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City of Cape Town

Research on the Monitoring of Trends in Economic Value of Tourism in Cape Town

National Tourism Data Projection for 2014 (Preliminary)
Tourism Enterprise Survey Projection for 2014
Tourism Gross Value Add Projection for 2013

30 June 2015

Contents

Five Year Review

Research on the monitoring of trends in economic value of tourism in Cape Town is a culmination of a process started in 2008 to demonstrate the importance of the tourism industry in Cape Town. The results from the study is shown in the tables below.

Table 1: Direct tourism spend based on disaggregated National Data

	Source	2009	2010	2011	2012	2013	2014
Foreign Direct Spend (excl capital expenditure)							**Preliminary**
Total foreign direct spend in South Africa (R bn)	SA Tourism	59.2	72.6	71.0	74.2	70.3	74.9
Share of foreign direct spend in the Western Cape	SA Tourism	28.0%	29.9%	25.6%	24.3%	23.8%	26.3%
Total foreign direct spend in the Western Cape (R bn)	SA Tourism	16.6	21.7	18.2	18.0	16.7	19.7
Share of foreign direct spend in the Cape Town	Estimate	68%	67%	71%	70%	70%	69.2%
Total foreign direct spend in the Cape Town (R bn)	**Calculation**	**11.3**	**14.5**	**12.9**	**12.7**	**11.7**	**13.6**
Total Domestic Spend							
Total spend by domestic tourists in South Africa (R bn)	SA Tourism	22.4	21.1	20.2	21.8	24.3	26.9
Share of total domestic spend in the Western Cape	Calculation	11.6%	15.6%	19.3%	17.9%	17.9%	16.5%
Total spend by domestic tourists in the Western Cape (R bn)	SA Tourism	2.6	3.3	3.9	3.9	4.3	4.4
Share of domestic spend in Cape Town	Estimate	44%	41%	44%	44%	43%	43%
Total spend by domestic tourists in Cape Town (R bn)	**Calculation**	**1.1**	**1.4**	**1.7**	**1.7**	**1.9**	**1.9**
Direct Tourism Spend based on National Data							
Total foreign direct spend in Cape Town (R bn)	Calculation	11.3	14.5	12.9	12.7	11.7	13.6
Total spend by domestic tourists in Cape Town (R bn)	Calculation	1.1	1.4	1.7	1.7	1.9	1.9
Total direct tourism spend in Cape Town (R bn)	**Calculation**	**12.4**	**15.8**	**14.6**	**14.4**	**13.6**	**15.6**

Source: Grant Thornton

Table 2: Direct tourism spend and number of employees based in Cape Town based on industry surveys

Direct Tourism Spend	**2012**	**2013**	**2013**
Total direct tourism spend in Cape Town (R bn)	11.9	12.2	12.4

Employment	**Permanent**	**Temporary**
	2012/13	**2012/13**
Low Level (Unskilled or semi-skilled)	19 113	12 256
Medium Level (Skilled & technically or academically qualified – supervisor, junior manager)	8 448	1 991
High Level (Experienced, professionally qualified, mid to senior managers)	7 024	675
Total	**34 584**	**14 922**
	2013/14	**2013/14**
Low Level (Unskilled or semi-skilled)	20 824	12 359
Medium Level (Skilled & technically or academically qualified – supervisor, junior manager)	9 993	2 096
High Level (Experienced, professionally qualified, mid to senior managers)	6 735	675
Total	**37 551**	**15 130**
	2014/15	**2014/15**
Low Level (Unskilled or semi-skilled)	21 349	12 359
Medium Level (Skilled & technically or academically qualified – supervisor, junior manager)	10 291	2 455
High Level (Experienced, professionally qualified, mid to senior managers)	7 199	675
Total	38 838	15 489

Source: Grant Thornton

Table 3: Projected Tourism Value Add (R'million) and employment based on disaggregated Tourism Satellite Account

					Revised		**Revised**		**Preliminary**	
	2009	**2009**	**2010**	**2010**	**2011**	**2011**	**2012**	**2012**	**2013**	**2013**
	South Africa	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**
+ Foreign tourism expenditure	67 141	11 282	69 422	14 482	71 747	12 851	85 423	12 684	94 183	11 745
+ Domestic tourism expenditure	82 684	6 204	92 235	4 387	102 877	5 409	114 022	5 769	124 687	5 018
= Total output	**149 825**	**17 486**	**161 657**	**18 870**	**174 624**	**18 260**	**199 445**	**18 453**	**218 870**	**16 762**
- Total intermediate consumption	85 554	9 985	90 606	10 576	97 230	10 167	113 084	10 463	123 264	9 440
= Total gross value add	64 271	7 501	71 051	8 293	77 394	8 093	86 361	7 990	95 606	7 322
Tourism GVA as % of Total GVA	3.00%	3.31%	2.90%	3.32%	2.80%	3.01%	2.90%	2.76%	3.00%	2.34%

					Revised		**Revised**		**Preliminary**	
	2009	**2009**	**2010**	**2010**	**2011**	**2011**	**2012**	**2012**	**2013**	**2013**
	South Africa	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**
Employment	553 990	64 654	567 313	66 220	623 299	65 178	645 755	59 748	655 609	50 210
Tourism GVA as % of Total GVA	4.1%	5.2%	4.3%	5.5%	4.4%	5.4%	4.5%	4.9%	4.4%	4.1%

Source: Grant Thornton

The research study utilised three different methodologies to research the trends in the economic value of tourism in Cape Town. Three methodologies were used as there was no single definitive methodology that could be used. All three methodologies had strengths and weaknesses and the weakness of one methodology could be addressed by the strength of another methodology. Also, an attempt was made to correlate disaggregated national data to a city level with primary research on a city level i.e. to determine whether the two methodologies would come to a similar result. The three methodologies are analysed in the Table below.

Table 4: Methodologies used to research the trends in the economic value of tourism in Cape Town

Description	Disaggregation of national and provincial tourism statistics to a city level to measure direct tourism spend	Survey of tourism enterprises in the City of Cape Town to measure direct tourism spend at these enterprises	Disaggregation of the national tourism satellite account to a city level to measure direct tourism gross value add
Gaps	• Lack of data disaggregated to a city level	• Lack of definitive database of tourism enterprises • Lack of benchmarks for survey results	• Lack of data disaggregated to a city level
Positives	• One main source of data • Minimal number of assumptions needed to disaggregate data • Benchmarks for disaggregation assumptions such as arrivals at the Cape Town International airport • Simple and easy to understand methodology and assumptions • Results in an estimate of number of tourists, length of stay and average spend per day on a city level	• Methodology yielded a similar result to the disaggregation of national data • Projects employment numbers	• Utilise a nationally recognised source • Minimal number of assumptions needed • Projects employment numbers
Negatives	• Need for assumptions to disaggregate data to a city level • Do not project employment numbers	• Lack of participation by the tourism industry resulting in small survey samples • Number of assumptions required that have a significant impact on the result such as number of tourism enterprises per category, turnover per category and employment per category	• Delay in publishing of the national tourism satellite account • Only quantifies the direct gross value add and not the indirect and induced value add

Source: Grant Thornton

Based on the gaps, positives and negatives of each of the methodologies, it is recommended that the disaggregation of national and provincial data to a city level be utilised in order to quantify the economic value of tourism as it utilise one source of data and its methodology and assumptions is simple and easy to understand and hence debate to make it more robust.

The disaggregated national and provincial data could be used to quantify both the direct tourism spend as well as the tourism gross value add. The difference between direct tourism spend and tourism gross value add and best be explained by the example of a tourist spending R100 to pay for accommodation at an hotel. The R100 is the direct tourism spend. The hotel would however utilise, say R80 of the direct tourism spend received to pay for staff, washing of linen, etc that is required to provide the service to the tourist. The R80 spent by the hotel is the input costs of the hotel, while the R20 remaining is the tourism gross value add.

The approach do however, require more information on a city level in order to make the assumptions more robust. A common approach to tourism research should be followed where the various stakeholders that collect tourism information speaks to a common research agenda.

Guidance on the information requirements and methodologies used to measure the economic value of tourism at a city level are provided by UNWTO´s Statistics and Tourism Satellite Account (STSA) Programme which has launched a new Issue Paper Series showcasing the relevance of measuring and analyzing tourism, disseminating the proper tools and setting a platform to encourage further development in this field.

The Paper Series was launched in October 2013 and includes:

- Governance for the Tourism Sector and its Measurement: This Paper describes the concept of governance in the tourism sector and proposes a basic approach for its measurement and monitoring (by Citlalin Durán Fuentes).

- Regional Tourism Satellite Account: This Paper proposes an outline for the development of a Tourism Satellite Account (TSA), the main measurement of tourism's economic impact, at the regional level. Such regional TSA is put forward to be the basis for a comprehensive system for measuring the economic dimension of tourism at the subnational level and allow for internationally comparable findings (by Agustín Cañada).

- The Economic Impact of Tourism, Overview and Examples of Macroeconomic Analysis: This Paper discusses the advantages and disadvantages of existing macroeconomic analysis tools, in understanding tourism's role in the economy beyond the Tourism Satellite Account (TSA) to include beside direct effects, also the consideration of indirect and induced effects. It further provides recommendations on when to use each tool as the optimum technique in tourism economic analysis (by Douglas C. Frechtling).

The 2013 STSA Issue Papers are the latest of UNWTO´s Statistics and Tourism Satellite Programme documents and aim to disseminate a better understanding of the tourism sector and its economic measurement and impact.

Through the research that has been conducted to quantify the economic value for the City of Cape Town, the following information needs have been identified in order to measure the economic value for the City of Cape Town:

- Dissemination of national tourism data to a city level including the number of tourists, the length of stay and the average spend as this information is not publicly or readily available;

- An accurate and up to date database of the tourism enterprises in the city, disseminated between various categories of tourism enterprises, including accommodation, car rental, tour operators, etc;

- Dissemination of economic data in sufficient detail on a city level in order to disaggregate the tourism industries. This would require the quantification of the tourism component of each economic sector. For example, what share of the transport sector on a city level is attributable to the transport of tourists versus the transport of daily commuters;

- Detail on the movement of tourists through a city and the flow of money through the city, not only for the tourists but also for the tourism enterprises such as tour operators. This would require a detailed survey of tourism enterprises on a city level; and

- A detailed input/output model of the City of Cape Town which includes sufficient detail to categorise tourism and tourism related industries. The development of a Social Accounting Matrix (SAM) is recommended as it disaggregates employment and the impact on households in greater detail that a traditional input/output model.

Annexure F details the compliance of Cape Town with the suggestions of the UNWTO to measure the impact of tourism at a city level. It also details a scorecard to measure the city's performance and an action plan to improve the collection of tourism data at a city level.

The establishment of a common research agenda amongst all stakeholders that collect data at a city level is critical to ensure the successful measurement of the economic value of tourism.

1. Introduction

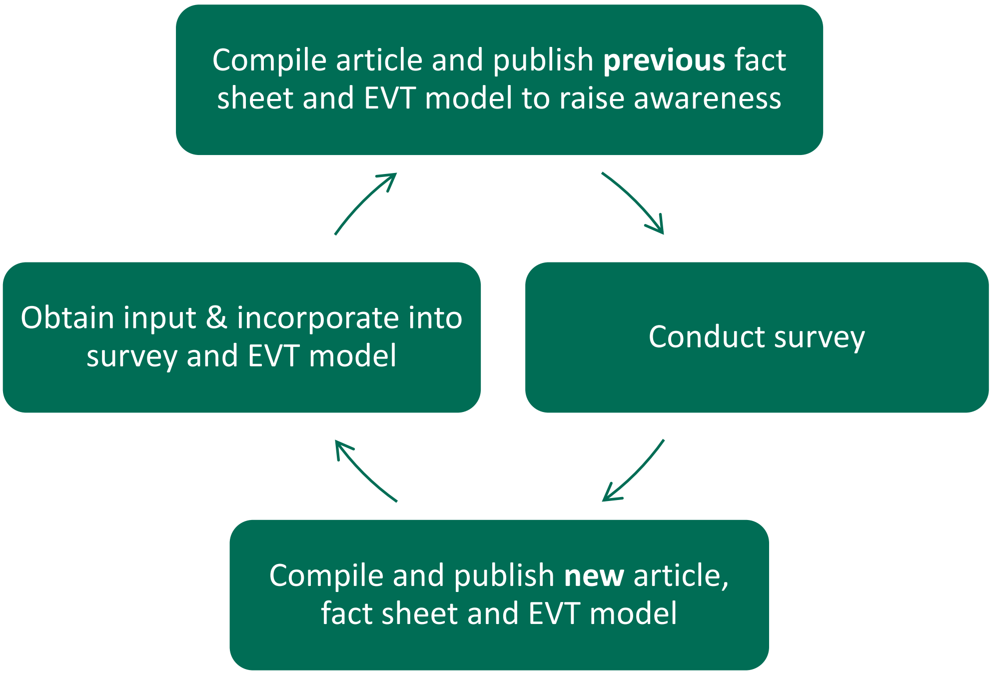
1.1 Background

The City of Cape Town ("**the Client**") started to monitor the economic value of tourism in Cape Town in 2008. The purpose of the monitoring was to create baseline data on the economic value of tourism ("**EVT**") as well as to elicit comment and inputs from relevant stakeholders.

The City of Cape Town has commissioned Grant Thornton to update the baseline report that was conducted. Grant Thornton has been appointed for a three year period to compile the economic value of tourism report for 2011 to 2015.

1.2 Approach and Methodology

Our methodology is based on a circular process approach as indicated in the diagram below.



During the three year process we have developed the economic value of tourism model from its current approach utilising primary and secondary data to add a **tourism gross value add projection** which quantifies the contribution of the tourism industry to the economy of Cape Town by utilising the economic sector data for Cape Town.

Our methodology is detailed below:

Phase 1: Project Initiation

At the start of the project, we have:

- Met with the Client to confirm and detail the project scope and constraints;
- Together with the client agreed on the project management approach to this assignment, including:
  - The number, dates and location of meetings;
  - Confirmation of the Client and consultant's project managers;
  - Confirm the composition and formation of a working committee/panel of experts;
  - Confirm relevant stakeholder to consult;
  - Agreement on all reporting formats;
  - Agreement on report frequency (i.e. monthly progress reports); etc.
- Prepared and submitted a detailed project plan (in MS-Excel) to the Client, including the proposed work plan and agreed upon deliverables and time frames; and
- Finalised all contractual arrangements and quality control procedures.

Phase 2: Obtain Input on the Methodology

Following the project initiation phase, we have:

- Convened meetings with the client, working committee, panel of experts and relevant stakeholders to obtain input on the previous study to verify the methodology and survey questionnaire design;
- Presented the methodology for the compilation of the gross value add for Cape Town;
- Updated and modified the methodology as required;

Phase 3: Raise Awareness by Publishing Article and Previous Study

Following the methodology update phase, we have:

- Compiled articles on the purpose and process of the intended survey;
- Obtained approval from the client on the contents of the articles;
- Published the articles through the various channels of the City of Cape Town, Cape Town Tourism, online media and associations such as Satsa, Fedhasa, Saaci, etc;

Phase 4: Conduct the Survey

Following the raising of awareness phase, we have:

- Conducted the primary research through a web based questionnaire. In order to determine the direct tourism spend we aimed to survey a statistically relevant sample of tourism product owners such as tour operators, restaurants, attractions and accommodation owners.

- Collated and analysed all relevant national, provincial and municipal tourism data to assess the direct spend by visitors to Cape Town;

- Collated and analysed the municipal economic sector data produced by economic consultancies such as Quantec.

Phase 5: Update the Economic Value of Tourism

Following the survey phase, we have:

- Updated the economic value of tourism report, fact sheet and model based on the primary and secondary data obtained;

- Compiled a tourism gross value add projection for Cape Town. Our methodology for the compilation of the tourism gross value add projection included:
  - Analysis of the Tourism Satellite Account for South Africa produced by Statistics South Africa;
  - Analysis of the economic sector data for Cape Town produced by economic consultancies such as Quantec;
  - Projecting the share of these economic sector data that are related to tourism utilising methodologies from the United Nations World Tourism Organisation ("**UNWTO**").

The above research have enable us to:

- Project the number of direct jobs created by tourism in the Cape Town area;

- Project the direct economic value of the tourism industry in the Cape Town area; and

- Project the tourism gross value add for Cape Town.

Phase 6: Presentation and Consultation of the Economic Value of Tourism

Following compilation of the economic value of tourism we have presented the results and obtained input from the client, working committee and general stakeholders.

The process was then repeated with the raising of awareness phase.

2. Projection of the Direct Tourism Spend in Cape Town utilising National Data

2.1 Introduction

This report includes the projection of the direct tourism spend in Cape Town in 2014 based on information obtained from SA Tourism and projections by Grant Thornton.

Please note that, prior to the SA Tourism report in 2010, SA Tourism could only report on foreign visitor arrivals as there was no way of separating out day visitors from the overall arrivals. In 2009, Statistics SA for the first time was able to make the distinction between tourists and day visitors and started a data series for tourist arrivals that was aligned to the globally accepted definition of a tourist. SA Tourism could only utilise this information for the first time in its 2010 reports. As a result of this change, the weighting methodology of SA Tourism has been revised and the results in reports prior to 2010 are not comparable to reports post 2010.

Grant Thornton has utilised information contained in the 2010 SA Tourism report to complete the 2009 projection for the direct tourism spend in Cape Town. In addition the 2011 to 2013 SA Tourism annual reports were utilised to complete the projection for 2011 to 2013. The SA Tourism annual report for 2014 have not been published at the time of writing this report so data from the previous years were used to project the relevant share of tourists, bednights and spend.

Cape Town's share of arrivals, bednights and spend were estimated by utilising data obtained directly from SA Tourism and SA Tourism reports prior to 2009. The arrivals on international and domestic flights were utilised as proxy for the change in Cape Town's share where data were not available from SA Tourism.

Data were obtained from SA Tourism in regards to the share of foreign arrivals to Cape Town, the share of domestic trips taken to Cape Town and the share of domestic spend in Cape Town. Due to the smaller survey sample, some of the data was varied significantly from year to year. Grant Thornton utilised the data from SA Tourism reports prior to 2009 to equalise the data.

As indicated in previous reports, this approach could be improved upon. Any input from stakeholders as to a better methodology to use will be welcomed.

2.2 Direct tourism spend in Cape Town based on National Data 2009 - 2014

The direct tourism spend based on the national SA Tourism data projection contains the following information for 2009 to 2014:

- Foreign arrivals to South Africa, the Western Cape and Cape Town;
- Foreign bednights spent in South Africa, the Western Cape and Cape Town;
- Foreign direct spend in South Africa, the Western Cape and Cape Town;
- Domestic tourism trips taken to destinations in South Africa, the Western Cape and to Cape Town;
- Domestic bednights spent in South Africa, the Western Cape and in Cape Town;
- Total spend during domestic trips to destinations in South African, the Western Cape and in the Cape Town.

To project the economic value of foreign and domestic tourists to Cape Town Grant Thornton utilised the number of foreign and domestic to South Africa and the Western Cape as per the data from SA Tourism (see Table 2.1). Based on the share of foreign and domestic bednights spent in Cape Town (see Table 2.2), we projected the share of the foreign and domestic direct spend in Cape Town (See Table 2.3).

Table 2.1: Foreign Arrivals and Domestic Trips

	Source	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Foreign Arrivals							**Preliminary**
Total Foreign Arrivals to South Africa	SA Tourism	7 011 865	8 073 552	8 339 354	9 188 368	9 616 964	10 247 614
Share of Foreign Arrivals to the Western Cape	SA Tourism	18.8%	18.6%	16.7%	14.7%	16.3%	17.0%
Number of Foreign Arrivals to the Western Cape	SA Tourism	1 316 795	1 504 698	1 391 228	1 354 353	1 569 195	1 745 300
Share of Foreign Arrivals to Cape Town	SA Tourism	94.1%	93.9%	95.0%	93.6%	94.8%	94.3%
Number of Foreign Arrivals to Cape Town	**Calculation**	**1 239 104**	**1 412 911**	**1 321 667**	**1 267 674**	**1 487 597**	**1 645 469**
Domestic Tourism Trips							
Total number of domestic trips taken in South Africa	SA Tourism	30 300 000	29 700 000	26 300 000	25 400 000	25 200 000	28 000 000
Share of domestic trips taken to the Western Cape	Calculation	11.6%	9.1%	9.1%	8.0%	9.5%	9.5%
Number of domestic trips taken to the Western Cape	SA Tourism	3 500 000	2 700 000	2 400 000	2 032 000	2 400 000	2 648 316
Share of domestic trips taken to Cape Town	SA Tourism	32.0%	30.0%	36.0%	37.0%	28.0%	32.6%
Number of domestic trips taken to Cape Town	**Calculation**	**1 120 000**	**810 000**	**864 000**	**751 840**	**672 000**	**863 351**

Source: Grant Thornton

The projected number of foreign arrivals to Cape Town has declined in 2011 and 2012 as the Western Cape's share of foreign arrivals has declined. Even though the actual number of total foreign arrivals to South Africa has increased, the actual number of foreign arrivals has decreased due to the Western Cape losing market share.

The number of foreign arrivals to Cape Town increased by 10.6% to 1.6 million in 2014 due to an increase in the number of foreign arrivals to South Africa.

The projection of domestic overnight trips to Cape Town indicate a decrease in 2011 through to 2013 mainly due to a decrease in the total number of domestic trips taken in South Africa and a loss of market share (as indicated by SA Tourism). This trend was reversed in 2014 with an increase in the total number of domestic trips taken in South Africa by 11.1%. Given that the SA Tourism annual report for 2014 have not been published yet, Grant Thornton utilised the average for 2009 to 2013 to project the share of domestic trips taken to the Western Cape and the share of domestic trips taken to Cape Town. The projection indicate a 28.5% increase in the number of domestic trips taken to Cape Town in 2014 over 2013.

Unfortunately the data to compare the number of foreign arrivals and domestic trips to other major cities are not readily available.

Table 2.2: Foreign and Domestic Bednights

	Source	2009	2010	2011	2012	2013	2014
Foreign Bednights							**Preliminary**
Total Number of Bednights by Foreign Arrivals to SA	SA Tourism	55 802 589	66 852 503	66 153 429	67 466 639	79 889 288	85 128 174
Share of Foreign Bednights in the Western Cape	SA Tourism	28.1%	29.9%	25.6%	24.2%	23.8%	26.3%
Number of Bednights by Foreign Arrivals to the Western Cape	SA Tourism	15 680 688	19 971 821	16 961 520	16 322 077	19 024 349	22 409 196
Share of Foreign Bednights in Cape Town	Estimate	68%	67%	71%	70%	70%	69.2%
Number of Bednights by Foreign Arrivals in Cape Town	**Calculation**	**10 656 778**	**13 328 767**	**11 976 302**	**11 501 750**	**13 392 566**	**15 514 877**
Domestic Bednights							
Total number of domestic bednights in South Africa	SA Tourism	128 400 000	130 800 000	115 200 000	121 200 000	111 300 000	113 200 000
Share of domestic bednights on trips taken to the Western Cape	Calculation	12.0%	11.0%	11.0%	11.0%	11.0%	11.2%
Number of domestic bednights on trips taken to the Western Cape	SA Tourism	15 408 000	14 388 000	12 672 000	13 332 000	12 243 000	12 678 400
Share of domestic bednights on trips to Cape Town	Estimate	44%	41%	44%	44%	43%	43.1%
Number of domestic bednights on trips to Cape Town	**Calculation**	**6 779 520**	**5 899 080**	**5 575 680**	**5 836 750**	**5 247 426**	**5 467 956**

Source: Grant Thornton

The number of foreign bednights spent in Cape Town in 2011 and 2012 has declined as the share of foreign bednights spent in the Western Cape has declined. However, the projection of the number of foreign bednights spent in Cape Town in 2014 indicate an increase of 15.8% over 2013. This increase is attributable to the increase in the total number of foreign bednights spent in South Africa which was projected to have increased by the same percentage as the increase in the foreign arrivals to South Africa. This assumes that the average length of stay of foreign arrivals have remained the same and was required as the data have not yet been published in the SA Tourism annual report for 2014.

The number of domestic bednights spent in Cape Town between 2009 and 2013 has fluctuated as the total number of domestic bednights in South Africa has fluctuated. The projection of the number of domestic bednights on overnight trips to Cape Town in 2014 indicates an increase of

4.2%. The increase is due to an increase in the total number of domestic bednights on trips in South Africa which is projected to have increased by 1.7% in 2014.

Based on the national information the total direct tourism spend in Cape Town increased by 14.3% to R15.6 billion in 2014 over 2013.

Table 2.3: Direct tourism spend based on National Data

	Source	2009	2010	2011	2012	2013	2014
Foreign Direct Spend (excl capital expenditure)							**Preliminary**
Total foreign direct spend in South Africa (R bn)	SA Tourism	59.2	72.6	71.0	74.2	70.3	74.9
Share of foreign direct spend in the Western Cape	SA Tourism	28.0%	29.9%	25.6%	24.3%	23.8%	26.3%
Total foreign direct spend in the Western Cape (R bn)	SA Tourism	16.6	21.7	18.2	18.0	16.7	19.7
Share of foreign direct spend in the Cape Town	Estimate	68%	67%	71%	70%	70%	69.2%
Total foreign direct spend in the Cape Town (R bn)	**Calculation**	**11.3**	**14.5**	**12.9**	**12.7**	**11.7**	**13.6**
Total Domestic Spend							
Total spend by domestic tourists in South Africa (R bn)	SA Tourism	22.4	21.1	20.2	21.8	24.3	26.9
Share of total domestic spend in the Western Cape	Calculation	11.6%	15.6%	19.3%	17.9%	17.9%	16.5%
Total spend by domestic tourists in the Western Cape (R bn)	SA Tourism	2.6	3.3	3.9	3.9	4.3	4.4
Share of domestic spend in Cape Town	Estimate	44%	41%	44%	44%	43%	43%
Total spend by domestic tourists in Cape Town (R bn)	**Calculation**	**1.1**	**1.4**	**1.7**	**1.7**	**1.9**	**1.9**
Direct Tourism Spend based on National Data							
Total foreign direct spend in Cape Town (R bn)	Calculation	11.3	14.5	12.9	12.7	11.7	13.6
Total spend by domestic tourists in Cape Town (R bn)	Calculation	1.1	1.4	1.7	1.7	1.9	1.9
Total direct tourism spend in Cape Town (R bn)	**Calculation**	**12.4**	**15.8**	**14.6**	**14.4**	**13.6**	**15.6**

Source: Grant Thornton

An analysis of the average annual compound growth rate between 2009 and 2014 indicate that:

- Total direct tourism spend in Cape Town has increased by 4.6% per annum between 2009 and 2014;
- Foreign arrivals to Cape Town has increased by 5.8% per annum between 2009 and 2014;
- Foreign bednights spent in Cape Town has increased by 7.8% per annum between 2009 and 2014, confirming that the length of stay of foreign tourists in Cape Town has increased. An comparison off the number of foreign arrivals and the foreign bednights indicate that the average length of stay for a foreign visitor has increased from 8.6 nights in 2009 to an estimated 9.4 nights in 2014;

- Foreign direct spend in Cape Town has increased by 3.9% per annum between 2009 and 2014;

- Domestic overnights trips to Cape Town has declined by 5.1% per annum between 2009 and 2014 as the total number of overnight trips in South Africa has declined by 1.6% indicating a loss in domestic market share by Cape Town;

- Domestic bednights spent in Cape Town has declined by 4.2% per annum between 2009 and 2014 confirming the slight increase in the average length of stay of domestic visitors from 6 nights in 2009 to a projected 6.3 nights in 2014;

- Domestic overnight spend in Cape Town has grown by 10.8% per annum between 2009 and 2014, compared to growth in total domestic spend of 3.7% . With an assumed inflation rate of around 5%, the growth in domestic overnight spend in Cape Town represents real growth of 5.8% per annum.

3. Projection of the Direct Tourism Spend in Cape Town utilising a Survey of Tourism Enterprises

3.1 Introduction

The second methodology utilised in the research process on the economic value of tourism in Cape Town is a projection of direct tourism spend based on a survey of tourism enterprises in Cape Town. The section below include the results from the survey conducted between 20 May 2013 and 3 June 2013, between 29 May 2014 and 12 June 2014 and has been updated with the results of the survey conducted between 25 May 2015 and 8 June 2015.

3.2 The Survey of Tourism Enterprises

The initial survey of tourism enterprises was conducted between 20 May 2013 and 3 June 2013, with the follow up survey being conducted between 29 May 2014 and 12 June 2014 and between 25 May 2015 and 8 June 2015 in order to ensure comparability amongst results. All three surveys were online surveys and an e-mail containing an explanation regarding the significance of the survey and a link to the relevant website were e-mailed to all the members of Cape Town Tourism, Fedhasa, Satsa, Saaci and other tourism associations. The survey was also publicised in a press release which was distributed widely to the media by the City of Cape Town and Grant Thornton.

In addition, for the 2014 survey, Cape Town Tourism kindly offered free membership for a year to two respondents of the survey in order to encourage participation. This encouragement bore fruit as 150 responses were received in 2014 against the 107 received in 2013. Unfortunately the incentive could not be offered for the 2015 survey and the survey response was poor with only 50 responses received. The survey results for all three years is lower than the sample of around 200 being required to provide an analysis at a higher confidence level. A comparison of the survey responses is shown in **Annexure A**.

Tourism enterprises that responded to the survey were categorised according to type of enterprise and according to their size. The total number of tourism enterprises per category was then estimated based on listings by Cape Town Tourism as well as a database compiled by the National Department of Tourism.

The next step was to project the average turnover and number of permanent and temporary employees per category by enterprise and size. This projection was based on the survey responses as well as Grant Thornton's knowledge of the tourism industry.

Following the projection of the average turnover and employment it was multiplied with the total number of enterprises per category to estimate the direct tourism spend in Cape Town. The detail estimated projection for both surveys are shown in **Annexure B**.

3.3 Direct tourism spend in Cape Town based on a Survey of Tourism Enterprises

The three surveys indicated that the direct tourism spend in Cape Town for 2014/15 was R12.4 billion and that there are around 38 800 permanent employees and around 15 500 temporary employees employed in Cape Town's tourism industry. The previous surveys indicated the direct tourism spend as R12.2 billion for 2013/14 and R11.9 billion in 2012/13.

Care should be taken not to draw conclusions from the increases in the direct spend as there are many assumptions required to estimate these figures. For example, the total number of guesthouses or tour operators are estimated as no definitive source exist.

Table 3.1 indicates that the majority of the employment is in the low level category. This highlights the benefit of tourism of creating employment in the category where unemployment is at its highest.

Table 3.1: Estimated number of Employees in the tourism industry in Cape Town

Employment	Permanent	Temporary
	2012/13	**2012/13**
Low Level (Unskilled or semi-skilled)	19 113	12 256
Medium Level (Skilled & technically or academically qualified – supervisor, junior manager)	8 448	1 991
High Level (Experienced, professionally qualified, mid to senior managers)	7 024	675
Total	**34 584**	**14 922**
	2013/14	**2013/14**
Low Level (Unskilled or semi-skilled)	20 824	12 359
Medium Level (Skilled & technically or academically qualified – supervisor, junior manager)	9 993	2 096
High Level (Experienced, professionally qualified, mid to senior managers)	6 735	675
Total	**37 551**	**15 130**
	2014/15	**2014/15**
Low Level (Unskilled or semi-skilled)	21 349	12 359
Medium Level (Skilled & technically or academically qualified – supervisor, junior manager)	10 291	2 455
High Level (Experienced, professionally qualified, mid to senior managers)	7 199	675
Total	38 838	15 489

Source: Grant Thornton

The number of assumptions and the quality of the data, in part, explains the difference in the estimates of the direct tourism spend in Cape Town from the two methodologies used. It is hoped that future surveys will achieve a higher response rate and that the addition of the tourism gross value add calculations will add an additional benchmark for the direct tourism spend in Cape Town.

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4. Projection of the Tourism Gross Value Add

4.1 Introduction

The third methodology utilised in the research process on the economic value of tourism in Cape Town is a projection of tourism gross value add in Cape Town based the disaggregation of the National Tourism Satellite Account as produced by Statistics South Africa. The methodology utilised is explained below.

4.2 Rationale for the Methodology used

The compilation of a tourism satellite account on a city or regional level has various limitations and challenges. Accordingly Grant Thornton utilised the National Tourism Satellite Account produced by Statistics South Africa to project the tourism gross value add in Cape Town.

The approach is not a tourism satellite account as specified by the United Nations World Tourism Organisation – 2008 Tourism Satellite Account: Recommended Methodological Framework – TSA:RMF 2008 which specifies 10 tables to complete. The UNWTO approach is an account approach, meaning that available data is disaggregated without having to use assumptions on the share of tourism of a particular industry. This approach assumes that the economic data is available in sufficient detail to disaggregate the tourism elements. Unfortunately, this level of detail is not available on a city level.

The World Travel and Tourism Council has formulated a simulated tourism satellite account to address this lack of detailed information. The WTTC approach utilise econometric modelling techniques to quantify tourism's share of the economy. The approach is mostly used on a national basis rather than a regional or city level as the required data is not readily available on a regional or city level.

Regional tourism satellite accounts are usually limited by the lack of detail data on the movement of tourists through the particular region as well as the flow of money through the region. For example, a scheduled tour of foreign tourists to South Africa may include, stays in Johannesburg, the Kruger National Park and Cape Town. The accommodation spend could be allocated between these destinations but the allocation of transport costs and even the commission owed to the tour operator would not be so easy to allocate.

Two approaches to regional tourism satellite accounts have been formulated to address these issues. Firstly, a regionalization approach can be adopted where the national tourism satellite account is apportioned on a regional basis using different indicators and methods. Secondly, a regional estimation approach can be followed where a tourism satellite account is calculated for a region on a similar basis as a national tourism satellite account. This approach requires sufficient data on a regional basis.

Given the lack of data on a city level, a regionalization approach was adopted to quantify the economic contribution of tourism to the economy of Cape Town. The approach utilised the tourism satellite account for South Africa developed by Statistics South Africa.

4.3 Methodology

The national tourism satellite account quantifies the foreign, domestic and outbound tourism expenditure. The foreign and domestic direct tourism expenditure as calculated utilising the disaggregation of national tourism data was utilised to calculate a comparable figure for Cape Town. Unfortunately the outbound tourism expenditure for Cape Town is not available and there is no reliable source available to estimate this figure.

The national tourism satellite account deducts the intermediate consumption from this tourism expenditure to calculate the gross value added by the tourism industry. The intermediate consumption relates to the expenses related to the tourism expenditure such as salaries of staff, consumables, etc.

The intermediate consumption for Cape Town was assumed to have the same ratio of tourism expenditure to intermediate consumption as South Africa. The national tourism satellite account utilise input-output tables to calculate the intermediate consumptions, but given the lack of detail on a Cape Town level it was assumed that Cape Town tourism enterprises would have intermediate consumption on a similar ratio than tourism enterprises in South Africa as a whole.

The national tourism satellite account also quantifies the number of persons directly engaged in producing goods and services purchased by visitors. It was assumed that Cape Town's share of the number of persons engaged would be the same as the ratio of Cape Town's gross value add for tourism to South Africa's gross value add for tourism.

It should be noted that the national tourism satellite account produced by Statistics South Africa measures the direct contribution of tourism to the economy. The WTTC approach measures the direct, indirect and induced contribution of tourism to the economy. For example, the expenditure by a guest in an hotel (direct) results in expenditure by the hotel on food, (indirect) and expenditure by the hotel's employees in local shops (induced). The direct, indirect and induced contribution is often used to compare to the contribution of other industries to the economy.

4.4 Tourism Gross Value Add Projection

Grant Thornton projects that the tourism gross value add to Cape Town was R7.3 billion in 2013. Please note that the gross value add is not the direct tourism spend as the total intermediate consumption is deducted.

The direct tourism gross value add for Cape Town represents 2.34% of the total gross value add for the City of Cape Town. Please keep in mind that this represents the direct gross value add and do not include the indirect or induced value add.

Table 4.1: Projected Tourism Value Add (R'million)

					Revised		Revised		Preliminary	
	2009	**2009**	**2010**	**2010**	**2011**	**2011**	**2012**	**2012**	**2013**	**2013**
	South Africa	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**
+ Foreign tourism expenditure	67 141	11 282	69 422	14 482	71 747	12 851	85 423	12 684	94 183	11 745
+ Domestic tourism expenditure	82 684	6 204	92 235	4 387	102 877	5 409	114 022	5 769	124 687	5 018
= Total output	**149 825**	**17 486**	**161 657**	**18 870**	**174 624**	**18 260**	**199 445**	**18 453**	**218 870**	**16 762**
- Total intermediate consumption	85 554	9 985	90 606	10 576	97 230	10 167	113 084	10 463	123 264	9 440
= Total gross value add	64 271	7 501	71 051	8 293	77 394	8 093	86 361	7 990	95 606	7 322
Tourism GVA as % of Total GVA	3.00%	3.31%	2.90%	3.32%	2.80%	3.01%	2.90%	2.76%	3.00%	2.34%

Source: Grant Thornton

Employment is defined as persons directly engaged in producing goods and services purchased by visitors. Grant Thornton projects that employment in the Cape Town tourism industry has declined between 2009 and 2013 at an average annual compound rate of 6.1% per annum. The decline can be attributed to the decline in direct domestic spend which include the overnight as well as the day visitor spend. Direct domestic spend in Cape Town declined from R6.2 billion in 2009 to R5 billion in 2013.

Table 4.2: Projected Employment

					Revised		Revised		Preliminary	
	2009	**2009**	**2010**	**2010**	**2011**	**2011**	**2012**	**2012**	**2013**	**2013**
	South Africa	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**	**South Africa**	**Cape Town**
Employment	553 990	64 654	567 313	66 220	623 299	65 178	645 755	59 748	655 609	50 210
Tourism GVA as % of Total GVA	4.1%	5.2%	4.3%	5.5%	4.4%	5.4%	4.5%	4.9%	4.4%	4.1%

Source: Grant Thornton

Annexure A: Summary of the Survey of Tourism Enterprises

Survey Year	2013		2014		2015	
Number of Responses	107		150		50	
	%	#	%	#	%	#
1.) Accommodation only: Kindly tick the relevant box						
Single Hotel	14.81%	12	22.81%	13	40.00%	12
Game/Safari Lodge	0.00%	0	5.26%	3	0.00%	0
Caravan/Camping	1.23%	1	0.00%	0	3.33%	1
Backpackers	3.70%	3	3.51%	2	3.33%	1
Letting Pool	2.47%	2	0.00%	0	0.00%	0
Wine Farm	1.23%	1	1.75%	1	0.00%	0
Bed & Breakfast	13.58%	11	7.02%	4	10.00%	3
Guesthouse	28.40%	23	21.05%	12	20.00%	6
Self Catering	25.93%	21	15.79%	9	20.00%	6
Other	8.64%	7	22.81%	13	3.33%	1
2.) Hotel groups only: Please indicate the following						
The number of hotels within your group		13		10		5
The total number of rooms/units in your group		13		11		5
3.)Accommodation only: Kindly tick the relevant option						
1-3 rooms/units	23.08%	15	14.58%	7	17.86%	5
4-8 rooms/units	23.08%	15	18.75%	9	17.86%	5
9-15 rooms/units	13.85%	9	10.42%	5	10.71%	3
16-25 rooms/units	3.08%	2	12.50%	6	3.57%	1
26-50 rooms/units	13.85%	9	12.50%	6	32.14%	9
51-75 rooms/units	4.62%	3	2.08%	1	3.57%	1
76-100 rooms/units	3.08%	2	10.42%	5	0.00%	0
101-150 rooms/units	4.62%	3	8.33%	4	3.57%	1
151-200 rooms/units	3.08%	2	6.25%	3	7.14%	2
201-250 rooms/units	0.00%	0	0.00%	0	3.57%	1
251+ rooms/units	7.69%	5	4.17%	2	0.00%	0

Survey Year	2013		2014		2015	
Number of Responses	107		150		50	
	%	#	%	#	%	#
4.) Other tourism enterprises: Kindly tick the relevant box						
Attractions/Activities with <250 000 visitors p.a	8.33%	10	9.27%	23	17.65%	9
Attractions/Activities with 250 000-500 000 visitors p.a	0.00%	0	0.81%	2	0.00%	0
Attractions/Activities with 500 000-1m visitors p.a	0.00%	0	0.00%	0	3.92%	2
Attractions/Activities with >1m visitors p.a	0.83%	1	0.81%	2	0.00%	0
Business tourism & Events support services	5.83%	7	3.23%	8	1.96%	1
Destination Marketing Company	2.50%	3	4.03%	10	1.96%	1
Events & Meeting Venue <25 delegates	6.67%	8	0.81%	2	3.92%	2
Events & Meeting Venue 26-50 delegates	1.67%	2	1.21%	3	7.84%	4
Events & Meeting Venue 51-100 delegates	2.50%	3	0.81%	2	5.88%	3
Events & Meeting Venue 101-250 delegates	5.00%	6	2.42%	6	3.92%	2
Events & Meeting Venue >251 delegates	5.00%	6	2.82%	7	1.96%	1
Film & related companies	0.83%	1	2.02%	5	0.00%	0
Language schools			1.61%	4	1.96%	1
Professional Conference Organizer	5.00%	6	3.23%	8	0.00%	0
Professional & general services	3.33%	4	2.42%	6	0.00%	0
Retail travel agent	0.00%	0	1.21%	3	0.00%	0
Shop or store	0.83%	1	1.61%	4	1.96%	1
Shopping centre <50 shops	0.00%	0	0.40%	1	0.00%	0
Shopping centre 51-150 shops	0.83%	1	0.40%	1	0.00%	0
Shopping centre >151 shops	0.83%	1	0.40%	1	0.00%	0
Spa,health & personal care providers	2.50%	3	1.21%	3	1.96%	1
Transport services 1-5 vehicles	4.17%	5	4.03%	10	0.00%	0
Transport services 6-10 vehicles	1.67%	2	0.00%	0	0.00%	0
Transport services >10 vehicles	0.83%	1	3.63%	9	0.00%	0
Tourism services	5.83%	7	7.66%	19	0.00%	0
Tourist guide	8.33%	10	12.10%	30	5.88%	3
Tour operator 1-5 vehicles	10.83%	13	13.71%	34	9.80%	5
Tour operator 6-10 vehicles	0.00%	0	0.40%	1	0.00%	0
Tour operator >10 vehicles	0.00%	0	2.42%	6	1.96%	1
Restaurant <25 seats	0.00%	0	0.81%	2	0.00%	0
Restaurant 26-50 seats	0.83%	1	0.81%	2	0.00%	0
Restaurant 51-100 seats	3.33%	4	1.61%	4	9.80%	5
Restaurant >101 seats	3.33%	4	3.23%	8	9.80%	5
Other	8.33%	10	8.87%	22	7.84%	4

Survey Year	**2013**		**2014**		**2015**	
Number of Responses	**107**		**150**		**50**	
	%	#	%	#	%	#
5.) Restaurants only: Please indicate if you are located within a hotel						
Yes	53.85%	7	46.15%	12	62.50%	5
No	46.15%	6	53.85%	14	37.50%	3
6.) All respondents: Kindly answer with regards to the number of your employees						
Number of permanent (full time) staff						
Low level (unskilled)		70		112		47
Medium level (skilled & technically/academically qualified)		66		119		47
High level (Experienced, professionally qualified)		71		127		47
Number of seasonal (part time) staff						
Low level (unskilled)		41		88		47
Medium level (skilled & technically/academically qualified)		35		69		47
High level (Experienced, professionally qualified)		26		60		47
7.) All respondents: Please indicate the total cost to company level of your low level employees (per month)						
<R1 400	15.12%	13	10.48%	13	10.64%	5
R1 401 – R4 999	46.51%	40	26.61%	33	27.66%	13
R5 000 - R9 999	10.47%	9	16.94%	21	6.38%	3
R10 000- R14 999	5.81%	5	8.87%	11	6.38%	3
R15 000 - R19 999	5.81%	5	8.87%	11	4.26%	2
R20 000 - R24 999	1.16%	1	4.84%	6	8.51%	4
>R25 000	15.12%	13	23.39%	29	36.17%	17
8.) All respondents: Please indicate the total cost to company of you medium level employees (per month)						
<R10 000	46.67%	35	39.53%	51	27.66%	13
R10 000- R14 999	16.00%	12	13.18%	17	19.15%	9
R15 000 - R19 999	12.00%	9	13.95%	18	12.77%	6
R20 000 - R24 999	8.00%	6	6.20%	8	2.13%	1
R25 000 – R39 999	2.67%	2	6.20%	8	0.00%	0
R30 000 - R34 999	1.33%	1	3.88%	5	2.13%	1
R35 000 - R39 999	2.67%	2	1.55%	2	2.13%	1
>R40 000	10.67%	8	15.50%	20	34.04%	16

Survey Year	2013		2014		2015	
Number of Responses	107		150		50	
	%	#	%	#	%	#
9.)All respondents: Please indicate the total cost to company of your high level employees (per month)						
<R15 000	32.91%	26	20.57%	29	21.28%	10
R15 000 - R19 999	8.86%	7	11.35%	16	14.89%	7
R20 000 - R24 999	8.85%	7	15.60%	22	10.64%	5
R25 000 - R29 999	11.39%	9	6.38%	9	2.13%	1
R30 000 - R34 999	8.86%	7	7.09%	10	2.13%	1
R35 000 - R39 999	5.06%	4	7.09%	10	0.00%	0
R40 000 - R44 999	2.53%	2	4.96%	7	6.38%	3
R45 000 - R49 999	2.53%	2	2.84%	4	2.13%	1
R50 000 - R54 999	3.80%	3	4.26%	6	2.13%	1
R55 000 - R59 999	0.00%	0	1.42%	2	2.13%	1
>R60 000	15.19%	12	18.44%	26	36.17%	17
10.) All respondents: Kindly indicate what the turnover of your enterprise is for the last 12 months						
<R100 000	12.87%	13	12.84%	19	10.42%	5
R100 000 – R249 999	10.89%	11	6.76%	10	0.00%	0
R250 000 - R499 999	8.91%	9	8.78%	13	4.17%	2
R500 000 - R749 999	5.94%	6	4.73%	7	2.08%	1
R750 000 - R999 999	2.97%	3	3.38%	5	0.00%	0
R1 000 000 - R1 999 999	9.90%	10	11.49%	17	18.75%	9
R2 000 000 - R2 999 999	5.94%	6	5.41%	8	0.00%	0
R3 000 000 - R3 999 999	4.95%	5	4.05%	6	6.25%	3
R4 000 000 - R4 999 999	3.96%	4	4.73%	7	4.17%	2
R5 000 000 - R9 999 999	10.89%	11	9.46%	14	14.58%	7
R10 000 000 - R19 999 999	4.95%	5	6.08%	9	10.42%	5
R20 000 000 -R49 999 999	3.96%	4	1.35%	2	10.42%	5
R50 000 000 - R99 999 999	1.98%	2	4.05%	6	4.17%	2
R100 000 000 - R199 999 999	2.97%	3	2.70%	4	2.08%	1
R200 000 000 - R299 999 999	0.00%	0	3.38%	5	0.00%	0
R300 000 000 - R399 999 999	0.99%	1	0.68%	1	0.00%	0
R400 000 000 - R499 999 999	0.00%	0	0.68%	1	0.00%	0
>R500 000 000	7.92%	8	9.46%	14	12.50%	6

Annexure B: Estimate of Direct Tourism Spend based on Cape Town Tourism Enterprise Survey

Cape Town Economic Value of Tourism Model
Tourism Enterprise Survey May 2013:

Type of Enterprise	Size	Number	Estimated Average Turnover	Average Number of			Average Number of			Estimated Total Turnover	Total Number of Permanent			Total Number of Temporary		
				Low Level	Medium Level	High Level	Low Level	Medium Level	High Level		Low Level	Medium Level	High Level	Low Level	Medium Level	High Level
B&B	Less than 4 rooms	202	250 000	1	0	1	1	0	0	50 500 000	202	-	202	202	-	-
	Between 4 and 8 rooms	81	750 000	2	0	1	1	0	0	60 750 000	162	-	81	81	-	-
	More than 8 rooms	37	2 250 000	4	3	1	2	0	0	83 250 000	148	111	37	74	-	-
Resort, caravan park & Camping	Less than 15 sites/units	2	200 000	1	0	1	2	0	0	400 000	2	-	2	4	-	-
	Between 15 and 25 sites/units	6	750 000	4	1	1	2	0	0	4 500 000	24	6	6	12	-	-
	More than 25 sites/units	9	2 750 000	8	5	3	6	4	0	24 750 000	72	45	27	54	36	-
Guesthouse	Less than 4 rooms	97	250 000	1	0	1	1	0	0	24 250 000	97	-	97	97	-	-
	Between 4 and 8 rooms	875	750 000	2	0	1	1	0	0	656 250 000	1 750	-	875	875	-	-
	More than 8 rooms	155	2 250 000	4	3	1	2	0	0	348 750 000	620	465	155	310	-	-
Backpacker	Less than 10 beds	2	200 000	3	2	2	2	0	0	400 000	6	4	4	4	-	-
	Between 10 and 25 beds	12	550 000	5	5	3	5	2	0	6 600 000	60	60	36	60	24	-
	More than 25 beds	16	2 500 000	10	7	5	10	5	0	40 000 000	160	112	80	160	80	-
Hotel	Less than 50 rooms	105	3 000 000	15	10	1	2	0	0	315 000 000	1 575	1 050	105	210	-	-
	Between 50 and 200 rooms	68	20 000 000	35	15	10	20	0	0	1 360 000 000	2 380	1 020	680	1 360	-	-
	More than 200 rooms	10	60 000 000	55	45	20	15	10	0	600 000 000	550	450	200	150	100	-
Lodge	Less than 4 rooms	26	350 000	1	0	1	1	0	0	9 100 000	26	-	26	26	-	-
	Between 4 and 8 rooms	11	850 000	2	0	1	1	0	0	9 350 000	22	-	11	11	-	-
	More than 8 rooms	33	3 000 000	4	3	1	2	0	0	99 000 000	132	99	33	66	-	-
Self-Catering	Less than 4 units	556	400 000	1	0	1	1	0	0	222 400 000	556	-	556	556	-	-
	Between 4 and 8 units	331	1 200 000	2	0	1	1	0	0	397 200 000	662	-	331	331	-	-
	More than 8 units	88	2 550 000	4	3	1	2	0	0	224 400 000	352	264	88	176	-	-
Confernce Venue	Less than 50 seats	79	1 250 000	3	0	1	2	0	0	99 000 000	238	-	79	158	-	-
	Between 50 and 250 seats	70	4 500 000	10	5	3	8	4	1	316 800 000	704	352	211	563	282	70
	More than 250 seats	21	14 500 000	25	10	5	15	5	3	303 050 000	523	209	105	314	105	63
Transport Operators, Tour Operators & Tour Guides	Less than 5 vehicles/boats/planes	122	650 000	0	1	1	0	0	2	79 365 000	-	122	122	-	-	244
	Between 6 and 10 vehicles/boats/planes	72	1 200 000	2	2	3	0	0	3	85 800 000	143	143	215	-	-	215
	More than 10 vehicles/boats/planes	10	5 500 000	6	4	4	0	2	4	54 450 000	59	40	40	-	20	40
Attraction	Less than 250 000 visitors pa	254	2 250 000	4	2	2	1	0	0	571 500 000	1 016	508	508	254	-	-
	Between 250 000 and 500 000 visitors pa	148	20 000 000	6	4	5	2	1	0	2 960 000 000	888	592	740	296	148	-
	More than 500 000 visitors pa	22	45 000 000	10	25	10	4	2	2	990 000 000	220	550	220	88	44	44
Restaurant	Less than 50 seats	59	800 000	5	1	1	5	1	0	47 520 000	297	59	59	297	59	-
	Between 50 and 100 seats	113	1 800 000	10	4	2	10	2	0	203 940 000	1 133	453	227	1 133	227	-
	More than 100 seats	217	7 500 000	20	8	4	20	4	0	1 625 250 000	4 334	1 734	867	4 334	867	-
Total/Average		3 909	3 037 173	5	2	2	3	1	0	11 873 525 000	19 113	8 448	7 024	12 256	1 991	675

Cape Town Economic Value of Tourism Model

Tourism Enterprise Survey May 2014:

Type of Enterprise	Size	Number	Estimated Average Turnover	Average Number of Low Level	Average Number of Medium Level	Average Number of High Level	Average Number of Low Level	Average Number of Medium Level	Average Number of High Level	Estimated Total Turnover	Total Number of Permanent Low Level	Total Number of Permanent Medium Level	Total Number of Permanent High Level	Total Number of Temporary Low Level	Total Number of Temporary Medium Level	Total Number of Temporary High Level
B&B	Less than 4 rooms	210	250 000	1	0	1	1	0	0	52 500 000	210	-	210	210	-	-
	Between 4 and 8 rooms	90	750 000	2	0	1	1	0	0	67 500 000	180	-	90	90	-	-
	More than 8 rooms	40	2 250 000	4	3	1	2	0	0	90 000 000	160	120	40	80	-	-
Resort, caravan park &	Less than 15 sites/units	2	200 000	1	0	1	2	0	0	400 000	2	-	2	4	-	-
Camping	Between 15 and 25 sites/units	6	750 000	4	1	1	2	0	0	4 500 000	24	6	6	12	-	-
	More than 25 sites/units	9	2 750 000	8	5	3	6	4	0	24 750 000	72	45	27	54	36	-
Guesthouse	Less than 4 rooms	97	250 000	1	0	1	1	0	0	24 250 000	97	-	97	97	-	-
	Between 4 and 8 rooms	875	750 000	2	0	1	1	0	0	656 250 000	1 750	-	875	875	-	-
	More than 8 rooms	155	2 250 000	4	3	1	2	0	0	348 750 000	620	465	155	310	-	-
Backpacker	Less than 10 beds	2	200 000	3	2	2	2	0	0	400 000	6	4	4	4	-	-
	Between 10 and 25 beds	12	550 000	5	5	3	5	2	0	6 600 000	60	60	36	60	24	-
	More than 25 beds	16	2 500 000	10	7	5	10	5	0	40 000 000	160	112	80	160	80	-
Hotel	Less than 50 rooms	105	5 000 000	10	12	1	6	1	0	525 000 000	1 050	1 260	105	630	105	-
	Between 50 and 200 rooms	68	20 000 000	50	20	4	15	0	0	1 360 000 000	3 400	1 360	272	1 020	-	-
	More than 200 rooms	10	60 000 000	55	45	20	15	10	0	600 000 000	550	450	200	150	100	-
Lodge	Less than 4 rooms	26	350 000	1	0	1	1	0	0	9 100 000	26	-	26	26	-	-
	Between 4 and 8 rooms	11	850 000	2	0	1	1	0	0	9 350 000	22	-	11	11	-	-
	More than 8 rooms	33	3 000 000	6	6	4	2	0	0	99 000 000	198	198	132	66	-	-
Self-Catering	Less than 4 units	556	500 000	3	1	1	1	0	0	278 000 000	1 668	556	556	556	-	-
	Between 4 and 8 units	331	1 200 000	2	1	1	1	0	0	397 200 000	662	331	331	331	-	-
	More than 8 units	88	2 550 000	4	3	1	2	0	0	224 400 000	352	264	88	176	-	-
Confernce Venue	Less than 50 seats	79	1 250 000	3	0	1	2	0	0	99 000 000	238	-	79	158	-	-
	Between 50 and 250 seats	70	4 500 000	10	5	3	8	4	1	316 800 000	704	352	211	563	282	70
	More than 250 seats	21	14 500 000	25	10	5	15	5	3	303 050 000	523	209	105	314	105	63
Transport Operators,	Less than 5 vehicles/boats/planes	122	650 000	0	1	1	0	0	2	79 365 000	-	122	122	-	-	244
Tour Operators &	Between 6 and 10 vehicles/boats/planes	72	1 200 000	2	2	3	0	0	3	85 800 000	143	143	215	-	-	215
Tour Guides	More than 10 vehicles/boats/planes	10	5 500 000	6	4	4	0	2	4	54 450 000	59	40	40	-	20	40
Attraction	Less than 250 000 visitors pa	254	2 250 000	4	2	2	1	0	0	571 500 000	1 016	508	508	254	-	-
	Between 250 000 and 500 000 visitors pa	148	20 000 000	6	4	5	2	1	0	2 960 000 000	888	592	740	296	148	-
	More than 500 000 visitors pa	22	45 000 000	10	25	10	4	2	2	990 000 000	220	550	220	88	44	44
Restaurant	Less than 50 seats	59	800 000	5	1	1	5	1	0	47 520 000	297	59	59	297	59	-
	Between 50 and 100 seats	113	1 800 000	10	4	2	10	2	0	203 940 000	1 133	453	227	1 133	227	-
	More than 100 seats	217	7 500 000	20	8	4	20	4	0	1 625 250 000	4 334	1 734	867	4 334	867	-
Total/Average		3 929	3 093 252	5	3	2	3	1	0	12 154 625 000	20 824	9 993	6 735	12 359	2 096	675

Cape Town Economic Value of Tourism Model

Tourism Enterprise Survey May 2015:

Type of Enterprise	Size	Number	Estimated Average Turnover	Average Number of			Average Number of			Estimated Total Turnover	Total Number of Permanent			Total Number of Temporary		
				Low Level	Medium Level	High Level	Low Level	Medium Level	High Level		Low Level	Medium Level	High Level	Low Level	Medium Level	High Level
B&B	Less than 4 rooms	210	350 000	1	0	1	1	0	0	73 500 000	210	-	210	210	-	-
	Between 4 and 8 rooms	90	750 000	2	0	1	1	0	0	67 500 000	180	-	90	90	-	-
	More than 8 rooms	40	2 250 000	4	3	1	2	0	0	90 000 000	160	120	40	80	-	-
Resort, caravan park &	Less than 15 sites/units	2	200 000	1	0	1	2	0	0	400 000	2	-	2	4	-	-
Camping	Between 15 and 25 sites/units	6	750 000	4	1	1	2	0	0	4 500 000	24	6	6	12	-	-
	More than 25 sites/units	9	2 750 000	8	5	3	6	4	0	24 750 000	72	45	27	54	36	-
Guesthouse	Less than 4 rooms	97	350 000	1	0	1	1	0	0	33 950 000	97	-	97	97	-	-
	Between 4 and 8 rooms	875	750 000	2	0	1	1	0	0	656 250 000	1 750	-	875	875	-	-
	More than 8 rooms	155	2 250 000	4	3	1	2	0	0	348 750 000	620	465	155	310	-	-
Backpacker	Less than 10 beds	2	200 000	3	2	2	2	0	0	400 000	6	4	4	4	-	-
	Between 10 and 25 beds	12	550 000	5	5	3	5	2	0	6 600 000	60	60	36	60	24	-
	More than 25 beds	16	2 500 000	10	7	5	10	5	0	40 000 000	160	112	80	160	80	-
Hotel	Less than 50 rooms	105	6 000 000	15	10	3	6	2	0	630 000 000	1 575	1 050	315	630	210	-
	Between 50 and 200 rooms	68	20 000 000	50	20	4	15	0	0	1 360 000 000	3 400	1 360	272	1 020	-	-
	More than 200 rooms	10	60 000 000	55	45	20	15	10	0	600 000 000	550	450	200	150	100	-
Lodge	Less than 4 rooms	26	350 000	1	0	1	1	0	0	9 100 000	26	-	26	26	-	-
	Between 4 and 8 rooms	11	850 000	2	0	1	1	0	0	9 350 000	22	-	11	11	-	-
	More than 8 rooms	33	3 000 000	6	6	4	2	0	0	99 000 000	198	198	132	66	-	-
Self-Catering	Less than 4 units	556	500 000	3	1	1	1	0	0	278 000 000	1 668	556	556	556	-	-
	Between 4 and 8 units	331	1 200 000	2	1	1	1	0	0	397 200 000	662	331	331	331	-	-
	More than 8 units	88	2 550 000	4	3	1	2	0	0	224 400 000	352	264	88	176	-	-
Confernce Venue	Less than 50 seats	79	1 250 000	3	0	1	2	0	0	99 000 000	238	-	79	158	-	-
	Between 50 and 250 seats	70	4 500 000	10	5	3	8	4	1	316 800 000	704	352	211	563	282	70
	More than 250 seats	21	14 500 000	25	10	5	15	5	3	303 050 000	523	209	105	314	105	63
Transport Operators,	Less than 5 vehicles/boats/planes	122	650 000	0	1	1	0	0	2	79 365 000	-	122	122	-	-	244
Tour Operators &	Between 6 and 10 vehicles/boats/planes	72	1 200 000	2	2	3	0	0	3	85 800 000	143	143	215	-	-	215
Tour Guides	More than 10 vehicles/boats/planes	10	5 500 000	6	4	4	0	2	4	54 450 000	59	40	40	-	20	40
Attraction	Less than 250 000 visitors pa	254	2 500 000	4	4	3	1	1	0	635 000 000	1 016	1 016	762	254	254	-
	Between 250 000 and 500 000 visitors pa	148	20 000 000	6	4	5	2	1	0	2 960 000 000	888	592	740	296	148	-
	More than 500 000 visitors pa	22	45 000 000	10	25	10	4	2	2	990 000 000	220	550	220	88	44	44
Restaurant	Less than 50 seats	59	800 000	5	1	1	5	1	0	47 520 000	297	59	59	297	59	-
	Between 50 and 100 seats	113	1 800 000	10	4	2	10	2	0	203 940 000	1 133	453	227	1 133	227	-
	More than 100 seats	217	7 500 000	20	8	4	20	4	0	1 625 250 000	4 334	1 734	867	4 334	867	-
Total/Average		3 929	3 143 947	5	3	2	3	1	0	12 353 825 000	21 349	10 291	7 199	12 359	2 455	675

Annexure C: Fact Sheet

Cape Town Economic Value of Tourism Model							
Fact Sheet	Source	2009	2010	2011	2012	2013	2014
Foreign Direct Spend (excluding capital expenditure)							
Total Foreign Direct Spend in South Africa (R bn)	South African Tourism	59.2	72.6	71.0	74.2	70.3	74.9
Share of Foreign Direct Spend in the Western Cape	SA Tourism	28.0%	29.9%	25.6%	24.3%	23.8%	26.3%
Total Foreign Direct Spend in the Western Cape (R bn)	South African Tourism	16.6	21.7	18.2	18.0	16.7	19.7
Share of Foreign Direct Spend in Cape Town	Grant Thornton Estimate	68%	67%	71%	70%	70%	69%
Total Foreign Direct Spend in Cape Town (R bn)	**Calculation**	**11.3**	**14.5**	**12.9**	**12.7**	**11.7**	**13.6**
Total Domestic Direct Spend							
Total spend by domestic tourists in South Africa (R bn)	South African Tourism	22.4	21.1	20.2	21.8	24.3	26.9
Share of total domestic spend in the Western Cape	Grant Thornton Estimate	11.6%	15.6%	19.3%	17.9%	17.9%	16.5%
Total spend by domestic tourists in the Western Cape (R bn)	South African Tourism	2.6	3.3	3.9	3.9	4.3	4.4
Share of domestic spend in Cape Town	Grant Thornton Estimate	44%	41%	44%	44%	43%	43%
Total spend by domestic tourists in Cape Town (R bn)	**Calculation**	**1.1**	**1.4**	**1.7**	**1.7**	**1.9**	**1.9**
Tourism Direct Spend: Disaggregated National Data		**2009**	**2010**	**2011**	**2012**	**2013**	**2013**
Total Foreign Direct Spend in Cape Town (R bn)	Calculation	11.3	14.5	12.9	12.7	11.7	13.6
Total spend by domestic tourists in Cape Town (R bn)	Calculation	1.1	1.4	1.7	1.7	1.9	1.9
Total Direct Tourism Spend in Cape Town (R bn)	**Calculation**	**12.4**	**15.8**	**14.6**	**14.4**	**13.6**	**15.6**
Direct Tourism Spend: Tourism Enterprise Survey					**2012**	**2013**	**2014**
Direct Tourism Spend in Cape Town (R bn)	Calculation				**11.9**	**12.2**	**12.4**
Employment: 2012		**Permanent**	**Temporary**				
Low Level	Calculation	19 113	12 256				
Medium Level	Calculation	8 448	1 991				
High Level	Calculation	7 024	675				
Total	**Calculation**	**34 584**	**14 922**				
				Growth 2013 over 2012			
Employment: 2013		**Permanent**	**Temporary**	**Permanent**	**Temporary**		
Low Level	Calculation	20 824	12 359	9.0%	0.8%		
Medium Level	Calculation	9 993	2 096	18.3%	5.3%		
High Level	Calculation	6 735	675	-4.1%	0.0%		
Total	**Calculation**	**37 551**	**15 130**	**8.6%**	**1.4%**		
				Growth 2014 over 2013			
Employment: 2014		**Permanent**	**Temporary**	**Permanent**	**Temporary**		
Low Level	Calculation	21 349	12 359	2.5%	0.0%		
Medium Level	Calculation	10 291	2 455	3.0%	17.1%		
High Level	Calculation	7 199	675	6.9%	0.0%		
Total	**Calculation**	**38 838**	**15 489**	**3.4%**	**2.4%**		

Annexure D: Tourism in South Africa and the Western Cape

2.1 Introduction

In this section we analyse the available information regarding tourism to South Africa and the Western Cape. Please note that the information available is not consistently published in the various surveys utilised. We have indicated which of the latest data is available and in some cases the information is not available for a particular category of information. For example, the total number of visitors for 2013 and 2014 may be available, but the breakdown of the total visitors per province may not be available for 2014.

2.2 Foreign Tourism in South Africa and the Western Cape

2.2.1 Introduction

In this section we analyse the foreign tourism market to South Africa and the Western Cape. This analysis serves to provide the Client with an overview of the current trends that are being experienced in the market. Our analysis makes use of the following sources of information:

- 2013 South African Tourism Annual Tourism Performance Report; and
- World Travel & Tourism Council – Economic Impact 2014 South Africa

Tourism is internationally recognised as one of the world's fastest-growing industries. After years of isolation, South Africa has emerged as an attractive tourism destination striving to position itself as a major player in this high-growth, global industry that has been identified in a South African perspective as a pro-poor empowerment asset of our young democracy.

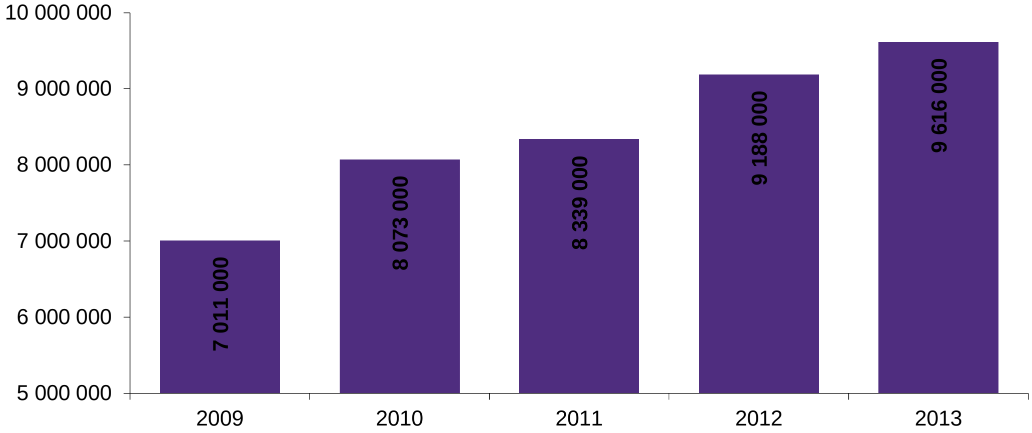
Tourism is also one of South Africa's major foreign exchange earners and job creators. According to the World Travel and Tourism Council, the direct contribution of South Africa's travel and tourism industry to gross domestic product ("**GDP**") in 2014 was R113.4 billion or 3%, while the direct and indirect contribution combined was R357.0 billion or 9,4%. Direct employment in the travel and tourism industry in 2014 was 679 500 (4,5% of total employment) while direct and indirect employment combined was 1 497 500 (9,9% of total employment).

2.2.2 Arrivals

In this section the total number of foreign visitors to South Africa will be discussed which will then be broken into the number of arrivals per province in South Africa as well as the seasonality of visitors to South Africa. Total visitors to the Western Cape per year is discussed to show the annual compound growth rate in the region.

There were 9,616 million foreign visitors to South Africa during 2013, an increase of 4.60% when compared to the 9,188 million arrivals in 2012 (**Figure 2.1**). While there was growth from all markets between 2010 and 2012, African air markets grew the fastest at 10,2%.

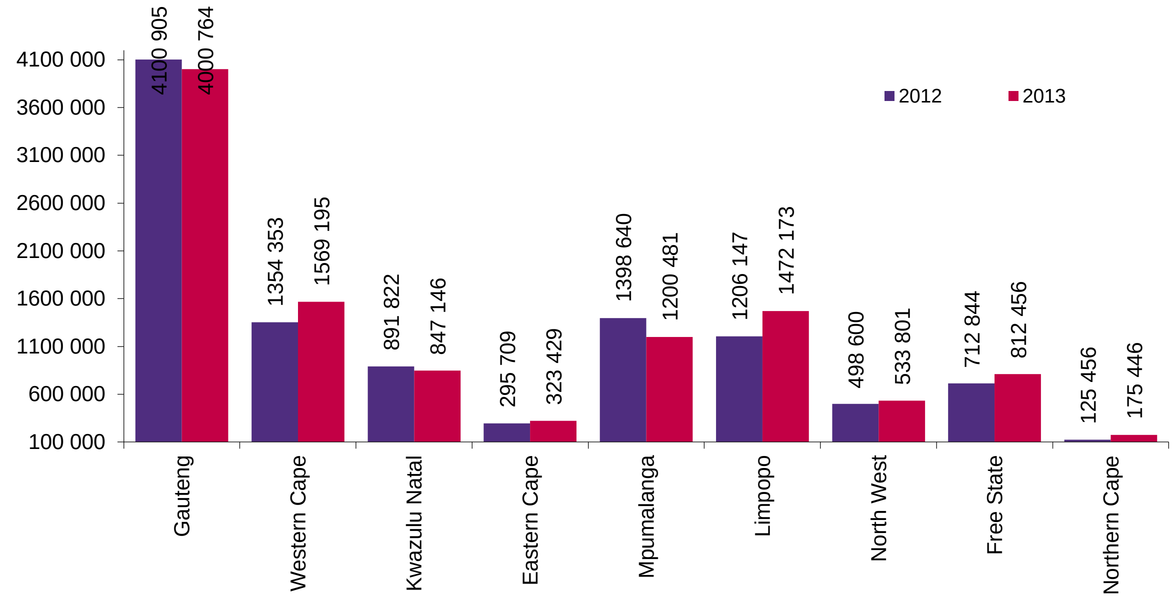
Figure 2.1: Total Foreign Arrivals to South Africa



Source: SA Tourism 2013 Annual Tourism Performance Report

Figure 2.2 shows the number of foreign visitors to each of the 9 provinces of South Africa during 2012 and 2013. Gauteng remains the most visited province with around 4 million or 41.6% of all foreign tourists in 2013 visiting the area, followed by the Western Cape with 1.6 million or 16.4% which is closely followed by Limpopo with 15.3% of all foreign visitors. The least visited province during 2013 was the Northern Cape which only received 175 446 visitors.

Figure 2.2: Foreign Visitors to Each Province of South Africa

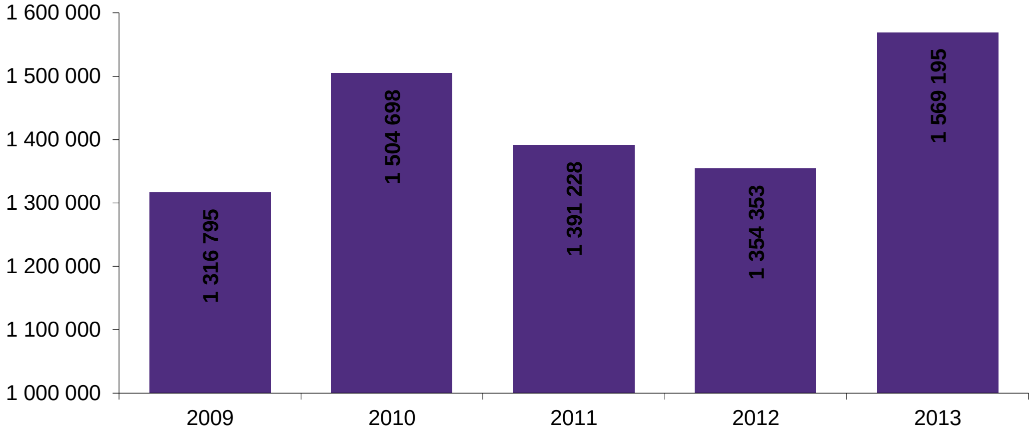


Source: SA Tourism 2013 Annual Tourism Performance Report

The Western Cape experienced an annual compound growth rate of 4.48% in foreign visitor numbers between 2009 (1 316 795 foreign visitors) and 2013 (1 569 195 foreign visitors) (**Figure 2.3**). Growth in foreign visitors number was the largest between 2012 (1 354 353) to 2013

(1 569 195) at 15.8% illustrating the increase in attractiveness of the Western Cape as a destination to foreign visitors.

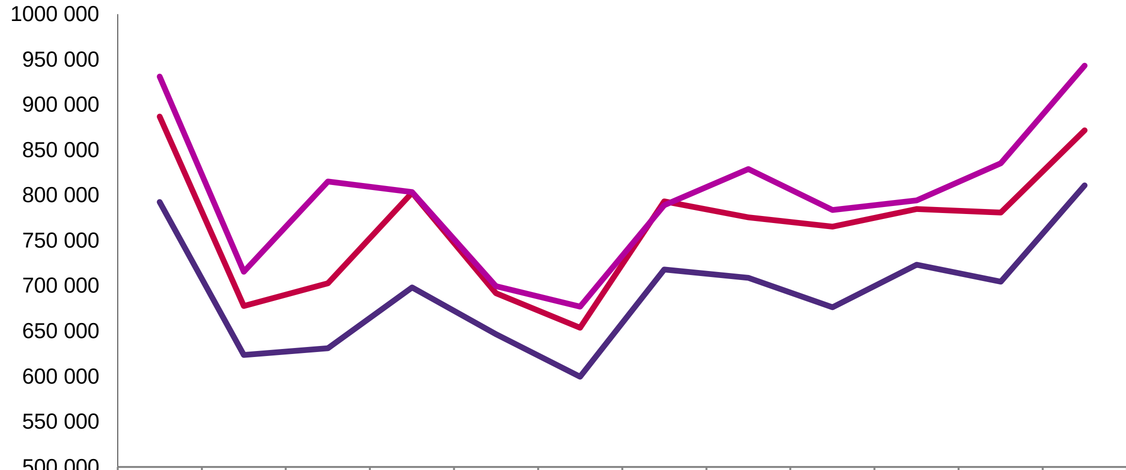
Figure 2.3: Total Foreign Visitors to the Western Cape



Source: SA Tourism

Figure 2.4 provides an indication of the seasonality trends in foreign tourist arrivals from 2011 to 2013. As expected, foreign arrivals to South Africa were at their highest in December and January, and at their lowest in the month of June. As per international holidays, foreign arrivals remain steady between August and November.

Figure 2.4: Foreign Arrivals to South Africa by Month



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	792526	623899	631351	698399	646785	599800	718195	708882	676433	723247	704732	811104
2012	887066	677674	703067	802834	692046	653686	793245	775620	765395	784862	781096	871774
2013	931155	715769	815075	803475	699658	677085	789168	829021	783933	794494	835196	942935

Source: SA Tourism 2013 Annual Tourism Performance Report

2.2.3 Source Markets

Table 2.1 provides a breakdown of the foreign arrivals to South Africa during 2013. Land arrival source markets are defined as those countries where at least 60% of all arrivals are by means of road transport. Arrivals from these countries accounted for 68.6% of the total arrivals, while arrivals from Europe accounted for 15.2%.

Lesotho (15.3%), Zimbabwe (20.5%), Mozambique (11.6%) and Swaziland (8.7%) were the major source markets of foreign visitors. Of the overseas countries, residents from the United Kingdom (**"UK"**) made up 4.6% of all foreign arrivals, followed by the United States of America (**"USA"**) (3.6%) and Germany (3.2%).

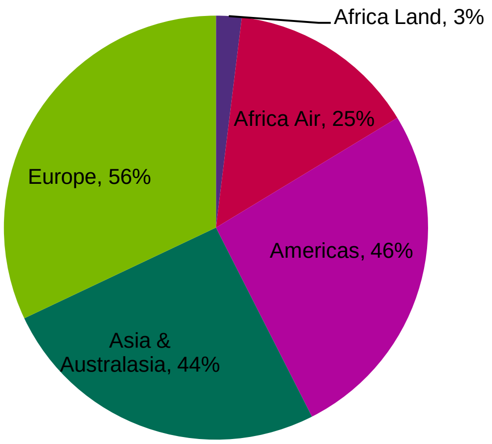
Table 2.1: Source Markets for Foreign Arrivals to South Africa (2013)

Source Markets by Region	
Africa Air	4.7%
Africa Land	67,8%
Americas	5.7%
Asia & Australasia	6.1%
Europe	15.5%
Unspecified	0.2%
Top Source Markets by Country	
Africa	
Lesotho	15.3%
Mozambique	11.6%
Zimbabwe	20.5%
Swaziland	8.7%
Botswana	5.5%
Overseas	
UK	4.6%
USA	3.6%
Germany	3.2%
Netherlands	1.3%
France	1.4%

Source: SA Tourism 2013 Annual Tourism Performance Report

The source market profile of foreign visitors to the Western Cape is very different to that of the country as whole. Europeans accounted for 55.9% of all visitors to the province during 2013, followed closely by North and South Americans (45.7%). Due to the vast distance to travel, the African Land market makes up the smallest percentage of visitors to the Western Cape with just 3.4% visiting in 2013.

Figure 2.5: Source Markets of Foreign Visitors to the Western Cape 2013

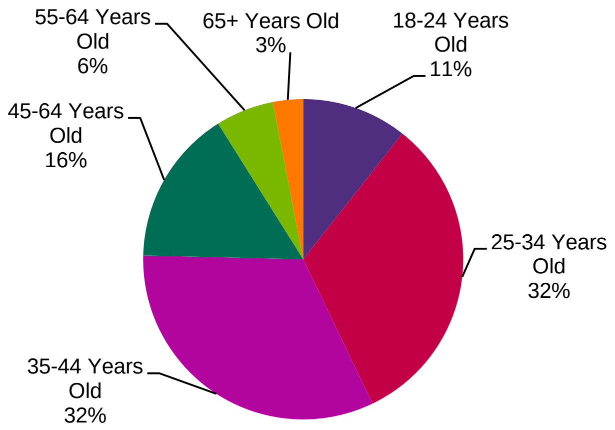


Source: SA Tourism 2013 Annual Tourism Performance Report

2.2.4 Visitor Profile

As shown in **Figure 2.6**, more than 60% of foreign visitors to South Africa are between 24 and 44 with the majority (32.1%) between 35 and 44 years old, this was closely followed by 31.8% between 25 and 34 years old. Only 10.5% of foreign visitors were 24 or younger. South Africa is known as an adventure destination, attracting younger, more active foreign tourist searching for diverse experiences and holidays that are not offered elsewhere.

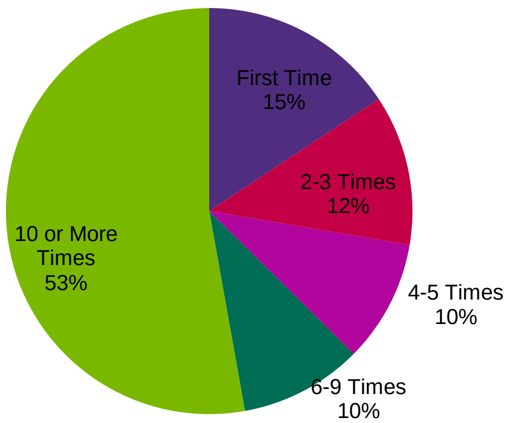
Figure 2.6: Age Profile of Foreign Visitors to South Africa 2013



Source: SA Tourism 2013 Annual Tourism Performance Report

53% of all foreign visitors to South Africa in 2013 were visiting for the tenth time or more. These visitors were mostly cross border arrivals from South Africa's neighbouring countries. First time visitors accounted for 15.6% of foreign arrivals (**Figure 2.7**).

Figure 2.7: Repeater Rate of Foreign Visitors 2013



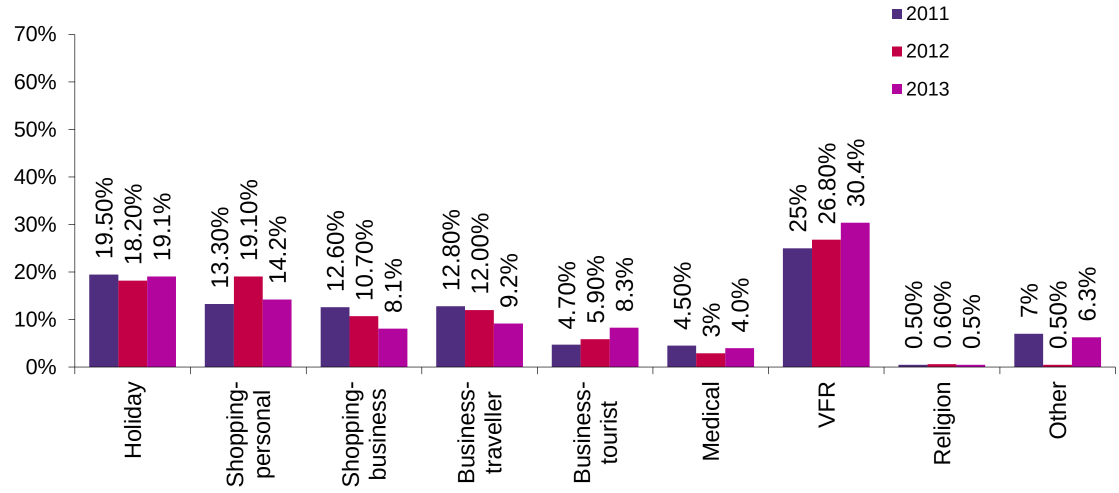
Source: SA Tourism 2013 Annual Tourism Performance Report

2.2.5 Purpose of Visit

Figure 2.8 shows the trend in the purpose of visit of foreign visitors to South Africa between 2011 and 2013. Visiting friends and relatives ("VFR") was the primary reason for travel with 30.4% of foreign visitors travelling for this purpose in 2013. This could be due to the large number of foreigners who originated from South Africa and whose parents remained in South Africa. Visiting friends and relative was followed by 19.1% of foreigners travelling to South Africa for holiday purposes and 14.2% travelling for personal shopping purposes.

Between 2011 and 2013 there was growth in the number of foreign visitors visiting South Africa for personal shopping reasons, business tourists and to visit friends and relatives. However all other purpose of visit excluding religious reasons (as this remained constant) experienced a decline in visitor numbers between 2011 and 2013.

Figure 2.8: Purpose of Visit of Foreign Visitors to South Africa



Source: SA Tourism 2013 Annual Tourism Performance Report

2.2.6 Length of Stay

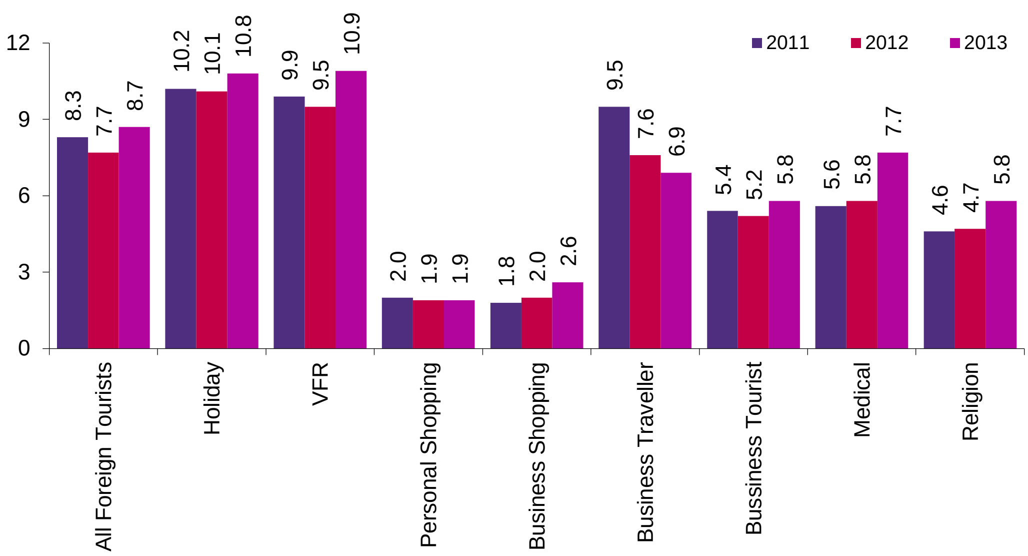
There has been a steady decline in the length of stay of foreign visitors in South Africa over recent years, however in 2013 the average length of stay has started to increase from 7.7 night in 2012 to 8.7 nights in 2013, the first increase since 2010 (**Figure 2.9**). Due to the long-haul nature of South Africa as a destination, the average length of stay of foreign air arrivals during 2013 was high at 12.9 nights compared to the average length of stay of land arrivals which was 6.7 nights. The most common length of stay for air arrivals was 5 nights, while the most common length of stay for land arrivals was 1 nights.

Figure 2.9: Average Length of Stay of Foreign Visitors to South Africa (Nights)

Source: SA Tourism 2013 Annual Tourism Performance Report

The length of stay of holiday tourists and visiting friends and relatives (VFR) remained the longest in 2013 at 10.8 and 10.9 nights respectively. The length of stay for tourists that come to South Africa for shopping for business goods and business tourists increased in 2013. Holiday travellers spent an average of 10.8 nights in the country, while business travellers spent 6.9 nights (**Figure 2.10**).

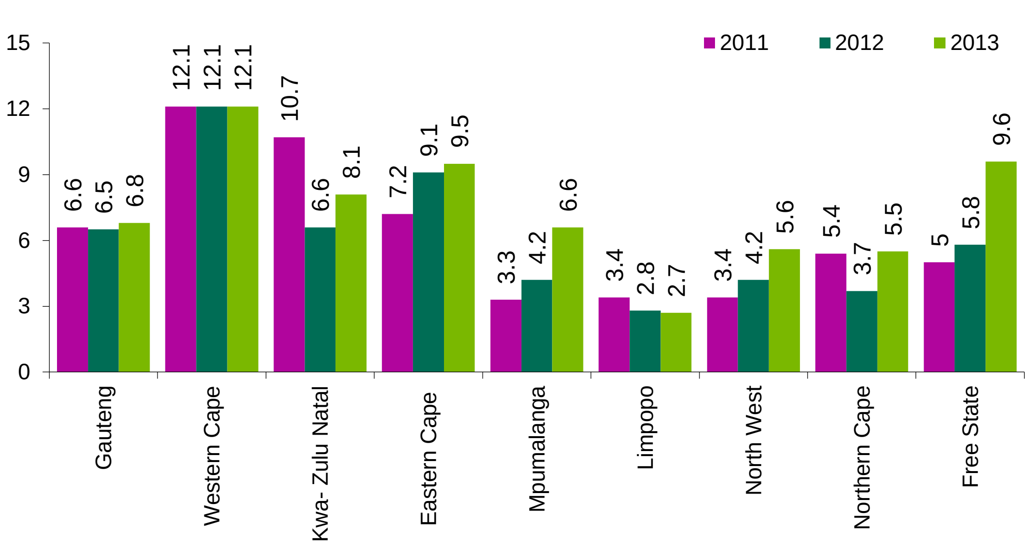
Figure 2.10: Average Length of Stay of Foreign Visitors by Purpose of Visit (Nights)



Source: SA Tourism 2013 Annual Tourism Performance Report

The average length of stay during 2013 of foreign visitors was the longest in the Western Cape with 12.1 nights. The Western Cape was followed by the Free State with 9.6 nights (**Figure 2.11**) which experienced the highest growth, in comparison to other Provinces, from 5.8 in 2012 to 9.6 in 2013. Limpopo remains the province with the lowest average length of stay in 2013 (2.7 nights).

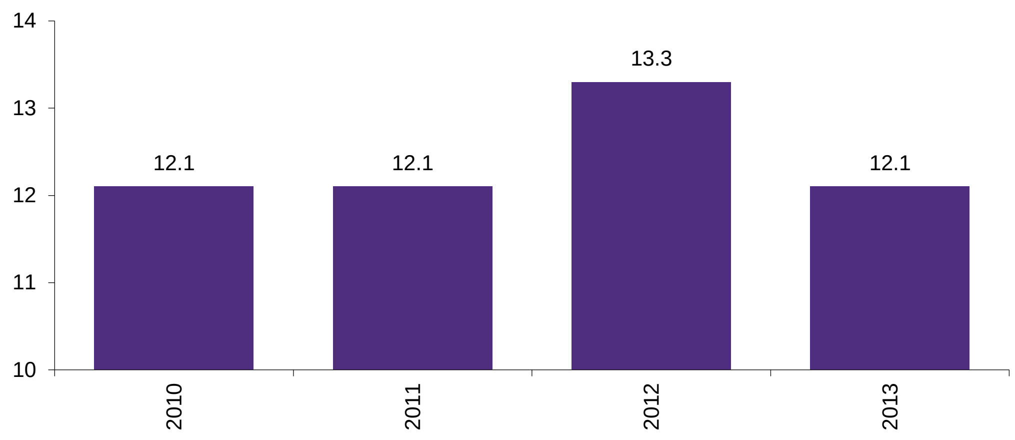
Figure 2.11: Average Length of Stay of Foreign Visitors by Province (Nights)



Source: SA Tourism 2013 Annual Tourism Performance Report

As shown in **Figure 2.12**, the average length of stay in the Western Cape had increased by 1.5 nights over the previous 3 years from 12.1 in 2010 to 13.3 nights in 2012, however in 2013 this number decreased back to 12.1 nights which appears to be the most constant length of stay between 2010 and 2013.

Figure 2.12: Average Length of Stay of Foreign Visitors to the Western Cape (Nights)

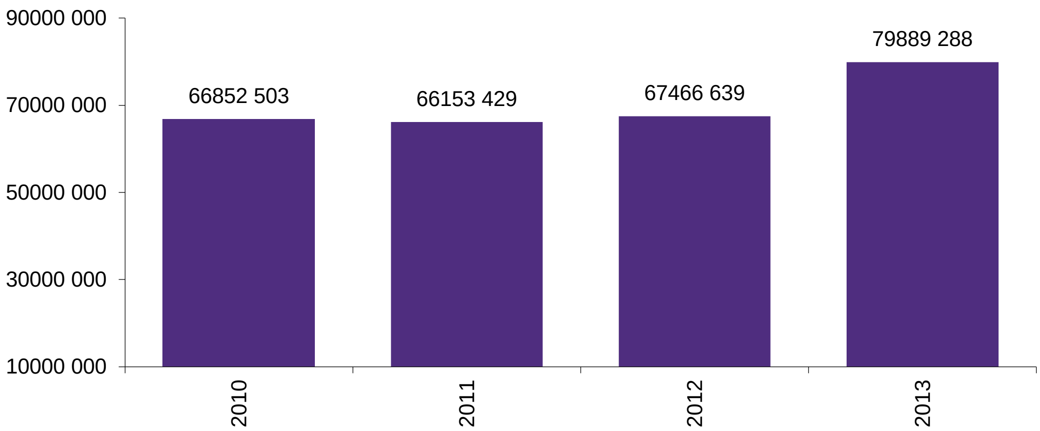


Source: SA Tourism 2013 Annual Tourism Performance Report

2.2.7 Bednights

In 2013, foreign tourists spent 79.8 million bednights in South Africa, an increase of 18.4% when compared to 67.5 million spent in the country during 2012 (**Figure 2.13**). The increase from 2012 to 2013 may be influenced by the weakening rand to other major exchange rates making South Africa a popular destination to foreign tourist.

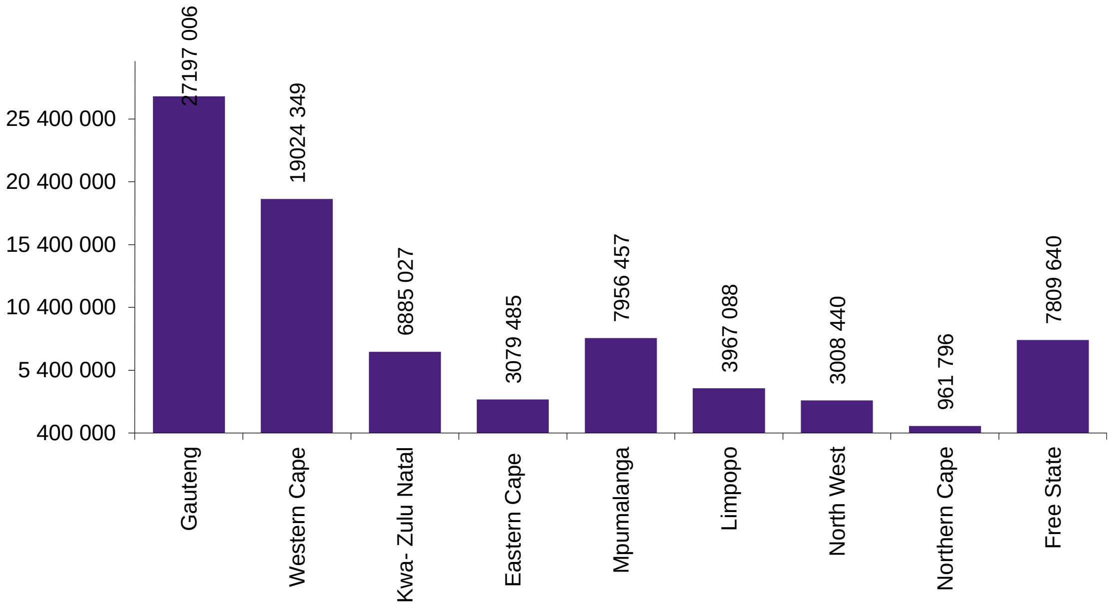
Figure 2.13: Foreign Bednights Spent in South Africa



Source: SA Tourism 2013 Annual Tourism Performance Report

In 2013, foreign tourists spent 27 million bednights (34.0%) in Gauteng, followed by 19 million bednights (23.8%) in the Western Cape. The Northern Cape received the smallest share accounting for 961 796 of the foreign bednights in 2013 (**Figure 2.14**).

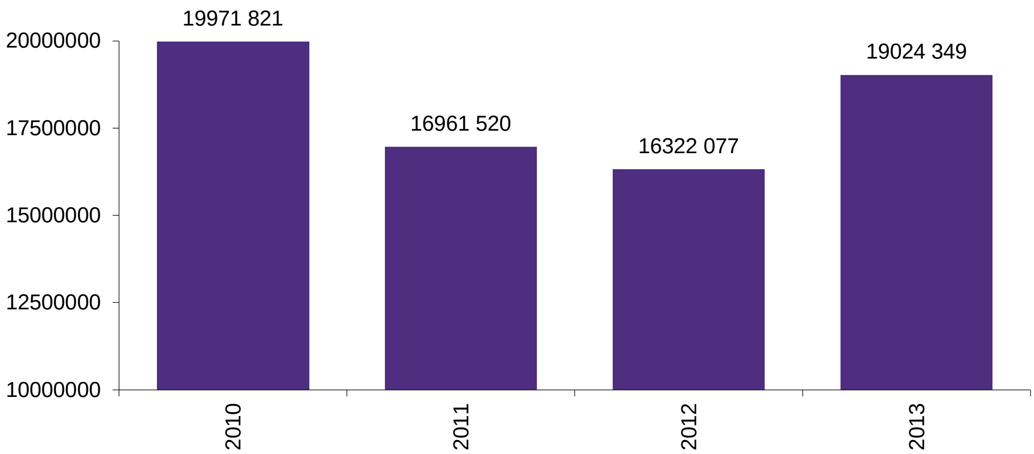
Figure 2.14: Foreign Bednights Spent in South Africa by Province 2013



Source: SA Tourism 2013 Annual Tourism Performance Report

The Western Cape experienced a negative annual compound growth rate in bednights of -1.61% between 2010 and 2013 from 19.9 million to 19.0 million nights spent in the province (**Figure 2.15)**.

Figure 2.15: Foreign Bednights Spent in the Western Cape



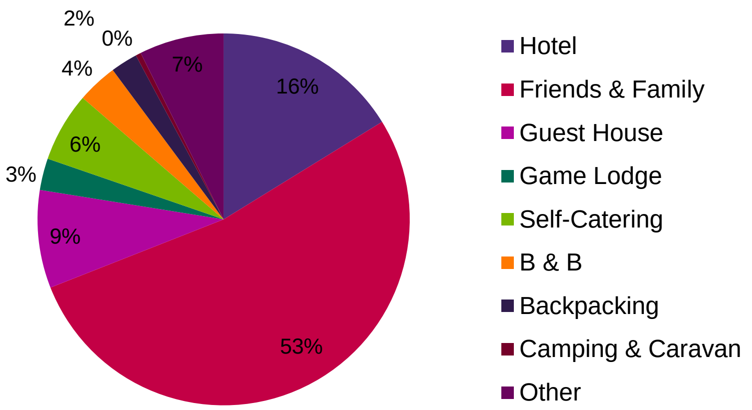
Source: SA Tourism 2013 Annual Tourism Performance Report

2.2.8 Type of Accommodation Used

From 2011 to 2013, staying with friends and family was the most popular type of accommodation used by foreign visitors to South Africa. A possible explanation could be due to accommodation rates in South Africa being higher than those abroad, staying with friends and family also allows foreign tourists more quality time with those that they came to see. When unpaid accommodation is utilise, foreign tourist are then able to spend more on other elements of their holiday such as shopping and site seeing.

In 2013, 52.79% of foreign visitors stayed with friends and family. This was followed by hotels (16.7%), guest houses (8.51%), self-catering accommodation (**Figure 2.16**). Camping and caravanning was the least popular form of accommodation used by foreign visitors in 2013 with 0.46% staying in these facilities in South Africa.

Figure 2.16: Type of Accommodation Used by Foreign Visitors 2013

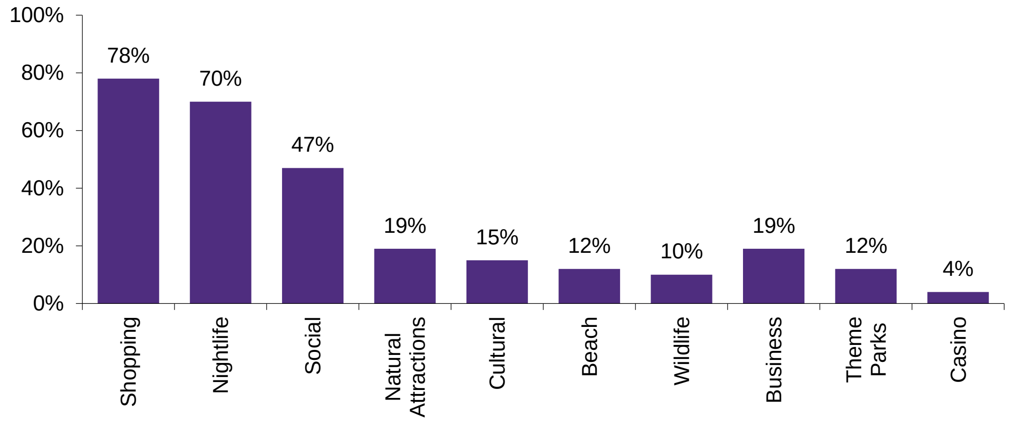


Source: SA Tourism 2013 Annual Tourism Performance Report

2.2.9 Activities Undertaken

Shopping, followed by nightlife activities, were the activities most frequently undertaken by foreigners during their stay in South Africa (**Figure 2.17**).

Figure 2.17: Activities Undertaken by Foreign Visitors to South Africa 2013



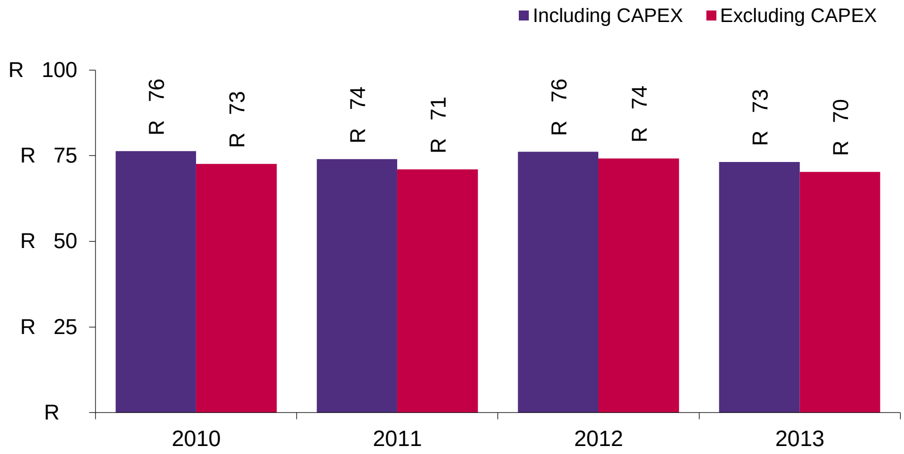
Source: SA Tourism 2013 Annual Tourism Performance Report

2.2.10 Spend

According to SA Tourism, total foreign direct spend ("**TFDS**") excluding capital expenditure ("**CAPEX**"), reached a high of R70.3 billion in 2013. This is a decrease of 5.3% or R3.9 billion since 2012 (**Figure 2.18**). The average TFDS (excluding capital expenditure) of all tourists decreased by R900 from R8,500 to R7,600. The average TFDS (excluding capital expenditure) from land markets decreased by R1,200 and air markets decreased by R200.

On average, foreign tourists each spent R880 per day (excluding CAPEX) in South Africa during 2013 down from R1,100 per day in 2012.

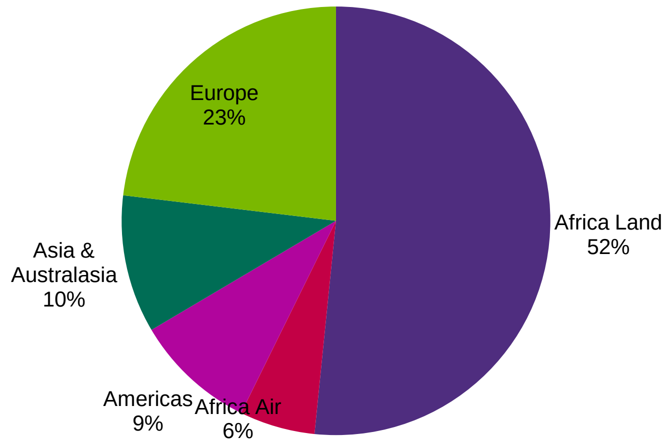
Figure 2.18: Total Foreign Direct Spend excluding CAPEX (R billion)



Source: SA Tourism 2013 Annual Tourism Performance Report

Figure 2.19 provides a breakdown of TFDS excluding CAPEX by source market region for 2013. Overland visitors from Africa accounted for 52% of the total spent, while visitors from the Americas and Africa air market accounted for 9% and 6% respectively of the TFDS.

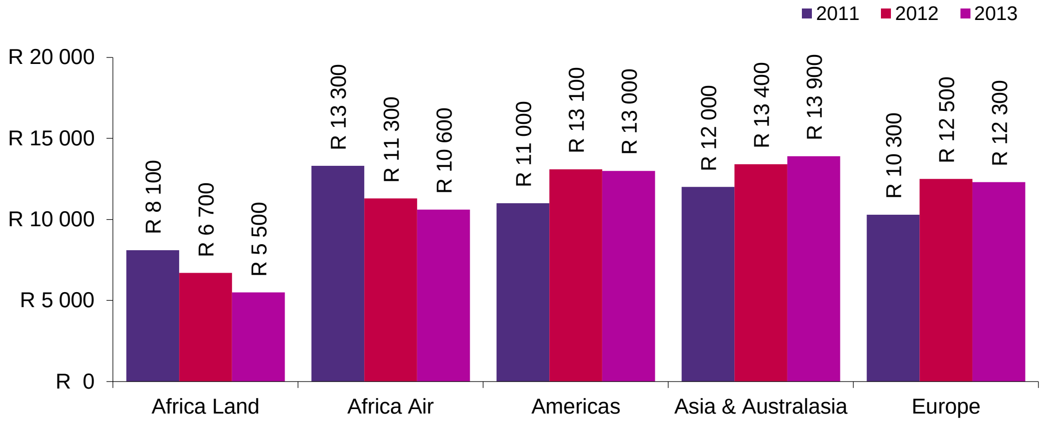
Figure 2.19: TFDS excluding CAPEX by Region 2013



Source: SA Tourism 2013 Annual Tourism Performance Report

As shown in **Figure 2.20**, visitors from Asia and Australia are the biggest foreign spenders in South Africa, each spending an average of R13 900 per trip during 2013, this was closely followed by foreign spenders from the Americas (R13 000 per trip). The average spend per trip by overland visitors from Africa was the lowest at R5 500.

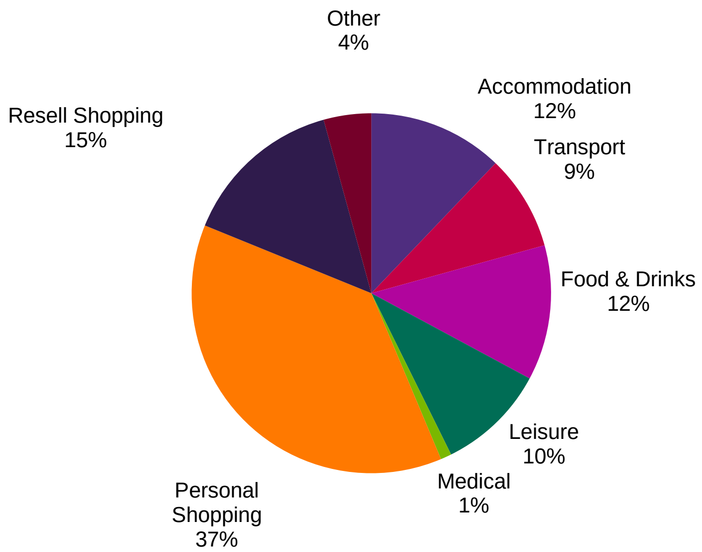
Figure 2.20: Average Visitor Spend by Source Market Region



Source: SA Tourism 2013 Annual Tourism Performance Report

Shopping for personal use accounted for R22.8 billion or 32.4% of the TFDS excluding CAPEX during 2013 and accommodation for R7.4 billion or 10.5% (**Figure 2.21**).

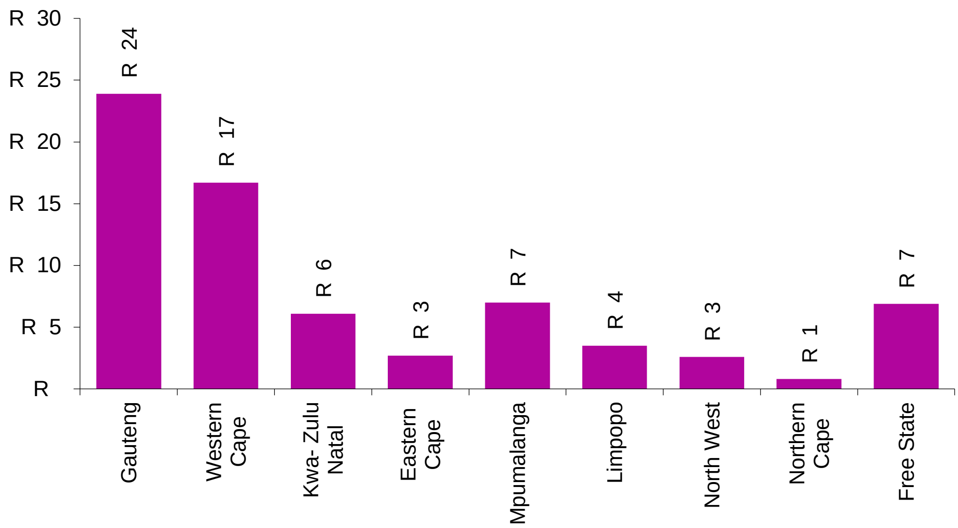
Figure 2.21: TFDS excluding CAPEX by Category 2013



Source: SA Tourism 2013 Annual Tourism Performance Report

The foreign direct spend excluding CAPEX during 2013 was the highest in Gauteng, with R23.9 billion being spent in the province. This was followed by the Western Cape with R16.7 billion. The total spent by foreign tourists in the Northern Cape was the lowest at R0.8 billion.

Figure 2.22: Foreign Direct Spend excluding CAPEX by Province 2013 (R Billion)



Source: SA Tourism 2013 Annual Tourism Performance Report

Foreign direct spend in the Western Cape reached a high of R21,7 billion during 2010 due to the increase in tourist numbers over the Soccer World Cup. Since that high, foreign direct spend in the Western Cape decreased by 21.6% (or R4,7 billion) to R17 billion during 2013, with a slight increase of 1.6% (or R0,3 billion) from 2011 to 2012. (**Figure 2.23**).

Figure 2.23: Foreign Direct Spend excluding CAPEX in the Western Cape (R billion)

Source: SA Tourism 2013 Annual Tourism Performance Report

2.3 Domestic Tourism in South Africa and the Western Cape

In this section we analyse the domestic tourism market in South Africa and the Western Cape. The domestic tourism market is segmented into two sections, namely overnight trips and day trips. Overnight trips represent a trip outside the respondent's usual environment where one night or more is spend away from the homestead, whereas a day trip represents a trip outside of the respondent's usual environment, where they leave and return on the same day.

This analysis serves to provide the Client with an overview of the current trends that are being experienced in the domestic market. Our analysis makes use of the following sources of information:

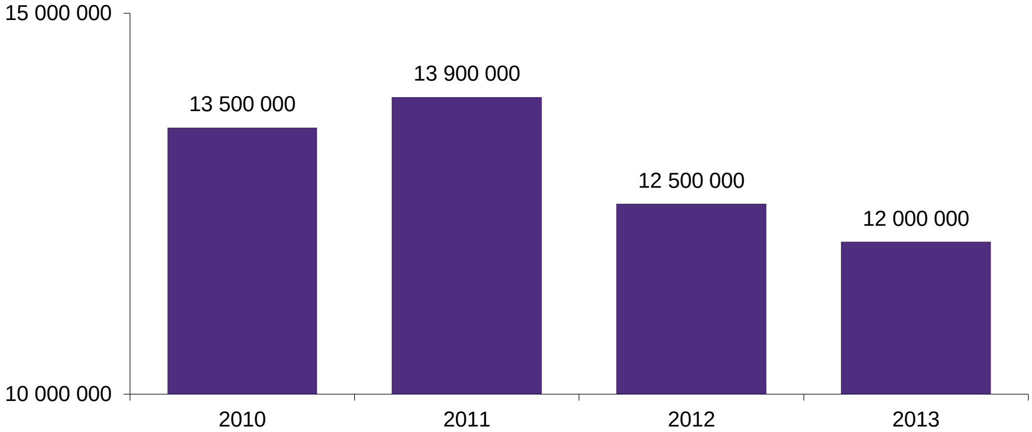
- The SA Tourism 2013 Annual Domestic Tourism Performance Report;
- The Statistics SA Domestic Tourism Survey 2013;
- The SA Tourism Domestic Tourism Indicators Q1 – Q4 2014.

2.3.1 Domestic Overnight Tourists

2.3.1.1 Number of Domestic Overnight Tourists

According to South African Tourism, approximately 12.0 million adult South Africans (approximately 65% of population) took a domestic trip during 2013 (latest available information), an 4% decreased from the 12.5 million who took a trip during 2012 (**Figures 2.24**).

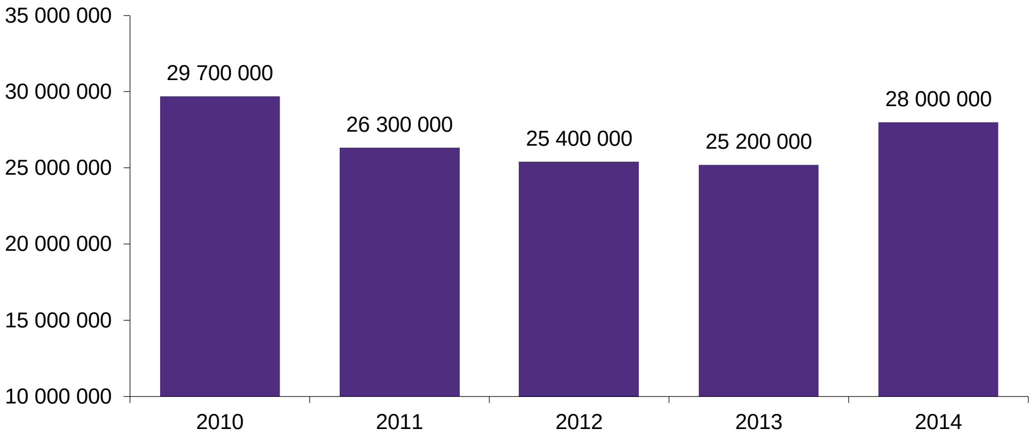
Figure 2.24: Number of Domestic Travellers in South Africa



Source: SA Tourism 2013 Annual Tourism Performance Report

A total of 28 million domestic trips were taken during 2014, representing an increase of 11% from the 25.2 million trips taken during 2013 (**Figures 2.25**). Domestic tourists took an average of 2.1 domestic trips during 2013.

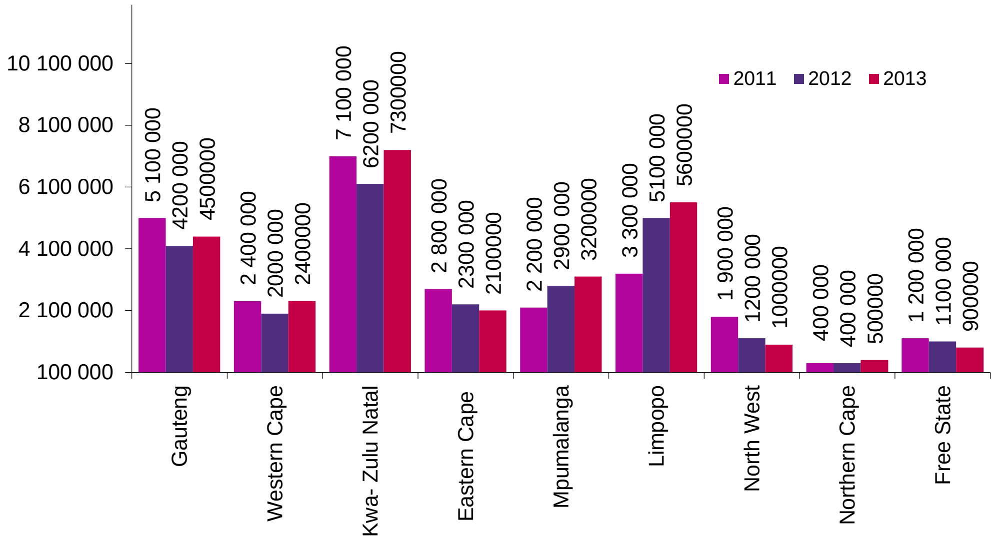
Figure 2.25: Number of Domestic Trips Taken in South Africa



Source: SA Tourism 2013 Annual Tourism Performance Report
SA Tourism Domestic Tourism Indicators 2014

The most visited provinces during 2013 were Kwazulu-Natal and Limpopo, with 7.3 million (27%) and 5.6 million (20%) trips respectively. The least visited province was the Northern Cape which received a mere 500 000 (2%) of the total domestic trips. There were 2,4 million trips taken to the Western Cape during 2013, (9.5%) of the total domestic trips in South Africa (**Figure 2.26**).

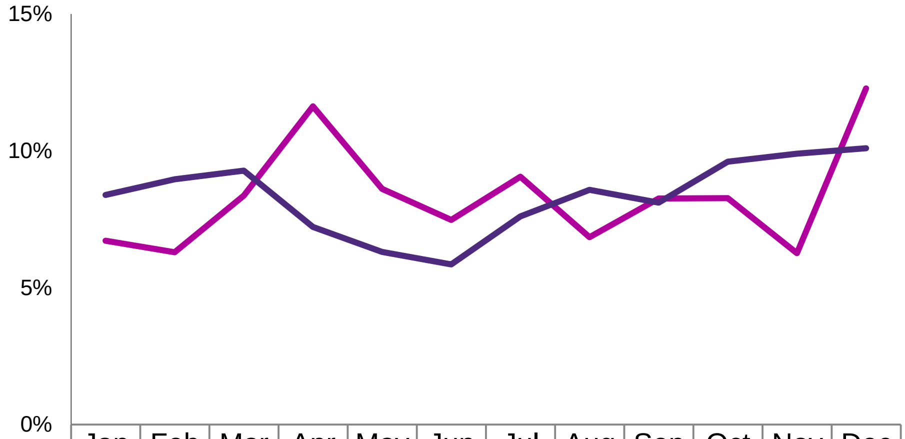
Figure 2.26: Domestic Trips Taken to Provinces in South Africa



Source: SA Tourism 2013 Annual Tourism Performance Report

As shown in **Figure 2.27**, domestic tourism patterns in South Africa are driven by school holidays, with peaks in April (which included the Easter holidays in 2012), July and December. However domestic trips during 2013 did not follow the conventional holiday trend as there was a decrease in trips taken during April and a slight peak during the December holidays when compared to the 2012 trend.

Figure 2.27: Percentage of Total Domestic Trips Taken in South Africa by Month 2012 vs 2013



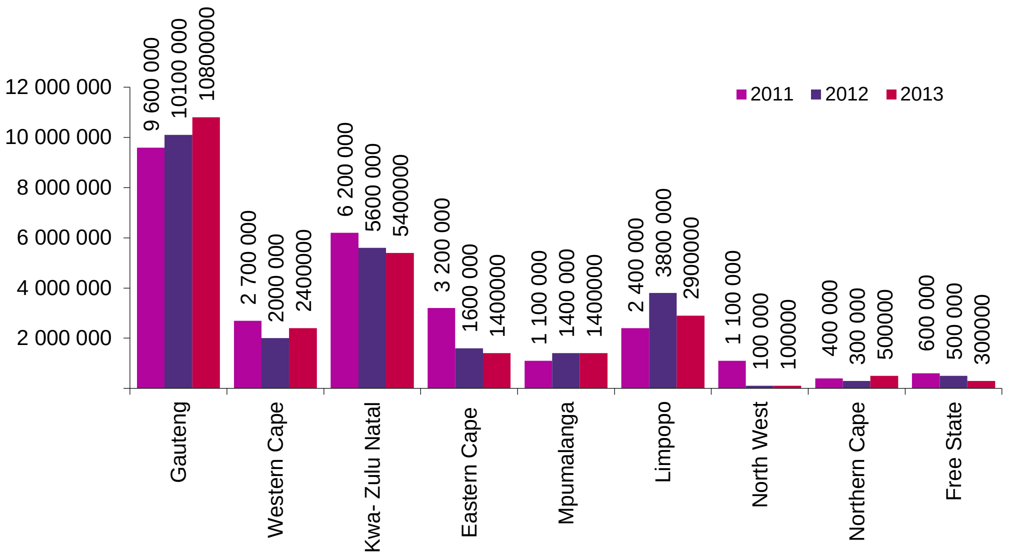
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	6.72	6.30	8.37	11.6	8.61	7.48	9.05	6.85	8.26	8.27	6.26	12.2
2013	8.39	8.96	9.28	7.22	6.31	5.85	7.60	8.58	8.11	9.60	9.90	10.1

Source: SA Tourism 2013 Annual Tourism Performance Report

2.3.1.2 Source Markets

Gauteng and KwaZulu-Natal remain the main source markets for domestic tourism with approximately two-thirds (66%) of total trips generated between the provinces. There was in increase in Northern Cape as a source market however the province remains as one of the weaker source markets for domestic tourism in 2013. (**Figure 2.28**).

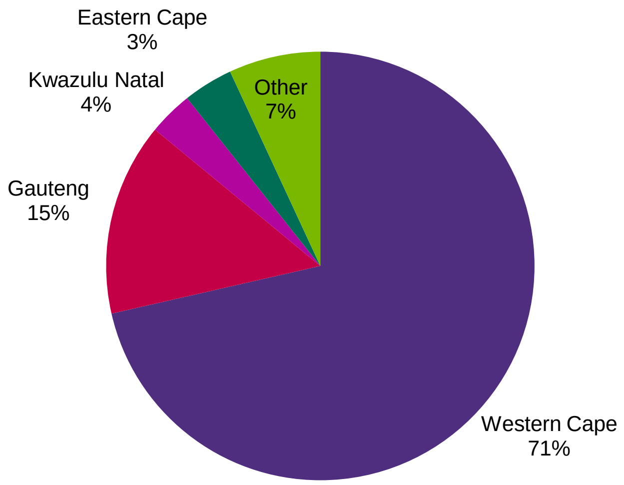
Figure 2.28: Origin of Domestic Tourists in South Africa



Source: SA Tourism 2013 Annual Tourism Performance Report

According to additional information supplied by South Africa Tourism, 71% of the domestic visitors to the Western Cape during 2013 were from other parts of the Western Cape, while 15% of visitor originate from Gauteng (**Figure 2.29**).

Figure 2.29: Origin of Domestic Tourists to the Western Cape 2013

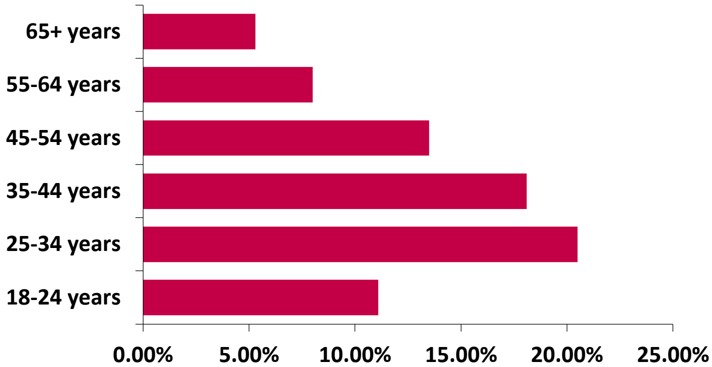


Source: SA Tourism

2.3.1.3 Domestic Tourist Profile

The majority (20.5%) of all domestic tourists in 2013 were between 25 and 34 years old, this was followed by 18.1% of domestic tourists between 35 and 44 years old and 13.5% were between 45 and 54 years old (**Figure 2.30**).

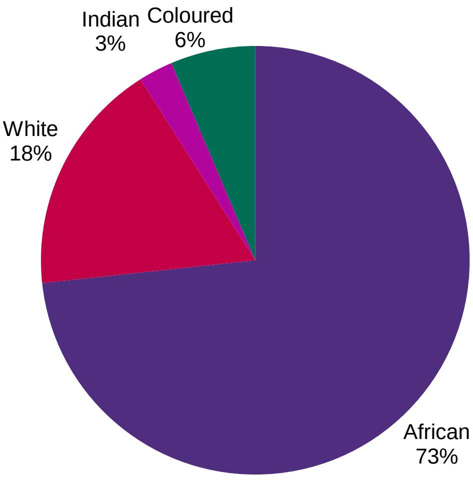
Figure 2.30: Age Profile of Domestic Tourists in South Africa 2013



Source: Stats SA Domestic Tourism Survey 2013

Of the domestic trips taken during 2013, 73.3% were taken by Black Africans, 17.7% by Whites, 2.6% by Indians and 6.4% by Coloureds (**Figure 2.31**).

Figure 2.31: Race Profile of Domestic Tourists in South Africa 2013

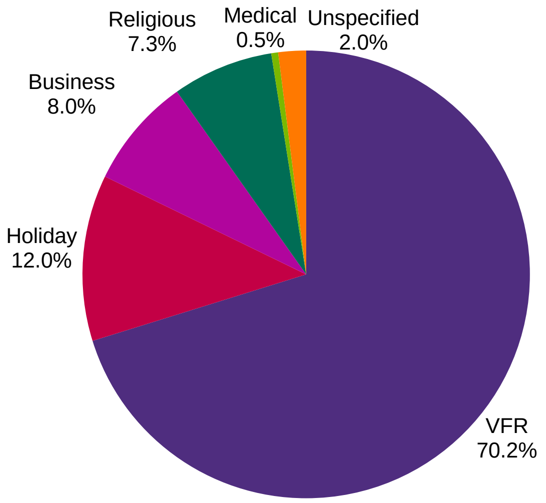


Source: Stats SA Domestic Tourism Survey 2013

2.3.1.4 Purpose of Travel

Visiting family or relatives (VFR) accounted for 70.2% of all domestic trips taken in South Africa during 2013. This was followed by holiday trips with 12%, and religious and business trips accounted for 7.3% and 8% respectively (**Figure 2.32**).

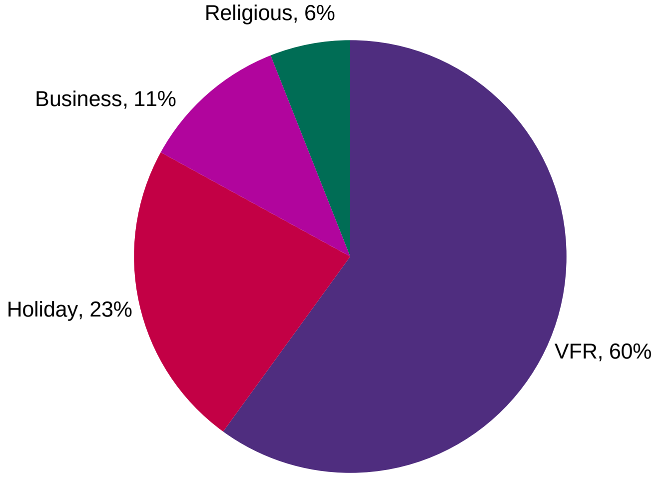
Figure 2.32: Purpose of Domestic Trips Taken in South Africa 2013



Source: SA Tourism 2013 Annual Tourism Performance Report

Figure 2.33 indicates that the main purpose of domestic trips taken to the Western Cape during 2013 was to visit family or relatives (60%) followed by holiday (23%). Subsequently there is a much higher incidence of trips in the Western Cape being undertaken for holiday purposes as compared to South Africa as a whole.

Figure 2.33: Purpose of Domestic Trips Taken to the Western Cape 2013

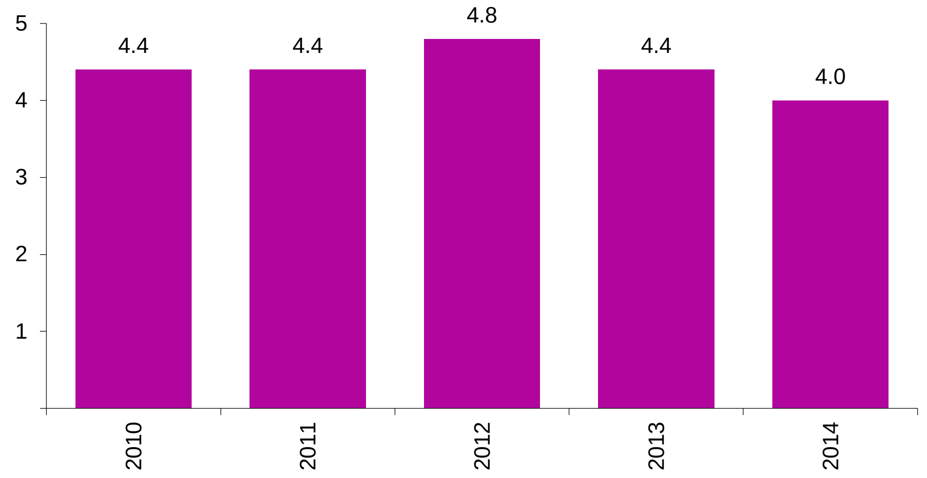


Source: SA Tourism 2013 Annual Tourism Performance Report

2.3.1.5 Length of Stay

The average length of stay for a domestic trip has experienced a steady decline since its high of 4.8 nights in 2012 as it has decreased from 4.4 nights in 2013 to 4 nights in 2014 (see **Figure 2.34**). The majority of domestic trips taken in 2013 lasted between 1 and 3 nights with 51.9% of overall trips, the most common length of stay was 2 nights.

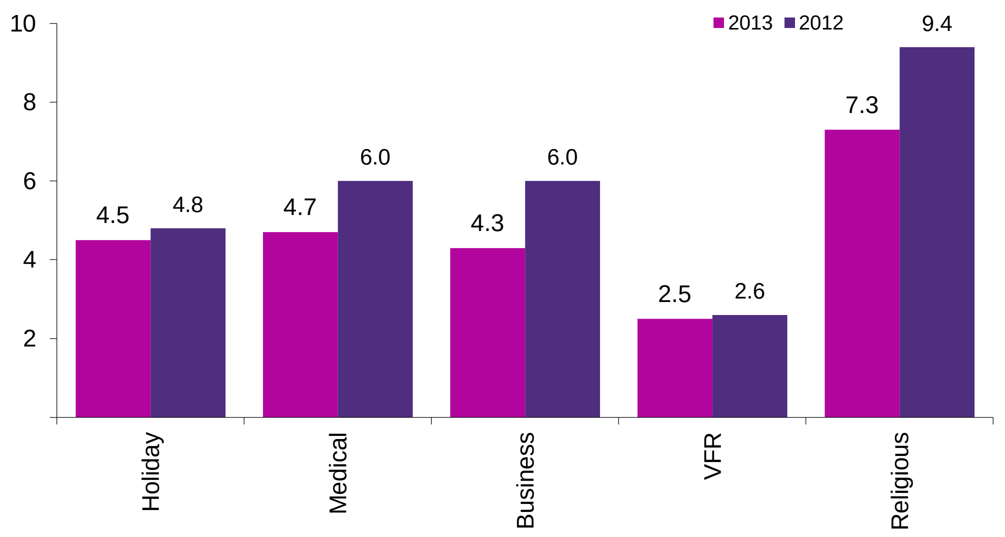
Figure 2.34: Average Length of Stay of Domestic Trips taken in South Africa (Nights)



Source: SA Tourism 2013 Annual Tourism Performance Report
SA Tourism Domestic Tourism Indicators 2014

During 2013, religious trips accounted for the longest average length of stay with 9.4 nights, a noticeable increase from 7.3 nights in 2012, and trips to visit friends and relatives remain the shortest with 2.6 nights (**Figure 2.35**).

Figure 2.35: Average Length of Stay of Domestic Tourists by Trip Purpose 2012 vs 2013



Source: SA Tourism 2013 Annual Tourism Performance Report

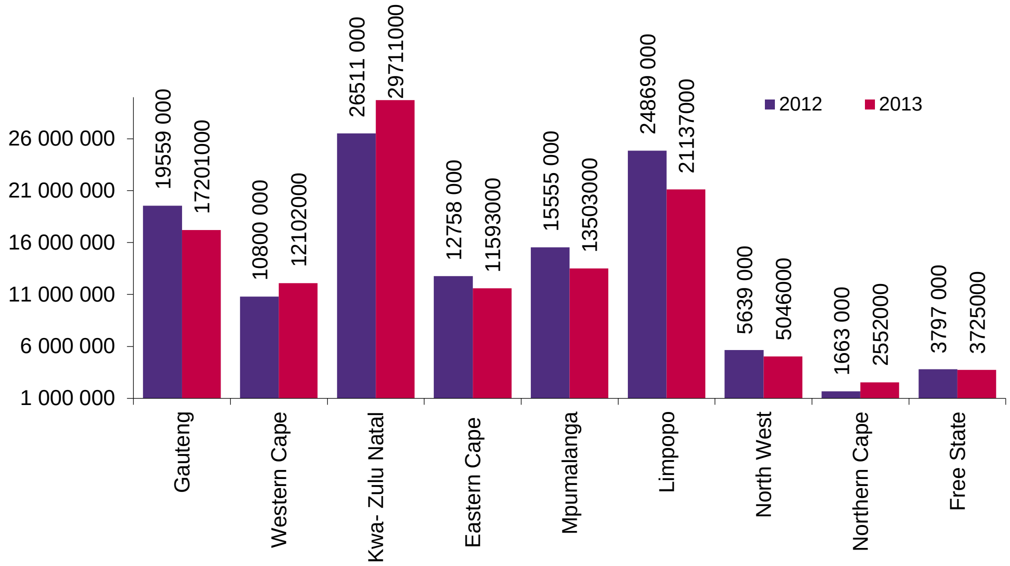
2.3.1.7 Bednights

South African domestic tourists spent a total of 113.2 million nights away from their usual place of residence during 2014, an increase of 2% from 111.3 million during 2013.

KwaZulu-Natal remained the most popular with domestic tourist as it accounted for 25% of domestic bednights in 2013, followed by Limpopo and Gauteng which accounted for 18% and 15%

respectively of total domestic bednights during 2013 (**Figure 2.36**). Domestic tourist spent a total of 12.1 million bednights in the Western Cape during 2013, accounting for 10% of total domestic bednights spent in South Africa.

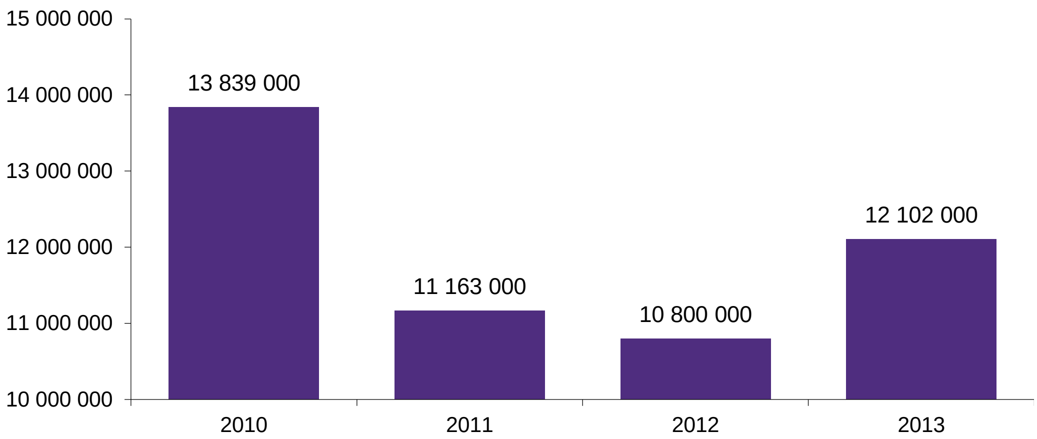
Figure 2.36: Domestic Bednights Spent in Provinces in South Africa



Source: SA Tourism

Domestic bednights in the Western Cape have increased by 12% from 10.8 million in 2012 to 12.1 million in 2013. This shows that the Western Cape is recovering steadily since the decrease in bednights between 2010 and 2011 (**Figure 2.37**).

Figure 2.37: Domestic Bednigths Spent in the Western Cape



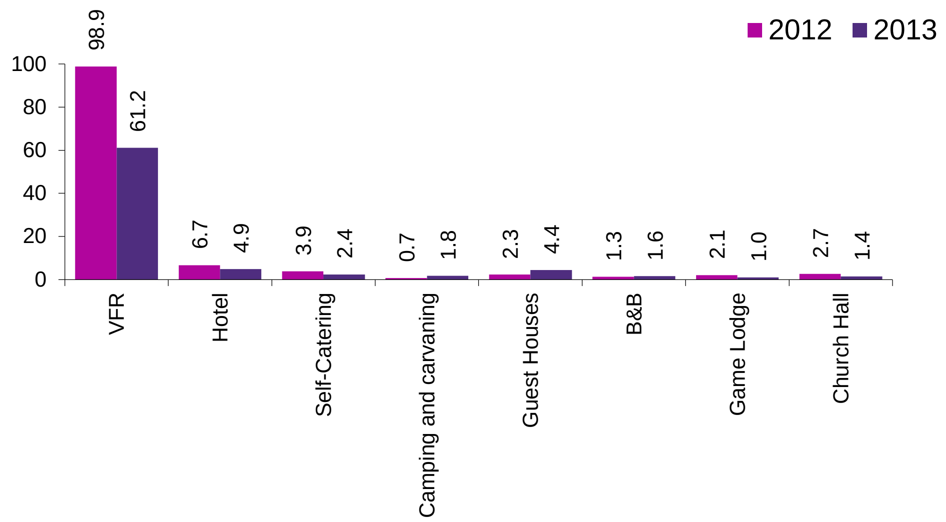
Source: SA Tourism

2.3.1.8 Type of Accommodation Used

Out of a total of 111.3 million nights away from their usual place of residence during 2013, domestic tourists spent 61.2 million nights (55.1%) at the homes of friends and relatives (VFR). This was followed by hotel accommodation with 4.9 million nights (4.4%) and hotel accommodation with 4.4 million bednights (4%) during 2013 (**Figure 2.38**). Income generating accommodation only accounted for 14.6% of all domestic tourist bednights. Overall all accommodation types excluding

Camping and Caravanning, Guest Houses and B&B's experienced a decrease in domestic tourist bednights from 2012 to 2013.

Figure 2.38: Bednights of Domestic Tourists by Accommodation Type 2012 vs 2013 (millions)

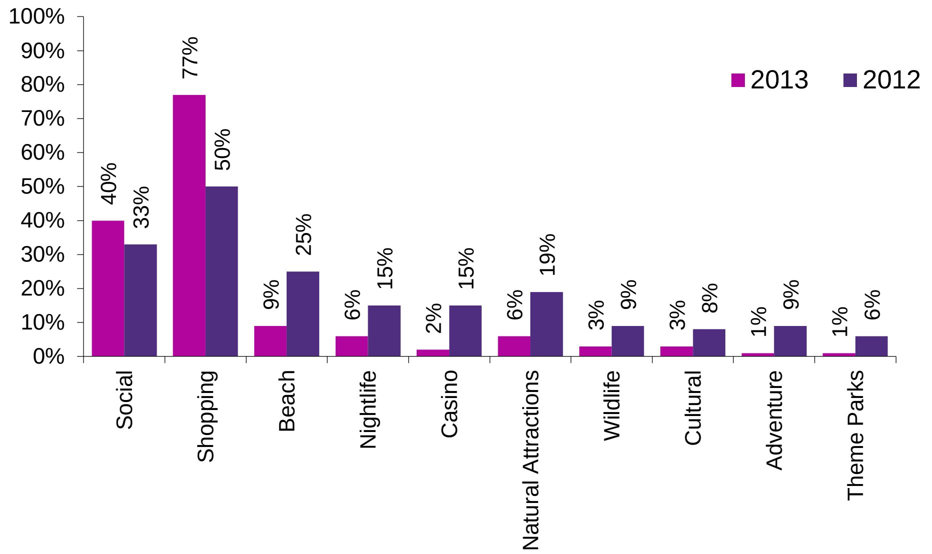


Source: SA Tourism 2013 Annual Tourism Performance Report

2.3.1.9 Activities Undertaken

Figure 2.39 shows that in 2013, the activities most undertaken by domestic visitors were shopping (77%) and social activities (40%). This trend can be attributed to the high number of domestic tourists that travel to visit friends and relatives.

Figure 2.39: Activities Undertaken by Domestic Tourists 2012 vs 2013

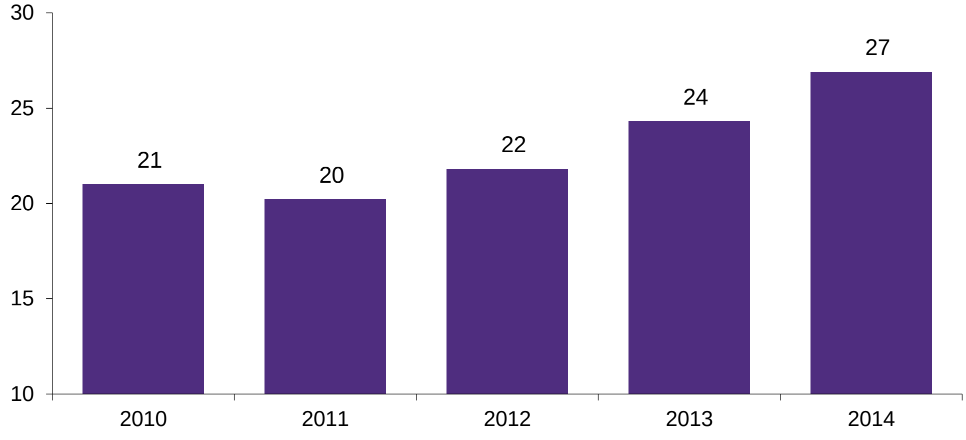


Source: SA Tourism 2013 Annual Tourism Performance Report

2.3.1.10 Spend

The total spent on domestic trips increased from R24.3 billion in 2013 to R26.9 billion in 2014 which is an increase of 11% from 2013 (**Figure 2.40**). There has been an upwards and positive trend in domestic spend from 2010 (R21 billion) to 2014(R26.9 million). A domestic tourist, on average, spent R960 per trip in 2013, which is a 15% increase compared with R850 per trip in 2012.

Figure 2.40: Total Domestic Direct Spend (R billion)

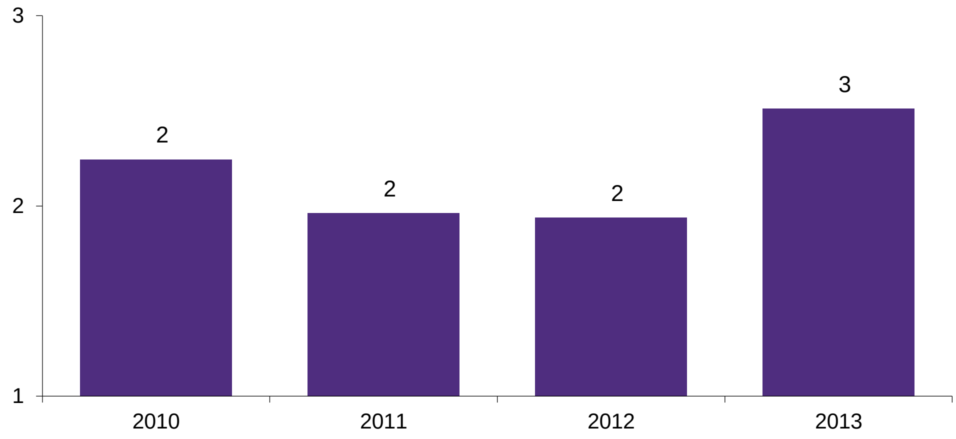


Source: SA Tourism 2013 Annual Tourism Performance Report
SA Tourism Domestic Indicators 2014

The South African Tourism Annual Tourism Performance Reports do not include a breakdown of revenue received by each province, however additional information sourced from South African Tourism does include the provincial breakdown regarding spend by domestic tourist during 2013 (**Figure 2.41**).

Spend by domestic tourist in the Western Cape has followed a similar trend to that of domestic spend in South Africa as the Province has experienced as increase of 11.8% in domestic spend between 2010 and 2013, from R2.2 billion to R2.5 billion.

Figure 2.41: Total Domestic Direct Spend in the Western Cape (R billion)

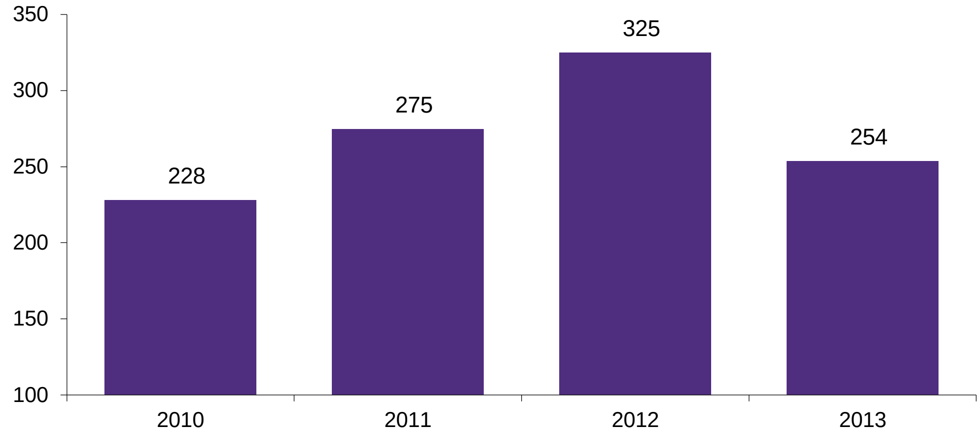


Source: SA Tourism

2.3.2 Domestic Day Tourist

A total of 253.5 million domestic day trips were taken in 2013, which represents a decrease of 22% from the 324.8 million trips taken in 2012 throughout South Africa (**Figure 2.42**).

Figure 2.42: Domestic Day Trips taken in South Africa (million)



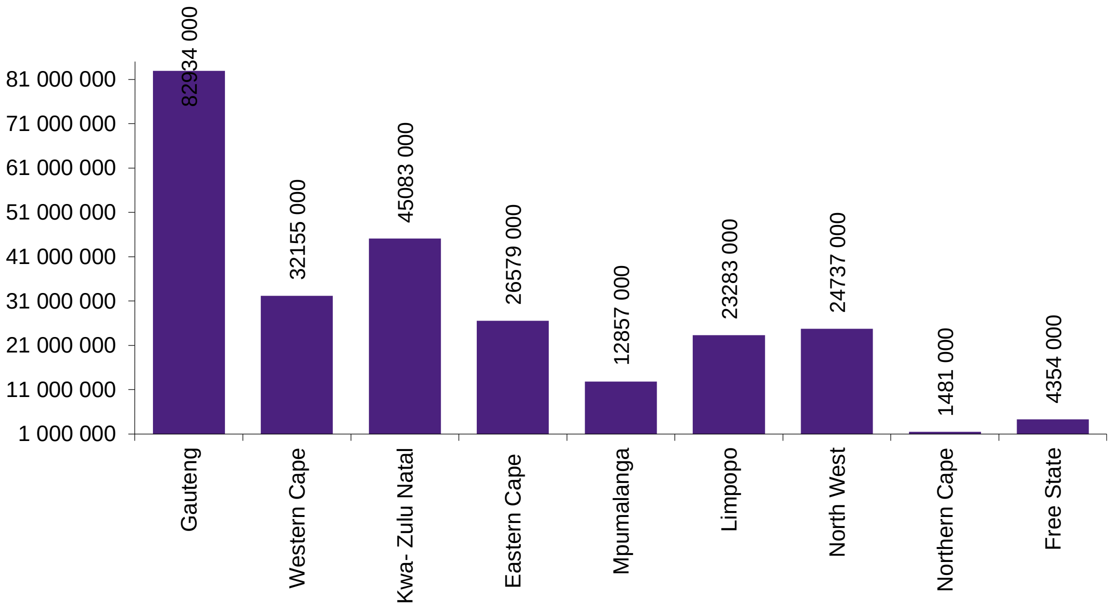
Source: SA Tourism 2013 Annual Tourism Performance Report

Despite an increase in the number of day travellers from 13.1 million in 2012 to 13.6 million in 2013, the average number of day trips taken decreased from 24.8 in 2012 to 18.7 in 2013.

The 2013 Annual Tourism Performance Report does not include the Provincial breakdown of domestic day trips for 2013, however additional information sourced from South Africa Tourism does include the Provincial breakdown of domestic day trips taken in 2013.

From the additional information it can be seen that Gauteng was the most visited province by domestic day trippers with 33% of day trips taken to the province in 2013, followed by KwaZulu-Natal with 18% and the Western Cape with 13% of domestic day trips (**Figure 2.43**).

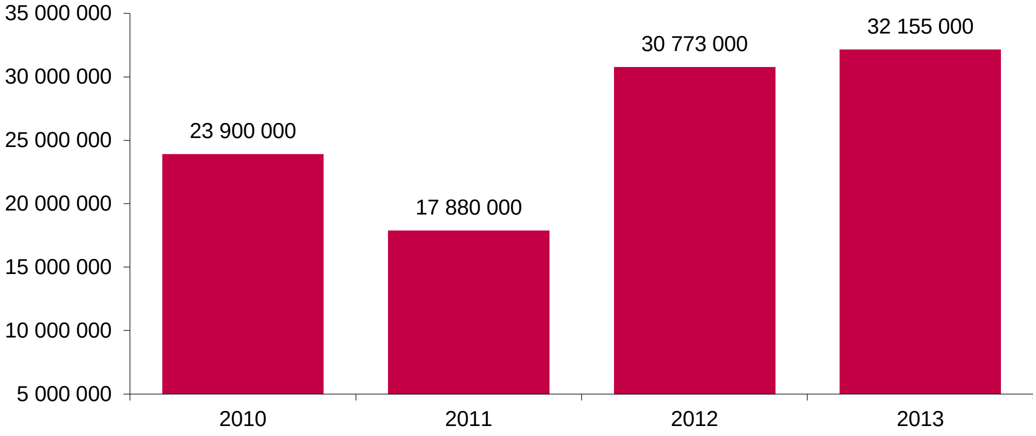
Figure 2.43: Domestic Day Trips taken to Provinces in South Africa 2013



Source: SA Tourism

The number of domestic day trips to the Western Cape (**Figure 2.44**) has nearly doubled from 17.8 million in 2011 to 32.2 million in 2013. Domestic day trips have remained steady since 2012 as there was a slight increase of 4.5% in the number of domestic day trips between 2012 and 2013 to the Western Cape.

Figure 2.44: Domestic Day Trips taken in the Western Cape

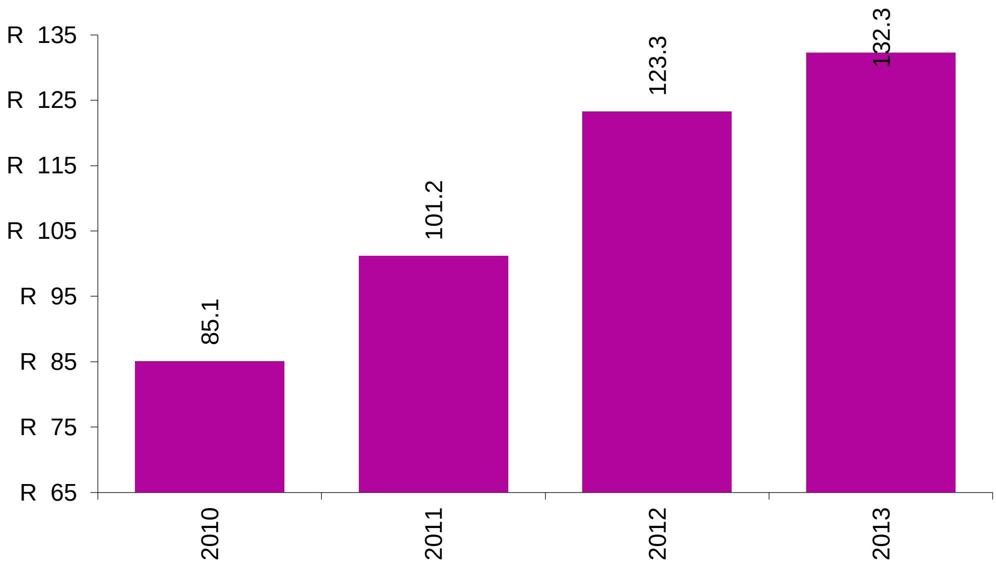


Source: SA Tourism

Information regarding spend in 2013 by domestic day trippers has not been included in the SAT 2013 Annual Tourism Performance Report, therefore additional information has been sourced from South African Tourism and the SAT 2012 Annual Tourism Performance Report.

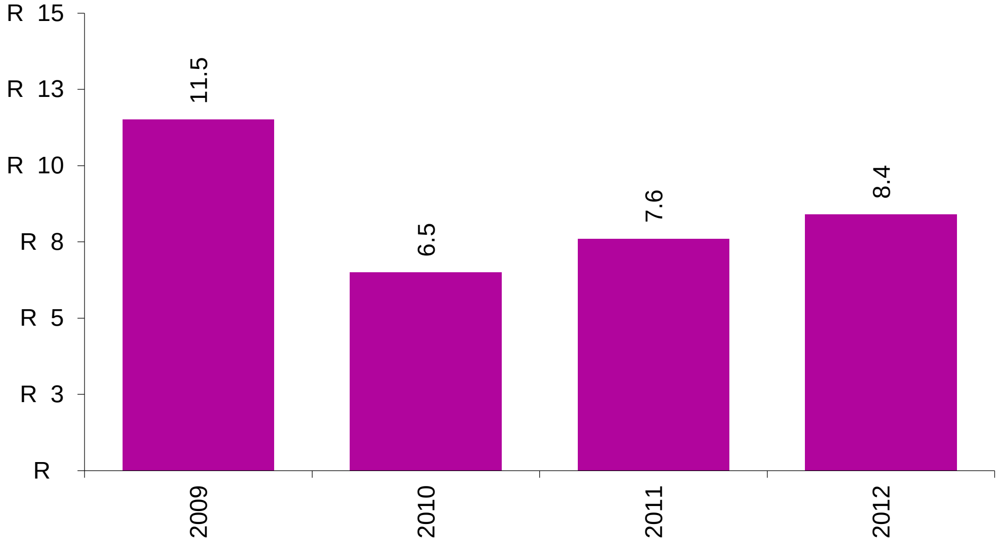
Total spend by domestic day trip tourists in South Africa increase from R123.3 billion in 2012 to R132.3 billion in 2013 (**Figure 2.45**). Of the total R123.3 billion spent in 2012 (latest available information), R8.4 billion was spent by domestic day trippers in the Western Cape (**Figure 2.46**) with an estimated R4.1 billion being spent in Cape Town.

Figure 2.45: Domestic Day Trips total Spend in South Africa (R billion)



Source: SA Tourism

Figure 2.46: Domestic Day Trips Total Spend in the Western Cape (R million)



Source: SA Tourism 2012 Annual Tourism Performance Report

2.4 Conclusion: Relevance to the Study

2.4.1 Tourism in South Africa

The following key findings were presented regarding **foreign tourism** in South Africa:

- Tourism in South Africa is increasing steadily as foreign arrivals to the country have increase by 4.6% between 2012 and 2013 with 9.6 million foreign arrivals during 2013. This performance is below the global average which saw a 5% increase in tourist arrivals.
- The increase in foreign arrivals lead to an increase of 18.4% in foreign bednights spent in South Africa during 2013. Foreign visitors spent 79.8 million bednights in South Africa during 2013. This increase demonstrates a positive trend in the number of foreign bednights since 2012.
- Revenue generated (TFDS excluding CAPEX) by tourist arrivals decreased by 5.3% from R76.4 billion to R70.3 billion. The depreciation of the Rand against major currencies had a positive impact on tourism revenue as South Africa is now becoming a more affordable and attractive destination to foreign tourists.
  - The nature of activities and packages booked by Asian and Australian visitors results in this market being the biggest foreign spenders in South Africa during 2013, spending on average R 13 900 per trip.

The following key findings were presented regarding **domestic tourism** in South Africa:

- After previously experiencing a decline the number of total trips taken by domestic tourists has increased from 25.2 million (in 2013) to 28 million (in 2014).
- There was a slight decrease in the average length of stay per trip, from 4.4 nights in 2013 to 4 nights in 2014. However, there was slight growth in the number of domestic bednights spend in South Africa from 111.3 million in 2013 to 113.2 million.
- The total amount spent by domestic tourists has also experienced growth as a total R26.9 billion was spent during 2014, up from R24.3 billion in 2013. The increase in domestic spend is influenced by the increase in unpaid accommodation as domestic tourists are then able to spend more on tangible items when staying with friends and relatives.

- Domestic day trip tourist spent a total of R132.3 billion on domestic day trips taken in South Africa during 2013.

2.4.2 Tourism in the Western Cape

The following key findings were presented regarding **foreign tourism** in the Western Cape:

- The Western Cape experienced an increase of 15.8% in foreign visitors between 2012 and 2013 from 1.3 million in 2012 to 1.5 million in 2013. Since 2009 the Western Cape has achieved an annual compound growth rate of 4.48% in foreign visitor number reaffirming the attractiveness of the Western Cape to foreign tourist.
- Foreign visitors spent 19 million bednights in the Western Cape during 2013 making the Western Cape the second most visited Province after Gauteng during 2013. There was an increase of 17.3% in foreign bednights from 16.8 million in 2012 to 19 million bednights in 2013.
  - Bednights include nights spent in unpaid accommodation such as visiting friends and relatives which was the most popular form of accommodation used by foreign tourists in 2013, which shows that more needs to be done to attract a portion of those foreign tourists to start utilising paid accommodation such as Guesthouses and Bed & Breakfasts.
- Revenue generated (TFDS excluding CAPEX) by foreign visitors in the Western Cape decreased from R19 billion in 2012 to R17 billion in 2013, the lowest since 2010.

The following key findings were presented regarding **domestic tourism** in the Western Cape:

- There were 2.4 million domestic overnight trips taken to the region during 2013 which shows that a large portion of South Africans enjoy travelling to areas outside of their usual environment for a day which helps drive tourism to many smaller towns around the country. South African's are looking for different experiences that are unique to certain areas and they do not mind spending the day to get there as they see the value in these experiences;
- The majority (71%) of domestic tourists to the Western Cape originated from other areas within the Western Cape, indicating a large portion of intra-provincial travel which allows tourism to be spread around the province.
- Domestic bednights to the Western Cape have increased by 12% from 10.8 million in 2012 to 12.1 million in 2013, which is a steady increase from the previous year's decline.
- Spend by domestic tourist in the Western Cape has increase by 11.8% between 2010 and 2013, from R2.2 billion to R2.5 billion. Domestic spend in the Western Cape during 2013 accounted for 9% of total domestic spend in South Africa during that period.
- Domestic day trips to the Western Cape have nearly doubled since 2011 to reach a high of 32.2 million day trips taken in the province during 2013.

Annexure E: Terminology and Definitions

E.1 Terminology

The following terminology has been used in this report.

Cape Town	- The geographical area represented by the municipal boundaries of the City of Cape Town
EVT	- Economic Value of Tourism
Fedhasa	- Federated Hospitality Association of South Africa
R bn	- Rand billion
SA Tourism	- South African Tourism
Saaci	- South African Association for the Conference Industry
Satsa	- Southern African Tourism Services Association
The Client	- City of Cape Town
TSA	- Tourism Satellite Account
UNWTO	- United Nations World Tourism Organisation
WTTC	- World Tourism and Travel Council

E.2 Definitions

The following definitions are utilised in this report and are as per the definitions used by the United Nations World Tourism Organisation.

Tourism

Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which imply tourism expenditure.

As such, tourism has implications on the economy, on the natural and built environment, on the local population at the destination and on the tourists themselves. Due to these multiple impacts, the wide range and variety of production factors required to produce those goods and services acquired by visitors, and the wide spectrum of stakeholders involved or affected by tourism, there is a need for a holistic approach to tourism development, management and monitoring. This approach is strongly recommended in order to formulate and implement national and local tourism policies as well as the necessary international agreements or other processes in respect of tourism.

Business visitor
A business visitor is a visitor whose main purpose for a tourism trip corresponds to the business and professional category.

Country of reference
The country of reference refers to the country for which the measurement is done. As a general observation, it should be noted that in the International Recommendations 2008:
(a) The term "country" can be transposed to a different geographical level using the term "place" instead (either a region, municipality or other subnational geographic location);
(b) The term "long-term" is used as the equivalent of a year or more and "short-term" as less than a year.

Country of residence
The country of residence of a household is determined according to the centre of predominant economic interest of its members. If a person resides (or intends to reside) for more than one year in a given country and has there his/her centre of economic interest (for example, where the predominant amount of time is spent), he/she is considered as a resident of this country.

Destination (main destination) of a trip
The main destination of a tourism trip is defined as the place visited that is central to the decision to take the trip. See also purpose of a tourism trip.

Domestic tourism
Comprises the activities of a resident visitor within the country of reference, either as part of a domestic tourism tripor part of an outbound tourism trip.

Economic analysis
Tourism generates directly and indirectly an increase in economic activity in the places visited (and beyond), mainly due to demand for goods and services that need to be produced and provided.

In the economic analysis of tourism, one may distinguish between tourism's 'economic contribution' which refers to the direct effect of tourism and is measurable by means of the TSA, and tourism's 'economic impact' which is a much broader concept encapsulating the direct, indirect and induced effects of tourism and which must be estimated by applying models.

Economic impact studies aim to quantify economic benefits, that is, the net increase in the wealth of residents resulting from tourism, measured in monetary terms, over and above the levels that would prevail in its absence.

Employment in tourism industries
Employment in tourism industries may be measured as a count of the persons employed in tourism industries in any of their jobs, as a count of the persons employed in tourism industries in their main job, as a count of the jobs intourism industries, or as full-time equivalent figures.

Excursionist (or same-day visitor)
A visitor (domestic, inbound or outbound) is classified as a same-day visitor (or excursionist) if his/her trip does not include an overnight stay.

Forms of tourism
There are three basic forms of tourism: domestic tourism, inbound tourism, and outbound tourism. These can be combined in various ways to derive the following additional forms of tourism: internal tourism, national tourism and international tourism.

Inbound tourism
Comprises the activities of a non-resident visitor within the country of reference on an inbound tourism trip.

Internal tourism
Internal tourism comprises domestic tourism plus inbound tourism, that is to say, the activities of resident and non-resident visitors within the country of reference as part of domestic or international tourism trips.

International tourism
International tourism comprises inbound tourism plus outbound tourism, that is to say, the activities of resident visitors outside the country of reference, either as part of domestic or outbound tourism trips and the activities ofnon-resident visitors within the country of reference on inbound tourism trips.

Meetings industry
To highlight purposes relevant to the meetings industry, if a trip's main purpose is business/professional, it can be further subdivided into "attending meetings, conferences or congresses, trade fairs and exhibitions" and "other business and professional purposes".

The term meetings industry is preferred by the International Congress and Convention Association (ICCA), Meeting Professionals International (MPI) and Reed Travel over the acronym MICE (Meetings, Incentives, Conferences and Exhibitions) which does not recognize the industrial nature of such activities.

MICE
See meetings industry.

National tourism
National tourism comprises domestic tourism plus outbound tourism, that is to say, the activities of resident visitors within and outside the country of reference, either as part of domestic or outbound tourism trips.

Outbound tourism
Comprises the activities of a resident visitor outside the country of reference, either as part of an outbound tourism trip or as part of a domestic tourism trip.

Place of usual residence
The place of usual residence is the geographical place where the enumerated person usually resides, and is defined by the location of his/her principal dwelling (Principles and recommendations for population and housing censuses of the United Nations, 2.20 to 2.24).

Purpose of a tourism trip (main)
The main purpose of a tourism trip is defined as the purpose in the absence of which the trip would not have taken place. Classification of tourism trips according to the main purpose refers to nine categories: this typology allows the identification of different subsets of visitors (business visitors, transit visitors, etc).

See also destination of a tourism trip

Tourism expenditure
Tourism expenditure refers to the amount paid for the acquisition of consumption goods and services, as well as valuables, for own use or to give away, for and during tourism trips.

Tourism industries
Tourism industries (also referred to as tourism activities) are the activities that typically produce tourism characteristic products.

Tourism characteristic products are those that satisfy one or both of the following criteria:
(a) Tourism expenditure on the product (either good or service) should represent a significant share of total tourism expenditure (share-of-expenditure/demand condition);
(b) Tourism expenditure on the product should represent a significant share of the supply of the product in the economy (share-of-supply condition). This criterion implies that the supply of a tourism characteristic product would cease to exist in meaningful quantity in the absence of visitors.

List of categories of tourism characteristic products and tourism industries[1]

Products	Industries
1. Accommodation services for visitors	1. Accommodation for visitors
2. Food and beverage serving services	2. Food and beverage serving activities
3. Railway passenger transport services	3. Railway passenger transport
4. Road passenger transport services	4. Road passenger transport
5. Water passenger transport servcies	5. Water passenger transport
6. Air passenger transport services	6. Air passenger transport
7. Transport equipment rental services	7. Transport equipment rental
8. Travel agencies and other reservation services	8. Travel agencies and other reservation services activities
9. Cultural services	9. Cultural activities
10. Sports and recreational services	10. Sports and recreational activities
11. Country-specific tourism characteristic goods	11. Retail trade of country-specific tourism characteristic goods
12. Country-specific tourism characteristic services	12. Other country-specific tourism characteristic activities

[1] Please note that not all these products and industries have been included in the survey. Please see Section 3 for more detail.

Tourism Satellite Account (TSA)
The Tourism Satellite Account (described in the Tourism Satellite Account: Recommended Methodological Framework 2008) is, besides the International Recommendations for Tourism Statistics 2008, the second international recommendation on tourism statistics that has been developed in a framework of consistency with the System of National Accounts. Both recommendations are mutually consistent and provide the conceptual framework for measuring and analyzing tourism as an economic activity.

As a statistical tool for the economic accounting of tourism, the TSA can be seen as a set of 10 summary tables, each with their underlying data and representing a different aspect of the economic data relative to tourism: inbound, domestic tourism and outbound tourism expenditure, internal tourism expenditure, production accounts of tourism industries, the Gross Value Added (GVA) and Gross Domestic Product (GDP) attributable to tourism demand, employment, investment, government consumption, and non-monetary indicators.

Tourism sector
The tourism sector, as contemplated in the TSA, is the cluster of production units in different industries that provide consumption goods and services demanded by visitors. Such industries are called tourism industries because visitor acquisition represents such a significant share of their supply that, in the absence of visitors, their production of these would cease to exist in meaningful quantity.

Tourist (or overnight visitor)
A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay.

Travel / tourism
Travel refers to the activity of travellers. A traveller is someone who moves between different geographic locations, for any purpose and any duration. The visitor is a particular type of traveller and consequently tourism is a subset of travel.

Travel party
A travel party is defined as visitors travelling together on a trip and whose expenditures are pooled.

Trip
A trip refers to the travel by a person from the time of departure from his/her usual residence until he/she returns: it thus refers to a round trip. Trips taken by visitors are tourism trips.

Usual environment
The usual environment of an individual, a key concept in tourism, is defined as the geographical area (though not necessarily a contiguous one) within which an individual conducts his/her regular life routines.

Vacation home
A vacation home (sometimes also designated as a holiday home) is a secondary dwelling that is visited by the members of the household mostly for purposes of recreation, vacation or any other form of leisure.

Visit
A trip is made up of visits to different places. The term tourism visit refers to a stay in a place visited during a tourism trip.

Visitor
A visitor is a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise.

Annexure F: Research Agenda


KEY INDICATORS
"KEY : Indicators highlighted - indicators addressed"
CITY OF CAPE TOWN
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Key Indicators	Frequency (Proposed)	Indicators	Type of Survey/ Report	Primary or Secondary Data	Frequency (Current)	Number of surveys	Organisations	Comments
City Population	Latest value and variation over the last year	Number of residents	Census Cape Town Demographic Profile	Primary data Secondary data - information derived from Census data	Every 5 years (last one in 2011) Annually	Total population	National CoCT (Development Information and GIS department)	Information available but not on tourism fact sheet or reported on.
Economic Contribution of Tourism to the City	Latest value and variation over the last year	Economic contribution of tourism : Number of foreign arrivals to Cape Town Number of domestic trips taken to Cape Town Number of bed nights by foreign arrivals in Cape Town Total domestic direct spend in Cape Town Total foreign direct spend in Cape Town Number of domestic bed nights on trips to Cape Town Assumption percentage of national visitors visiting Cape Town as well as % spending	COCT Study : Economic Value of Tourism Study Annual SA Tourism Report and data	Secondary data Primary data	Annual Monthly		CoCT (Grant Thornton) SAT	Yes, but three year tender for 5 year monitoring has closed. Need new tender. It is proposed that a satellite account be developed for tourism using the national tourism satellite account. Work has been done for the past 2 years using the national satellite account.

Key Indicators	Frequency (Proposed)	Indicators	Type of Survey/ Report	Primary or Secondary Data	Frequency (Current)	Number of surveys	Organisations	Comments
		Additional information required : Projection of the Direct Tourism Spend in Cape Town utilising National Data Data to compare the number of foreign arrival and domestic trips to other major Cities Share of international and domestic market to Cape Town (currently using assumptions - need to formalise assumptions)	SAT reports	Primary data	Monthly		SA Tourism	Need more work on these requirements for economic contribution study
Projection of the Tourism Gross Value Add as an alternative to the COCT Study : Economic Value of Tourism		*Detailed economic data on movement of visitors through the particular region* *Economic data on the flow of money through the destination*						Need more work on these requirements

Key Indicators	Frequency (Proposed)	Indicators	Type of Survey/ Report	Primary or Secondary Data	Frequency (Current)	Number of surveys	Organisations	Comments
Overall Employment in tourism industries based in the city Survey WILL NOT BE REPEATED therefore information not AVAILABLE	Latest value and variation over the last year	Accommodation type Number of rooms available Number of Hotel Groups Number of other tourism enterprises Permanent jobs (low, medium, high level) Part time jobs(low, medium, high level) Number of employees – Cost to company per month per employee level Yearly turnover	Survey to all tourism businesses <u>Survey will not to be repeated.</u> Proposal to use National Satellite Account for information on jobs created	Primary	Annually	2013 - 107, 2014 - 150 2015 - 50	CoCt (Tourism+ Grant Thornton))	Survey will not be repeated as it did not yield the required results It is proposed that a satellite account be developed for tourism using the national tourism satellite account to determine the jobs created Alternatively the Quarterly Labour Force Survey (QLFS) can be used if data is available on City level and if the industry code reflects tourism

Key Indicators	Frequency (Proposed)	Indicators	Type of Survey/ Report	Primary or Secondary Data	Frequency (Current)	Number of surveys	Organisations	Comments
Overall arrivals of visitors to the city	Latest value and variation over the last year	Cape Town Airport : international, regional and domestic arrival figures	ACSA Report	Primary	Monthly		ACSA	Yes
		Share of foreign arrivals to Cape Town Number of foreign arrival to Cape Town Share of domestic trips taken to Cape Town Number of domestic trip taken to CPT	Monthly reports from SA Tourism and ACSA	Secondary	Monthly		SA Tourism STAT SA	
		Traffic counts	SANRAL	Primary			SANRAL (Roads)	This information is not used at all but the use can be investigated
		Cruises and ships	Harbours	Primary			Harbours	

TOURISM ECONOMIC INDICATORS

"KEY : Indicators highlighted - indicators addressed"

CITY OF CAPE TOWN
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Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
Arrivals by origin Main purpose of Visit Mode of transport	Latest value and variation over the last year	Arrivals (only airport) Main purpose (business, holiday, etc.) Type of transport used (bus/train/car/etc.)	Domestic and International Arrival to Cape Town Airport SAT TOURISM REPORT CTT Visitor Surveys VIC and Satisfaction Surveys	Primary : actual figures Secondary information SAT reports	Monthly	Visitor Surveys VIC 2012 - 2014 estimated 6000 Visitor Satisfaction Surveys current 750. SLA Objective 2100.	SA Tourism STATS SA CTT	Yes
		Traffic counts Cruises and ships Rail figures	SANR Harbours PRASA	Primary Primary Primary			SANRAL (Roads) National Harbour Authority PRASA	This information is not used at all but the use can be investigated.
Demand Profile of Visitors	Latest value and variation over the last year	Economic Activity Status Occupation Annual Household income Education	Domestic Tourism Survey				STATS SA (Domestic Tourism Survey)	This information is available but not reported on. The City department of Knowledge Management has access to STAT SA data and can source the data if needed. A Meeting was set up to discuss what information needs to be reported on.

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
		Region and Destination Main purpose of travel Gender Age Modes of Transport Type of accommodation used Degree of repeat visit Travel Party size Visitor satisfaction Other (main activities undertaken, intention to return, etc.)	Visitor VIC Surveys and Satisfaction Surveys Domestic Tourism Survey	Primary data Primary data	Monthly	Visitor Surveys VIC 2012 - 2014 estimated 6000 Visitor Satisfaction Surveys current 750. SLA Objective 2100.	CTT	Yes The City department of Knowledge Management has access to STAT SA data and can also add information on the satisfaction of the overnight and daytrip visitors as well as most of the indicators listed. The only problem is that the survey is in April so it speaks to the last trip undertaken..

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
Visitor Satisfaction of the Sectors in the Destination per source market Markets : top markets (international, regional and domestic) and potential markets (BRICKS, Far east and Middle East)		Satisfactions with : Accessibility Cost of Travel Attractions Accommodation Restaurant Transport Retail Immigration Opportunities to attend events/festivals Friendliness of the local people Weather User friendliness of signage Personal Safety & Security	-	Primary data	On-going	Visitor Satisfaction Surveys current1000 SLA Objective 2100.	CTT	Yes, Information is being sourced but could look at it in terms of the more important source markets
Visitors Perceptions of the destination per source market Markets : top markets (international, regional and domestic) and potential markets (BRICKS, Far east and Middle East)		Cost and affordability of identified sectors Accessibility to the destination Accessibility within the destination Accessibility to the various sectors Accessibility within the various sectors Quality of the products in the destination Quantity of the Products offering Visitors satisfaction with services offered Problems experienced Access to information	Visitor Satisfaction Survey					Some of these questions are being ask in the Visitor Satisfaction Surveys - need to know what should be tested and why.

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
		Degree of repeat visit *Safety* *Value* *Attribute Association* *Ease of navigation* *Attractions* *Major Events* *Art & Culture*	WAYN Survey (special travel network) focussed on two audiences : People that have visited Cape Town before and those that have not yet visited Cape Town but are interested.	Primary	Once off	Number of Surveys : 1922	CTT	Yes, but once off exercise.
Future Demands from Visitors		*What experience expected did the destination not meet.* *What experience is required*	Covered in Visitor Satisfaction Surveys as of July 2015	Primary	On-going	Visitor Satisfaction Surveys current 750. SLA Objective 2100.	CTT	Yes
Overall Overnights	Latest value and variation over the last year	Guests to Accommodation Establishments Overnight in Accommodation Establishments Occupancy rates Length of stay Overall bed night (domestic and international)	Domestic Arrival to Cape Town Airport CTT Accommodation Survey CTT Visitor Surveys VIC and Satisfaction Surveys EVT study	Secondary (estimates and calculations from SAT data and reports)	Monthly and annually		SAT reports CTT COCT	Yes

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
Overnights by type of accommodation facility Overnight by source market	Latest value and variation over the last year	Occupancy and forecast rate per type of accommodation and location Average Room rate and forecast rate per type of accommodation and location REVpar per type of accommodation and location Source market analysis per type of accommodation and location Average number of guests per room Average number of guests per room nights sold	CTT Accommodation Survey (Horwath)	Primary	Monthly	Average of 70 per month since June 2012 to current	CTT	Yes The information is not shown per source market but it can be done.

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
Overall Expenditure	Latest value and variation over the last year. The purpose here, and with arrivals and other profiling data, is to build groups on main purpose, Business Tourism, Health Tourism, Cultural Tourism etc.	CTT : Average Expenditure per visitor COCT : Total foreign direct spend in Cape Town Total domestic direct spend in Cape Town	CTT Visitor Surveys VIC EVT study	Primary : surveys Secondary (assumptions from SAT reports)			CTT COCT	Yes, however the EVT study needs new tender.
Expenditure by main purpose **Note : Why this indicator ? Which category offers the best yield e.g. business or leisure**	Latest value and variation over the last year	Average Expenditure by travel party Breakdown of Expenditure per goods and services Average Expenditure per various visitor variables	CTT VIC Surveys	Primary	Monthly		CTT	Only one indicator "Average Expenditure by Travel Party" is collected. The department of Knowledge Management has indicated that they can provide information from STAT SA data on the other two indicators

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
Accommoda-tion	Latest value and variation over the last year	Number of rooms capacity Number of beds capacity	Accommodation Verifications Report 2008 has some data	Primary	Once off (out dated but still used for various purposes)		PGWC CTT	Not completed working on the indicators
			CTT members List (1200)	Primary	On-going			
			Tourism Database (just points no data)	Primary	On-going		CoCT Tourism	
		Number of Employees in the accommodation sector	EVT study - Category of level, permanent and temporary workers	Primary	Annually	2013 - 107, 2014 - 150 2015 - 50	CoCT Tourism	
Establish-ments per Tourism Industry (Accommodation, Food and beverage, Passenger transport, Travel Agencies, other)	Latest value and variation over the last year	Identified Tourism Industries Number of Establishments per industry	CTT Membership list CoCT Building a tourism database	Primary Under construction	On-going On-going	more than 1200	CTT COCT	Can use Cape Town Tourism Membership list Also building a tourism database for all tourism businesses.

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
Employment per Tourism Industry Currently using Enterprise Survey which was part of the EVT Study. <u>This part of the study will not continue</u>	Latest value and variation over the last year	Accommodation type Number of rooms available Number of Hotel Groups Number of other tourism enterprises Number of Employees : permanent and temporary Cost to Company per month per employee level Yearly turnover	Tourism Enterprise Study part of the Economic Value of Tourism Annual report (2011-2015). (The work was done based on the Tourism database data)	Primary data Secondary data - information derived from Census data	Annually EVT Survey and CTT membership list	2015 received 50 questionnaires (needed at least 200)	CoCT Tourism and CTT	Yes
Jobs per status in employment (permanent and temporary)	Latest value and variation over the last year	EVT study did produce it but did not work have to look at other models.	No	No	No	No		No. The EVT study did try to report on the jobs created. However, the surveys did not work. The proposal is to use a tourism satellite account.
Business demography	Constructed via other indicators. Latest value and variation over the last year	No	No	No	No	None		No

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
Seasonality	Constructed via other indicators. Latest value and variation over the last year	Accommodation performance Attractions performance of the Big 6	Seasonality Index (Accommodation Survey Attractions Survey)	Primary : surveys to CTT members	6 monthly		CTT	Yes Trips per month for the year can also be sourced from STATS SA data
Number of Visitors to main attractions	Latest value and variation over the last year	Kirstenbosch Groot Constantia Robben Island Table Mountain Aerial Company V&A Waterfront Cape Point	Attraction Survey (Top Attractions)	Survey	Monthly	6	CTT	Yes
Tracking New Icons - places and people (to identify a list)		Still to be determined but examples are : Boomslang in Kirstenbosch Vernacular on Signal Hill FBEP BCA Langa						No, need to finalise selection
Transport Mobility to Icons and tourism attractions		Track Mobility Track affordability						No

Tourism Economic Indicators	Frequency (proposed)	Indicators	Type of Survey/ report	Primary or Secondary data	Frequency (current)	Number of surveys	Organisations	Comments
Numbers of visitors to main events	Latest value and variation over the last year	Number of visitors	Survey to main events	None	None	None	None	No
Impact of events		Number of people attending the event Visitor Profile Visitor satisfaction Visitor Spend Mode of Transport to access the event Day visitor or overnight Type of accommodation other activities experiences while in the destination	Draft Event Framework being developed by national department (Kamilla Swart)					No
Number of main events		No of main events						No

IMPACT INDICATORS

"KEY : Indicators highlighted - indicators addressed"

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Impact Indicators	Frequency (Proposed)	Indicators	Type of Survey/ Report	Primary or Secondary Data	Frequency (Current)	Number of surveys	Organisations	Comments
Renewable energy sources	Constructed via other indicators. Latest value and variation over the last year	Type of renewable sources Number of renewable sources	No	No	No	No	No	No
CO2 Emissions	Latest value and variation over the last year	Per capita carbon footprint is approximately 7.8 tonnes annually (target is 5)	COCT Smart City reports	Yes			COCT : Health	Yes
Water consumption	Volume of fresh water. Latest value and variation over last year	Per capita water usage at 215 litres daily (target is 180)	COCT Smart City reports	Primary : SAP	Monthly	All erven	COCT : Water department	Yes
Generation of solid waste	Latest value and variation over the last year	7.7% reduction in waste to landfill between (target 20% reduction)	COCT Smart City reports	Primary : SAP	Monthly	All erven	COCT : Waste department	Yes
Tourism pressure	Number of tourists per day per 100 residents. Latest value and variation over last year	No	No	No	No	No	No	No but can work it out using population figures

Impact Indicators	Frequency (Proposed)	Indicators	Type of Survey/ Report	Primary or Secondary Data	Frequency (Current)	Number of surveys	Organisations	Comments
Resident satisfaction	Constructed via other indicators. Latest value and variation over the last year	Tourism Question : Have visitors have been hosted and if so what attractions or activities have been recommended to the visitors Questions relating to satisfaction with nature reserves, parks, stadiums, resorts, beaches etc.	COCT Community Satisfaction Survey Household Survey	Primary	Annually	population	COCT	Yes, but not sure if questions currently asked is relevant and have not specifically reported on outcome of the household survey.
Tourists' use of essential services (hospital, ambulance, etc.)	Constructed via other indicators. Latest value and variation over the last year	No	No	No	No	No	No	No
Congestion and intrusion arising from visitors	Constructed via other indicators. Latest value and variation over the last year	Number of interventions - stop and go and road closures	Camps Bay Sea Point and Granger Bay Bo Kaap Gordon's Bay	No	No	No	No	No, but have access to some information.
Conservation	Constructed via other indicators. Latest value and variation over the last year	Approximately 50.87% of the BioNet is either under conservation management or formally conserved (target is 60%)	COCT Smart City reports	Primary	Annually	all areas formally and informally conserved	CoCT : Environmental Resource Management department	No but can produce a report.

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