



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

# Portfolio Committee on Tourism

31 August 2010

**Michael Tatalias**  
- CEO, SATSA



Feel inspired



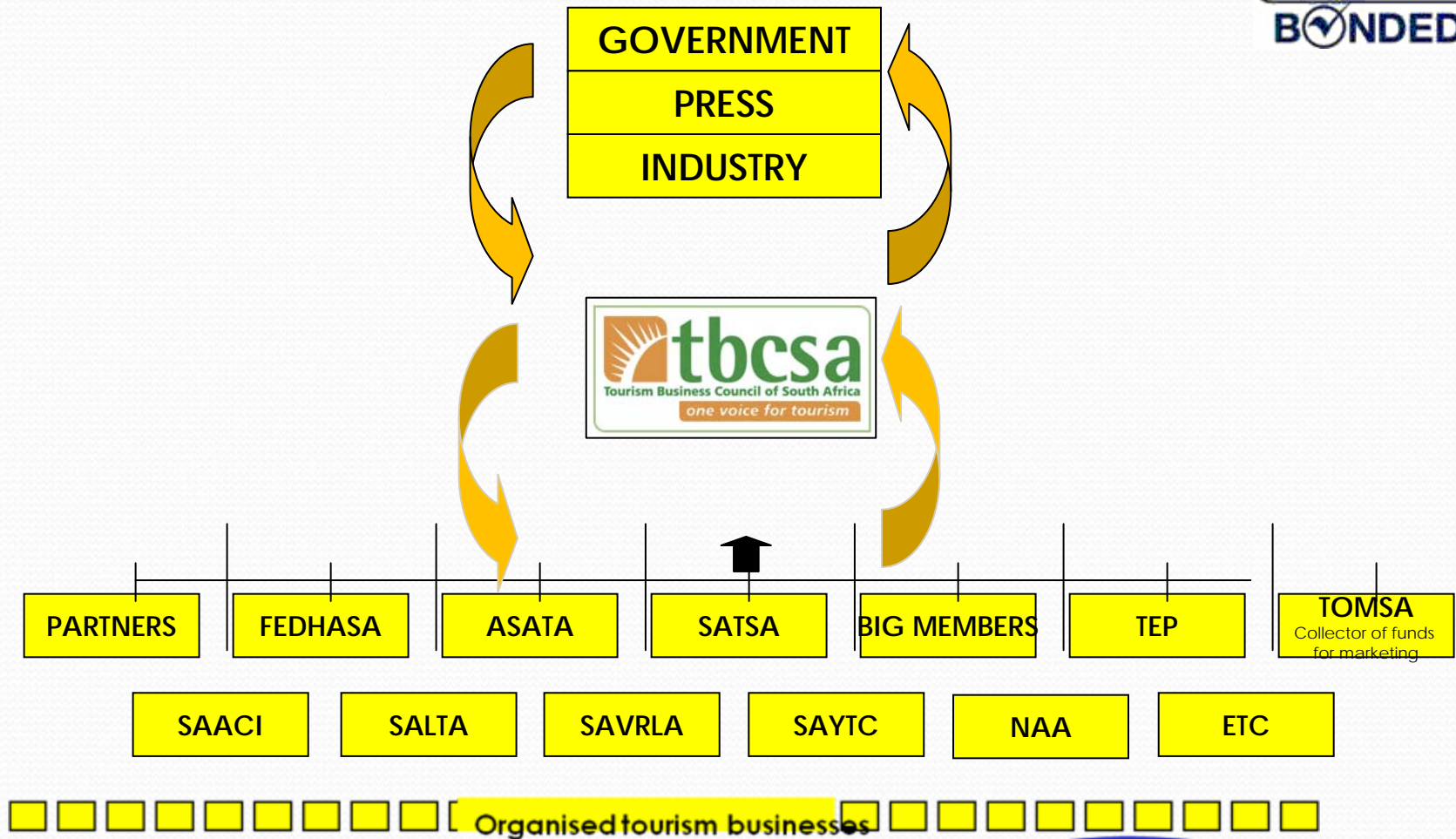
*It's possible!*

# Who is SATSA?

- THE MARK OF QUALITY TOURISM IN SOUTHERN AFRICA
- Established in 1969.
- Founder member of TBCSA  
(along with ASATA and FEDHASA – 1987 Tourism Liaison Council)



# WHERE DO WE FIT IN?







# ASSOCIATION MEMBERS



get out there



SABOA



ASSOCIATION OF SOUTH AFRICAN TRAVEL AGENTS



It's possible!

# THE MARK OF QUALITY TOURISM IN SOUTHERN AFRICA

- Our **Vision** is to be the most recognised and sought-after endorsement of good business practice in the Southern Africa Tourism Industry.
- Our **Purpose** is to provide domestic and international buyers with quality advice and information on credible tourism partners in the Southern Africa Tourism Industry.
- Our **Mission** is to be a dynamic grouping of quality tourism service providers throughout Southern Africa.



*It's possible !*



# Who is SATSA?

- We are a non-profit, member-driven association that represents both small business and principals in the private sector of tourism.
  - (These include airlines, coach operators, tour operators, accommodation establishments, vehicle hire companies, attractions, conference organisers and related marketing organisations.)
- To become a SATSA member, a business must prove adherence to the highest standards of professionalism and service. This adherence is checked every year.
- All SATSA members are **Bonded** at R1.5 million,
  - (Providing a financial guarantee against the involuntary liquidation of a SATSA member for the recovery of deposits held)



# Who is SATSA?

- SATSA is committed to the transformation and sustainable development of the tourism industry.
- To this end, the Tourism Mentorship Programme (TMP) was initiated, along with industry and government partners, by SATSA in 2003, and is constantly evolving to address the development needs of emerging businesses, through partnering emerging businesses with established businesses, with the aim of stimulating the ability of these emerging businesses to operate more efficiently, increase profitability and create sustainable jobs.
- SATSA Tour Operator Course



*It's possible!*



# Who is SATSA?

- The results of a 2006 Economic Impact Survey of our members show that:
  - SATSA members contribute in excess of R5 938 billion to South Africa's direct tourism revenue (based on only 58% of members who provided turnover information),
  - Provide 25 509 permanent jobs,
  - Have 33 947 beds in the accommodation category, and
  - 17 969 seats in the transport/tour operator category.



*It's possible !*



# Who is SATSA?

SATSA membership breakdown by broad category:

• Accommodation:	243 members;	26% of membership
• Adventure Tourism:	30	3%
• Broker	128	14%
• Business Tourism	11	1%
• Tour Operator / DMC	336	36%
• Tourism Services	157	17%
• Transport	39	4%



# Who is SATSA?

## Geographical footprint

Count of CompID		
Region	PstProvince	Total
International	Australia	1
	Belgium	1
	China (P.R.C.)	1
	France	1
	Germany	2
	India	1
	Italy	1
	Japan	1
	Netherlands	1
	United Kingdom	4
	United States of America	2
International Total		16
South Africa	Eastern Cape	53
	Free State	6
	Gauteng	336
	KwaZulu Natal	95
	Limpopo	31
	Mpumalanga	58
	North West	16
	Northern Cape	6
	Southern Cape	45
	Western Cape	274
South Africa Total		920
SADC	Botswana	2
	Mocambique	1
	Namibia	4
	Swaziland	1
SADC Total		8
Grand Total		944



*It's possible !*





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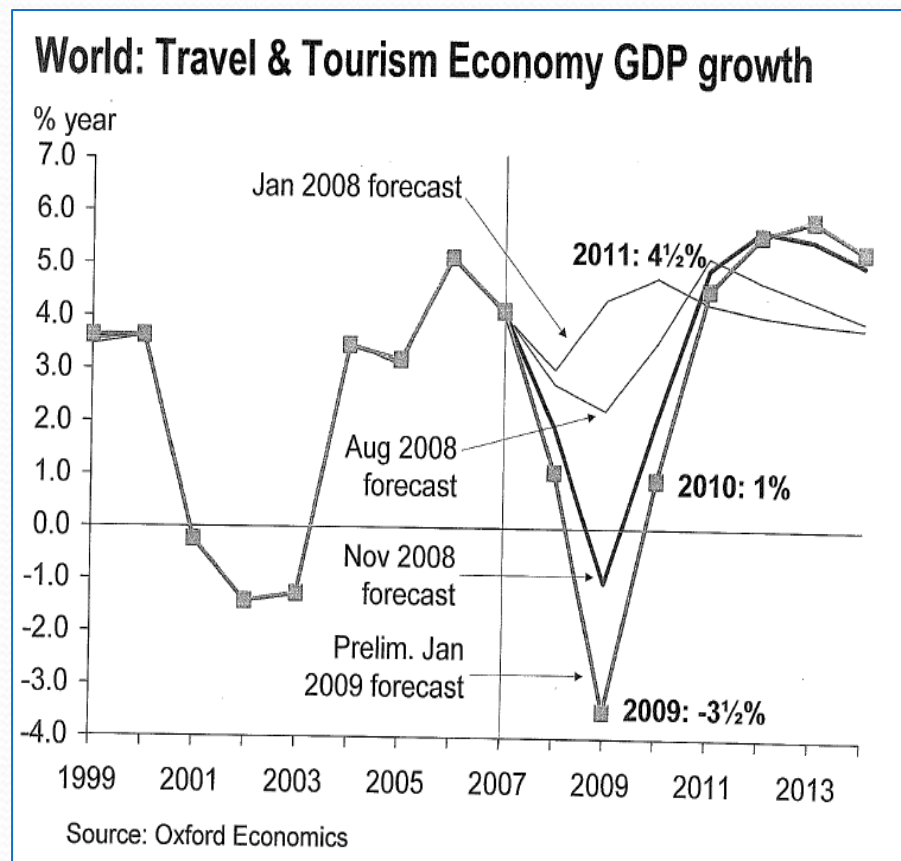
# So, just how bad is it?



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# Current Situation: Global



- 1% global GDP growth in 2008
- -3.6% predicted for 2009
- Less than 1% for 2010
- 10 mil jobs to be lost globally by 2010

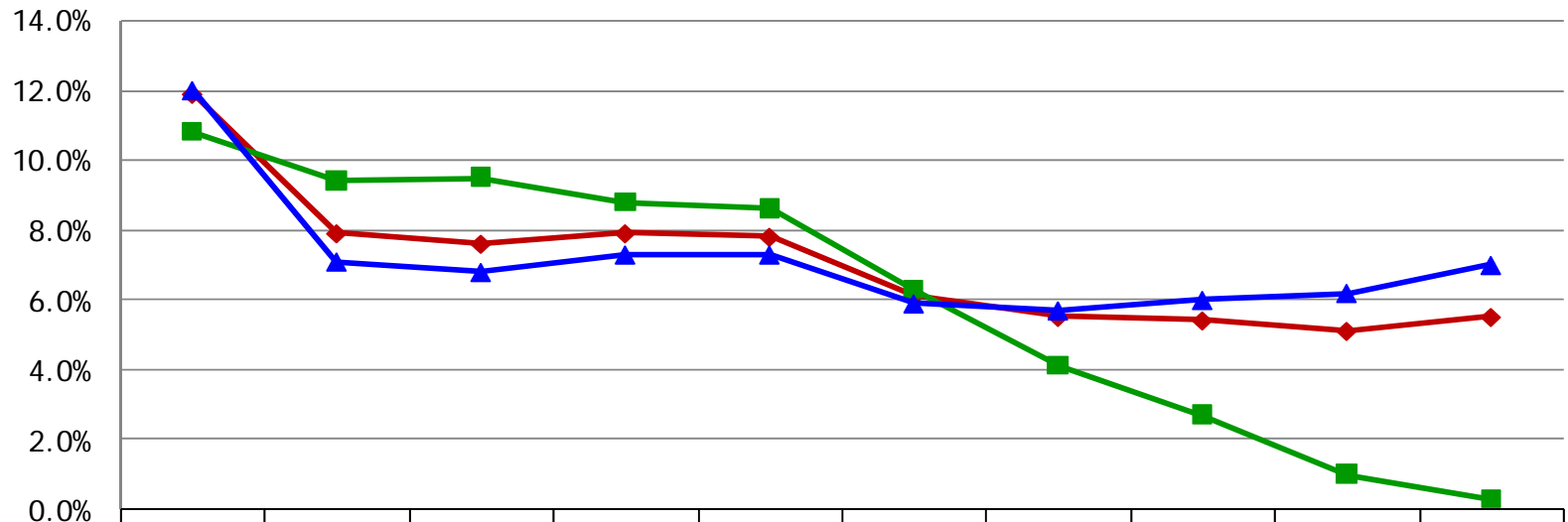
**Only in 2011 will we experience real increases on 2008 Global Travel and Tourism GDP levels**

# Current Situation: South Africa

The slow down in the growth of arrivals started from around June 2008



**Cumulative growth: 2007 vs 2008**



	Jan-Mar	Jan-Apr	Jan-May	Jan-Jun	Jan-Jul	Jan-Aug	Jan-Sep	Jan-Oct	Jan-Nov	Jan-Dec
◆ Total	11.9%	7.9%	7.6%	7.9%	7.8%	6.1%	5.5%	5.4%	5.1%	5.50%
■ Overseas	10.8%	9.4%	9.5%	8.8%	8.6%	6.3%	4.1%	2.7%	1.0%	0.30%
▲ Africa	12.0%	7.1%	6.8%	7.3%	7.3%	5.9%	5.7%	6.0%	6.2%	7.00%

Source: South African Tourism, 2009





# The impact of the credit crunch on the tourism industry



## – some statistics

Source: Draft Tourism Satellite Account for South Africa 2005 – Statistics South Africa

- Tourism direct gross domestic product – R45 billion
- Tourism contributed 3% to South Africa's GDP in 2005
- In 2005 there were 527 630 people directly engaged in producing goods & services purchased by tourists
- Tourism contributed 4.3% to South Africa's employment in 2005



*It's possible!*

# Tourism's contribution to both GDP and job creation has been positive over the last 5 years



**BONDED**



WTT  
C  
Data

*\*In the absence of a tourism satellite account to measure the impact of tourism in the SA economy, the simulated accounting of the World Travel and Tourism Council is referenced.*

Measure	2004	2005	2006	2007(E)	2008(F)
Tourism's contribution to GDP (direct & indirect)	R102,3bn	R121,6bn	R137,6bn	R159,6bn	R178,6bn
	7.3%	7.9%	7.9%	8.1%	8.4%
Tourism's contribution to GDP (direct impact only)	R42,0bn	R50,7bn	R55,7bn	R62,8bn	R70,5bn
Direct employment in tourism	344,800	398,900	404,800	413,100	444,600
Indirect employment in tourism	404,800	460,500	492,100	527,900	566,200
Total employment in tourism	749,600	859,400	896,900	941,000	1,010,800

Note: 2007 (E) data are estimates while 2008 (F) are forecasts. These are revised annually by WTTTC.

Source: South African Tourism, WTTTC & Accenture 2008 South Africa report "The winds of change"



*It's possible!*



# The impact of the credit crunch on the tourism industry

## – a practical example

- Number of overseas arrivals to South Africa in 2008  
– 2 182 130
- Assume a 10% decline in overseas arrivals thus 218 213 less overseas arrivals in 2009
- Assume 1 job created for every 8 tourist arrivals
- Thus a 10% decline in overseas arrivals equates to a loss of 27 276 jobs.

# The impact of the credit crunch on the tourism industry

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# The impact of the credit crunch on the tourism industry

## – a practical experience

- from August 2008 onwards, operators saw –
  - forward bookings evaporate (down 45 – 50%)
  - actual arrivals “ONLY” down 25 – 30%
- Booking patterns change
  - no longer 6 months – 12 months (How do you plan?)
  - very much last minute
  - looking for specials
- Service levels and Response Times –
  - No longer 24hrs, but 6 hrs.

# The impact of the credit crunch on the tourism industry

## – a practical guide :

1. Cash is king
2. Be relentless on cost control
3. Evaluate customers and suppliers
4. Get smarter on tax
5. Reconsider capital investment plans
6. Get closer to your bank
7. Keep an eye out for bargains & opportunities
8. Re-visit your strategy
9. Align performance and rewards
10. Protect your personal wealth



# The impact of the credit crunch on the tourism industry

## – from a structural point of view :

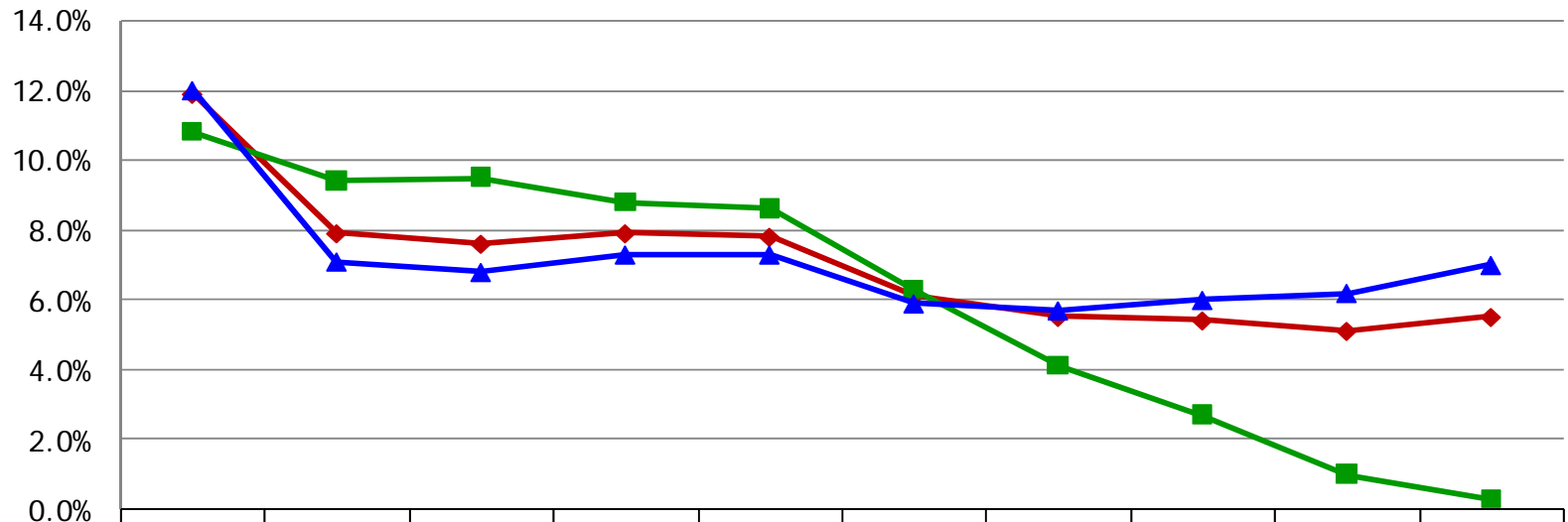
1. Work on the Enabling Environment - make it easier to do business (le.g. Immigration, sigange)
2. Increase Marketing – link to existing TOMSA structure
  - a) It is a mathematical model 8:1, 12:1, or even 15:1
  - b) Increased arrivals = increased jobs
  - c) Make more noise in a shrinking market – use opportunities
3. Remove/sort out impediments
  - a) THETA/SETA
  - b) SAA (profit making, or national carrier)
4. There are some opportunities: Africa
  - a) If it works for Africa, it is good for Europe

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Source: South African Tourism, 2009





# What is the value of the African shopper/tourist/business person?

Source Market (into SA 2007)	Total Trip spend (per person)	Per Day spend (per person)
Africa air	R 10 400	R 740
Americas	R 10 200	R 610
Asia & Australasia	R 9 000	R 600
Europe	R 10 500	R 610



# What is the value of improved air access – e.g. East London

Year	Aircraft arrivals i.e. touchdowns	% growth	Passenger numbers	% growth
2003/04	9 793		172 510	
2004/05	10 417		220 546	+ 27.8 %
2005/06	12 149	17%	291 188	+ 32 %
2006/07	12 527		347 503	+ 19.3 %
2007/08	12 585		369 740	+ 6.4 %
2008/09	17 421		351 946	+ 4.8 %



# Not Long until - Kick-Off!

86 Days; 14 hrs; 42 Min; 57 Sec.



## THANK YOU

(not yet...)

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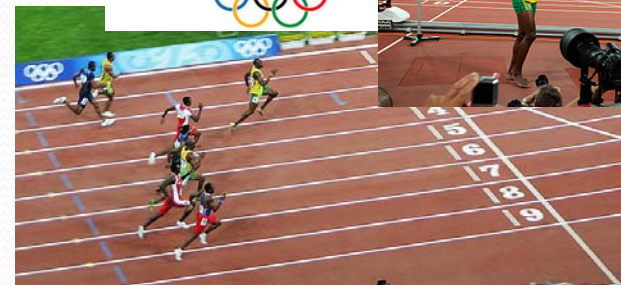




Are  
we  
ready ?



  
Durban 2020



It's possible !





## VISION 20:20

- Top 20 Tourism ranking by 2020 – WEF, Anholt
- Leading player in the T20
  - started already, hosted the 1<sup>st</sup> one
- 20 million tourists
  - international (at least double arrivals)
  - regionally
  - domestically
  - done it already                      - 1994 = 600 000
  - 2010 = 0 mil
- Top 20 employer of choice – employee vote
- Olympics 2020 (maybe Durban?)





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31 August 2010

# THANK YOU



I'll keep flying it, because I believe  
**we're only just beginning!"**

**Michael Tatalias**

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