Infrastructure Program (CIP)

CIP's support is specifically for the provision of economic infrastructure (such as roads, electricity, water, and sewerage) directly linked to "committed private sector investments"

where immediate requirements are not in place to expedite the investment process. In this sense, it is distinct from infrastructure provision in general.

Critical infrastructure supplements the infrastructure provided by existing public sector or private sector providers by funding a top-up grant. It is not intended to substitute funds necessary to complete the basic infrastructure investment required by the investment project.

Two funding windows are primarily envisaged: to municipalities and secondarily to the private sector. A limited number of projects will be supported to the level of between 10% and 30% of the total capital costs incurred. Only projects in excess of R 100 million may apply for this program.

iv) Tourism Development Finance by IDC

Formerly, corporate tax exemptions (tax holidays) used to be provided for certain types of investment including tourism. However, this incentive had been widely abused, and coupled with the government's need to increase tax revenue, it was abolished in 1999.

DTI has been trying to increase the types of incentives provided for tourism. In fact, SMEDP started to be available for tourism at the end of 2000. However, DTI's recent attempt to include tourism for another incentive (SIP: Strategic Investment Projects) was not successful; the cabinet did not approve it.

(2) Industrial Development Corporation

The Industrial Development Corporation (IDC), a stated-owned financing institution operating under the supervision of DTI, has been among the major players in tourism investment (as well as in the investment in other industries), providing loan and equity finance for new and existing private sector enterprises investing in the following:

- the development, improvement and/or expansion of tourist facilities,
- the development of selected new accommodation facilities with potential, and
- other capital intensive tourism projects which could have a significant impact on the growth of the tourism industry and require medium to long term finance.

IDC offers two schemes for tourism: eco-tourism scheme and general tourism scheme, as described in the box at the end of this section.

(3) Development Bank of Southern Africa

The Development Bank of Southern Africa (DBSA), another state-owned financing institution, was established in 1983, and was transformed in 1996 to ensure it would meet the needs of South Africa and the Southern African Development Community (SADC) region as a whole. DBSA's key purpose is to address socio-economic imbalances and help improve the quality of life of the people of South and southern Africa, with its mandate including:

- Investment in infrastructure and facilitation of the provision of infrastructure development finance
- Finance sustainable development in partnership with the public and private sectors
- Respond to development demands and act as a catalyst for investment.

DBSA does provide finance for tourism-related projects and programs, particularly for the provision and rehabilitation of tourism-related infrastructure.

(4) Poverty Relief Program by DEAT

The Poverty Relief Program is a government project, which aims to alleviate poverty and create jobs especially for women, unemployed youth (age between 25-40) and the poorest of poor communities. The duration of the program is from 1998 to 2004. DEAT is one of eight departments that have been allocated a budget by the national government.

During the 2000-01 fiscal year, DEAT was allocated R 99 million, and including some rollover from the previous year, DEAT spent R 161 million on 133 projects. The average amount allocated to each project is just over R1 million, with a twelve-month implementation period.

DEAT is responsible for the selection of projects, while provincial government's role includes short listing of projects, assisting the selection of implementing agents and monitoring. Under the tourism branch of DEAT, projects located in the PATIIS/SDIs and conservation sites such as World Heritage Sites and National Parks were given priority to match national tourism strategy.

Projects are categorized into either Tourism Infrastructure development or Tourism Product development. Each project has an Implementing Agent (IA). The IA can be a Government department, a municipality, or local council, NGOs, community based organizations or a private company. Usually, the IA makes the initial application and runs the project if it is chosen. In order to monitor the progress of a project, submission of monthly progress reports and financial statements are required. As of May 2001, 98 projects have been undertaken nationwide.

(5)   Community Public Private Partnership Program (CPPP)

CPPP is an initiative of DTI to revitalize depressed rural economies through the linking of resource-rich communities with relevant state and private investors interested in the sustainable utilisation of natural assets. The areas of focus include the tourism sector in addition to the agro-forestry, agro-biodiversity, aquaculture, and mining sectors.

The promotion of an attractive environment for the development of commercial joint venture is core to the Program's activities, and guidelines, frameworks and other support material relevant to the Southern African region are being developed. In addition, CPPP has launched an Investment Project Preparation Fund to assist with the necessary professional and financial requirements for commercial projects on communally and/or state-owned land.

CPPP is housed in the Development Bank of Southern Africa (DBSA), and is overseen by an interdepartmental steering committee comprising of DTI, DEAT, the Department of Agriculture, Water Affairs and Forestry, and the World Conservation Union (IUCN).

CPPP is financed through DTI's Spatial Development Initiatives and receives supporting finance, on a project basis, from DBSA, DANCED, IUCN, GtZ/Transform, and the Peace Parks Foundation.

(6)   Major Issues

As described above, much of the emphasis of the government support for tourism investment as well as the investment in other sectors has been placed on developing community-based activities and SMMEs. The basis of this approach is apparently the need for alleviating unemployment, inequality, and poverty.

The challenge is how to ensure sustainability. One study conducted based on a sample of over 200 SMMEs estimates that up to 80% of SMMEs in South Africa failed every year as a result of Aids, crime and lack of management know-how.[28]

To this end, one interesting attempt is being made under the UK-SA Partnership Program funded by the European Union (EU). This program provides funds for trade and investment activities undertaken specifically by a joint venture between British and South African small and medium-sized enterprises. The financial support will be an incentive for British enterprises to invest in South Africa, and the requirement of joint venture will provide South African counterparts with opportunities to gain managerial and business skills.

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[28] This study is the one conducted by researchers at the University of Port Elizabeth (source: Pretoria News, July 6, 2001 issue).

BOX: Eco Tourism and General Tourism Schemes Offered by the Industrial Development Corporation (IDC)

(1) Eco Tourism Schemes

This scheme is aimed at developments in:

- conservation areas under the control of the conservation authorities;
- private game parks or reserves of substantial size and significance.

The Eco-Tourism Scheme provides financing for the development of new projects as well as the expansion and improvement of existing facilities. While it is primarily aimed at the provision of additional accommodation (including furniture and equipment), the financing of related infrastructure will also be considered.

Although financing will generally not be considered for the acquisition of land by private sector applicants, conservation authorities could be assisted in this respect. Funds for the acquisition of game will not be considered. In order to foster the development of the industry, a flexible policy is maintained with regard to finance terms and the IDC will consider the following forms of finance:-

- loan facilities with repayments tailored to suit the cash flow of the project (a loan period of up to 15 years, including a capital repayment moratorium of up to 5 years, could be considered);

- risk participation, including equity and quasi-equity, where the promoters are not in a position to provide sufficient equity capital. Generally risk participation will only be available for large scale projects and for projects with proven management or operators.

Ruling IDC interest rates, variable or fixed, will apply. Incentivised interest rates could also be made available under IDC's Jobs and Empowerment schemes. Finance for land and related infrastructure in parks under the control of conservation authorities could be offered at more favourable interest rates.

Private game parks and nature reserves are required to have their management plans approved by the relevant conservation authority. Owners, members or shareholders should, in the case of these developments, finance at least 40% of total assets (fixed assets plus current assets).

(2) General Tourism Scheme

The General Tourism Scheme provides financing to institutions offering accommodation to bona fide tourists and other capital intensive tourism projects that have the potential to significantly impact on the growth of the tourism industry and require medium to long term finance.

The renovation, refurbishment and extension of existing accommodation facilities as well as select new tourism developments with substantial potential will also be considered. Turnover from accommodation (including meals) should represent at least 70% of total turnover for hotels and guest houses.

Although finance will normally be in the form of loan facilities with repayments tailored to suit the cash flow of the application, equity and quasi-equity will also be considered for selected developments.

A loan period of up to 15 years, including a capital repayment moratorium of up to 5 years, could be considered.

Ruling IDC interest rates will apply, as determined by the size of the applicant. Incentivised interest rates could also be made available under IDC's Jobs and Empowerment schemes.

The owners, members or shareholders should finance at least 40% of total assets.

(3) Conditions of these schemes

Financing will be considered only on a project-by-project basis. The maximum IDC funding per project is not limited.

Facilities should be suitable to accommodate foreign tourists and the development should have a track record, or the potential, of providing international tourists with acceptable service.

Establishments providing self-catering accommodation exclusively, or providing semi-permanent or permanent residence, will not qualify. Therefore flats, holiday flats, residential hotels, boarding houses and hostels will not qualify.

Timeshare or shareblock schemes will likewise not qualify. However, should an accommodation unit form part of such a development and it is undertaken in a separate legal entity (company), the IDC could consider the funding thereof.

BOX: Eco Tourism and General Tourism Schemes Offered by the Industrial Development Corporation (IDC)

Only economically viable projects will qualify for finance and the viability of every project will be subject to evaluation by the IDC. Financing of take-overs of existing undertakings or facilities, or the replacement of existing sources of finance, generally does not fall within the scope of the IDC tourism schemes. However, take-overs may be considered under IDC's Takeover Scheme.

Source: IDC's web site.

Chapter 6

SWOT Analysis for the South African Tourism Industry

6.1 Introduction

South Africa has a developed domestic tourism industry and a growing foreign tourism industry. As such there is a wide arena in which strengths, weaknesses, opportunities and threats can be identified. We have loosely classified the strengths and weaknesses according to whether they are related to the attractions and attractiveness of the destination, or whether they relate to the supporting environment and institutional structures.

The attractiveness of the destination also differs for different markets. We have identified strengths and weaknesses separately for the domestic and foreign markets.

The SWOT analysis is summarised in Table 6.1.1, which includes a weighting of the strengths and weaknesses and an importance rating of all the points.

6.2 Strengths

6.2.1 Attraction Strengths for Foreign Tourists

(1) Main Attractions

- Varied and impressive scenic beauty;
- African wildlife;
- Unspoilt wilderness areas;
- Diverse cultures - in particular traditional and township African cultures;
- Dynamic contemporary political and social history - the change from apartheid to a non-racial democracy; and
- Generally sunny & hot climate - in particular during northern hemisphere winter.

(2) Supporting Advantages

- To see Africa from a first world infrastructure base i.e. roads, airports, retail, accommodation, medical services, etc;
- Minimal time change from major European generating markets; and
- Good value for money for spending at the destination

(3) Strong Specific Attractions

- Cape of Good Hope and Table Mountain - internationally known icons;
- Sun City and the Palace - internationally known, high profile resort;
- The Kruger National Park - internationally known major wildlife & nature reserve; and
- Ability to visit other regional, internationally known attractions - Victoria Falls, and to a lessor degree the Okavango Swamps and the Namib desert.

(4) Strong Special Interest Attractions

- Adventure activities – hiking, mountain biking, river rafting, bungi-jumping, bush survival, hiking, paragliding, etc;
- Whale watching;
- Battlefields - Boer Wars, Zulu Wars;
- Winelands and winemaking;
- Flora - many unique and rare species;
- Bird watching - many unique and rare species;
- Fauna - many unique and rare species;
- Deep sea fishing;
- Diving;
- Unique archaeological and palaeotological sites; and
- Steam trains.

(5)   Foreign Business Tourism

Generally business and related tourism is driven by necessity rather than unique attractions. However, all of the strengths listed under foreign holiday tourism, play an important supporting role in generating foreign business tourism.   In addition the following are important strengths for the foreign business markets:

- Developed economy from which the African continent can be served;
- Diplomatic hub of southern, and to some extent all of, Africa;
- Diverse economic base;
- Well-developed, world leader, in some primary economic sectors eg mining;
- Well-developed secondary and tertiary sectors compared to the rest of Africa therefore an ideal export base for the continent;
- Sophisticated financial markets;
- Good communications;
- Excellent range of convention and conference facilities and support services

(6)   Strengths in Specific Foreign Markets

- Conference, Conventions & Exhibitions:
  - Good standard conference and exhibition facilities and supporting services and infrastructure; and
  - Premier conference & exhibition destination on the African continent.
- Sports Events and Related Tourism:
  - Wide range of good sporting facilities; and
  - Premier sporting destination on the African continent.
- African Tourism:
  - Retail shopping and availability of goods for trade and consumption; and
  - Good medical services.
  - South Africa's political & diplomatic leadership role on the continent

6.2.2   Strengths for the Domestic Holiday Market

All of the attraction strengths listed under foreign holiday tourism, with the exception of supporting advantages, play an important role in generating current and potential domestic holiday tourism. In addition, a few specific strengths underpin growth and potential for this market:

- Growing affluence amongst sectors of the black population. The growth in domestic holiday taking amongst the emerging markets from the previously disadvantaged sectors of South Africa's population offers scope for some growth in domestic holiday taking above the general level of economic development. It is difficult to quantify the extent to which there is "suppressed holiday demand" from these sectors, however, there is no doubt some new demand and some demand changes e.g. away from long VFR trips, to shorter VFR trips and some "true" holiday breaks, will develop in these market sectors as a holiday taking culture forms and products and services are developed to meet their needs.

- Increasing desire to see the country and understand different aspects of the country from the black community

- Increasing tendency of the traditional market to explore new destinations locally – spurred by magazines like Getaway. Traditionally the domestic market has relied on word of mouth to chose a destination and accommodation used, and much of the holiday taking has been year-in, year-out repeat visits to the same destination. This is changing and a better spread and type of product offering is developing.

- Good beach products for the domestic market – the south coast of Kwa-Zulu Natal and resort towns such as Plettenberg Bay are examples of this. The main attraction for the domestic market is still sun sea and sand.

- The weak Rand encourages the domestic market to stay at home as oppose to taking holidays overseas.

6.2.3   Domestic Business Tourism

Domestic business tourism is a very important component of the tourism industry, however, it is largely driven by local economic growth and not dependent on any specific strengths of the country. The conference and incentive sector is the only exception to this, and South Africa has a very good conference venue infrastructure largely aimed at the domestic market and is developing a good base of incentive products. The weak Rand is again a strength for the domestic conference and incentive industry and it encourages local events and mitigates against local associations and companies taking incentives and conferences to foreign destinations.

6.3   General Strengths

- Government sees the tourism sector as one of 5 top sectors and is (finally) prioritising tourism for development
- The general business community has also identified tourism as an important sector with growth potential and has committed resources and support to it
- There is a well-developed and active tourism private sector
- There is a strong emphasis – through the THETA to foster skills development for tourism
- A varied and extensive tourism resource base – natural and man-made   - which can be further developed into tourism products and attractions e.g. new large Big 5 game parks, paleontological   attractions, new adventure activities etc.
- Resource capacity to absorb significantly more sustainable tourism development

6.4   Weaknesses

6.4.1   From the Attraction Perspective

- Limited approach to packaging and selling of tourism products i.e. selling the resources and assets as opposed to a product which is a complete tourism experience
- Reluctance of the industry to customise products to meet specific market needs
- Low knowledge levels regarding South Africa internationally, may be high awareness and, strong perceptions, but actual knowledge of the destination is lacking
- High levels of, or perceived high levels of crime – insecure foreign tourists and significant suppressed demand,
- Standards of service – whilst generally acceptable, are not always appropriate to the most discerning markets
- Evidence of poverty – tourists find it distasteful and a poor indicator of the country's humanitarian/poverty alleviation practices
- Generally poor environmental management – from litter to no re-cycling or energy conservation
- Lack of entertainment – night clubs, late-night shopping etc
- No beach resorts
- Poor cultural and heritage attractions
- Generally poor levels of interpretation

6.4.2   From the Institutional And Support Perspective

- Limited destination marketing budget, particularly compared to other international competitors
- Poor destination marketing campaigns – too much above-the-line emphasis and research base only now being developed;

- Lack of a cohesive South Africa brand for tourism either at the umbrella level or for specific source countries;
- Limited and poor domestic tourism destination marketing;
- Poor information provision and distribution for tourists – foreign and domestic;
- Dominance of larger players in industry forums;
- Supply-side approach to tourism development;
- Poor integration of local communities into tourism;
- Tourism not seen as a priority sector at all levels and within all departments of government;
- Lack of awareness of tourism as a leisure activity or as a potentially personally beneficial economic activity amongst the vast majority of the population – tourism seen as elitist;
- Lack of inclusive, effective national (provincial and local) structures within tourism, particularly constantly changing provincial and local structures;
- Lack of a national approach to tourism strategy, which brings in the various government departments, levels and parastatals e.g. SAA, ACSA, DTI, DOL, etc. Each Department tends to address tourism in isolation or not at all.
- Inability (but improving) of the private sector to "speak with one voice", and provide significant input into Governments; and
- Somewhat myopic, limited and protectionist attitude of the private sector, e.g. lack of development of products suited to the emerging markets, and attitude that Governments must deal with all their problems e.g. crime and violence, litter, community awareness etc, and some unrealistic requests for protection or assistance (this is improving)
- Generally pessimistic/negative attitude – lack of enthusiasm or positive approach to developing the industry
- Lack of/decline in air capacity on the routes – at the mercy of the international airline industry and its constraints and requirements to focus on high yield routes – need to develop the charter industry

6.5   Opportunities

- Simply getting a few things right – air capacity and marketing
- Beach Tourism
- New generators – India, China, Eastern Europe
- Grow the emerging domestic market
- Developing the adventure market
- Developing the East Asian market
- MICE
- Leveraging events such as the Earth Summit, the Cricket World Cup

6.6   Threats

- Tourism will be seen to fail to deliver against governments', communities' the business community's and the general populace's expectations, which are often unrealistic, and will lead to it being downgraded in priority by governments
- Crime escalation/ failure to curb crime
- Highly publicized crime incidents against tourists
- The international airline industry continues to experience poor financial performance and capacity increases are limited with capacity to SA not increasing
- Continued socio-political problems and unrest in neighbouring countries, particularly Zimbabwe, depressing tourism in the region
- Overall SA decline in economic and political stability leading to social unrest and declining domestic market
- Malaria – increasingly seen as a travel deterrent

- HIV/aids – leading to decline in service levels, decline in the already marginal financial performance of the sector, and increasing fear from foreigners of travelling to SA

Table 6.1.1   SWOT Analysis for the South African Tourism Industry

		Strengths				Weaknesses					Opportunities					Threats			
		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score
ATTRACTIONS																				
Foreign & Domestic Leisure	Climate	10	5.3%	4	40	Limited approach to packaging & selling products	10	4.7%	4	40	Foreign beach tourism			5					
	African wildlife	12	6.3%	5	60	No beach resorts	6	2.8%	3	18	Develop the adventure market			5					
	Scenic beauty	15	7.9%	5	75	Lack of entertainment	6	2.8%	3	18									
	Diverse cultures	5	2.6%	2	10	Poor cultural and heritage attraction base	6	2.8%	2	12									
	Contemporary history	5	2.6%	2	10	Generally poor levels of interpretation	4	1.9%	3	12									
	Unspoilt wilderness areas	5	2.6%	2	10														
	Great variety of special interest attractions	10	5.3%	5	50														
	Specific Icons - Cape of Good Hope, Table Mountain Kruger Park, Sun City	10	5.3%	5	50														
	Good value for money at the destination	10	5.3%	4	40														
Foreign Leisure	1st world infrastructure in Africa	11	5.8%	5	55	High levels of crime - perceived and actual	20	9.4%	5	100									
	Minimal time change from Europe	8	4.2%	3	24	Evidence of poverty	8	3.8%	4	32									
						Poor environmental management	8	3.8%	4	32									
						Levels of service	8	3.8%	4	32									
Foreign Business	Leading African business and diplomatic role	5	2.6%	4	20														
	Developed, sophisticated and diverse economy	5	2.6%	4	20														
Foreign and Domestic business	Excellent conference venue infrastructure	8	4.2%	4	32														
African Tourism	Retail shopping and medical facilities	6	3.2%	3	18														
Domestic Leisure	Good beach products - major attraction for the markets	5	2.6%	4	20														
SUPPORT/INSTITUTIONAL																				

	Strengths				Weaknesses				Opportunities				Threats			
		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score
Domestic Leisure	Growing affluence of black population leading to new holiday taking segment	5	2.6%	3	15															
	Traditional market exploring new products and destinations	5	2.6%	3	15															
General	Government prioritizing the tourism sector	10	5.3%	4	40	Limited destination marketing budget	10	4.7%	5	50	Improved marketing			5		Tourism will fail to deliver to expectations and be relegated in priority			5	
	The general business community prioritizes and supports the tourism sector	8	4.2%	4	32	Poor destination marketing campaigns	12	5.7%	5	60	Target new generators - India, China, Eastern Europe			5		Crime escalation/failure to curb crime			5	
	Well developed and active private sector	8	4.2%	4	32	Lack of cohesive branding of the destination	12	5.7%	5	60	Grow the black domestic market			4		Limited inbound airline capacity constrains tourism growth			5	
	THETA strong tourism skills development thrust	6	3.2%	3	18	Poor information provision and distribution for tourists	10	4.7%	4	40	Develop the East Asian market			4		Malaria - foreigners fear to travel to SA			3	
	Varied and extensive tourism resource base	10	5.3%	4	40	Dominance of larger players in industry forums	8	3.8%	3	24	Develop the MICE market			4		HIV/Aids foreigners fear to travel to SA			4	
	Capacity to expand sustainable tourism	8	4.2%	4	32	Supply-side approach to tourism development	12	5.7%	5	60	Leverage events - Earth Summit, Cricket World Cup			5		HIV Aids declining service and declining profitability - industry contracts			2	
						Poor integration of communities into tourism	12	5.7%	3	36										
						Tourism not seen as a priority in all levels and departments of government	8	3.8%	4	32										
						Lack of awareness of tourism as a leisure or economic activity - seen as elitist	10	4.7%	4	40										
						Lack of inclusive effective tourism structures at all levels	8	3.8%	4	32										
						Private sector myopic/protectionist attitude	8	3.8%	3	24										
						Private sector not speaking with one voice	6	2.8%	2	12										
						Lack/decline of inbound airline capacity - international airline	20	9.4%	5	100										

		Strengths					Weaknesses					Opportunities					Threats			
Rating 1-5		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score		Weight	%	Rating 1-5	Score
						industry impact														
Total Weight/Score		190					212					0					0			

6.7 Conclusions

In total there are 8 support/institutional strengths and 16 attraction/attractiveness strengths listed for South African Tourism. The dominant strength is scenic beauty followed by African Wildlife, then 1st world infrastructure. Specific icons such as Cape Point 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.

Eleven attraction/attractiveness weaknesses are listed 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 highish. 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.

The 8 listed opportunities all rated similarly in importance, with five rated as 5 in importance. Of the 7 threats identified, three; tourism failing to deliver to expectations, escalation/failure to curb crime and limited inbound airline capacity continuing, rate as of high importance.

Table 6.7.1 below summarises the top SWOT elements for the industry.

Table 6.7.1   SWOT Analysis

Strengths	Score	Weaknesses	Score	Opportunities	Score	Threats	Score
Scenic beauty	75	High levels of crime - percieved 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 capcity - 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 Ci...	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 enthusiatic attitude towards growing the industry - too much pessimism	40				