ADDRESS BY ETHEKWINI MUNICIPALITY MAYOR, CLLR MXOLISI KAUNDA DURING AN ENGAGEMENT WITH COMMUNITY TOURISM ORGANISATIONS, 1 FEBRUARY 2023

- Programme Director
- Leadership of Community Tourism Organisations
- Head of Business Support
- Deputy Head of Tourism
- Ladies and gentlemen

Good morning

Thank you for responding to our invitation to be part of this crucial meeting on how we can use tourism as a catalyst for economic growth and job creation in the city.

TOURISM OUTLOOK FOR 2023

We are meeting at a crucial time when the global outlook for the tourism sector looks positive and these are signs that the sector is gradually returning to pre-COVID-19 levels.

According to the World Travel and Tourism Council, global travel and tourism GDP is expected to grow by 5,8% per annum on average over the 2022- 2032 decade.

Furthermore, tourist numbers into Durban appear to have displayed resilience as passengers into King Shaka International Airport have increased by 321%, when comparing the latest flight destination figures of December 2022 to their most recent all time low in July 2021.

Nonetheless, passenger arrivals in December last year were still 32% less than the same month pre COVID-19 level, meaning much growth potential still remains for the travel sector in Durban. We are currently observing a dramatic increase in international visitors as more international airlines are opening new routes in Durban.

OPPORTUNITIES AND THREATS

The following trends are expected to drive or thwart this growth potential in 2023:

- With an increase in inflation, a decrease in real wages and the cost of living, Durban should ensure that affordable, yet quality products are easily accessible for middle income consumers who may not want to give up plans to travel.

- Secondly, corporate meetings, conferences and workshops have reverted almost full swing to in-person attendances. In instances where head offices are Durban based, where destination bookings or convention centres are required, Durban stands to benefit from increased traffic, and should prepare its corporate facilities too.

- Thirdly, work from home or flexible remote working has resulted in previously inland (Gauteng) based top executives to fully or partially

relocating to KwaZulu-Natal. Ballito and Umhlanga appear to attract more high spending tourists and semi residents into the province and Durban should work to market itself to this tourism segment.

RISKS (GLOBAL DOWNTURN)

Despite positive tourism reviews, by most accounts, the global economy threatens to be dangerously sluggish in 2023, having declined according to the IMF from 6% in 2021 to 3.2% in 2022, to an expected 2.9% in 2023; or 1,7% by the World Bank's estimation.

Remember anything below 3% at the global level is considered low.

In such cases, luxury travel and tourism in general are at risk of being sacrificed for necessities. Durban should therefore ensure that it continues to have affordable prices for visitors.

Ladies and gentlemen, water and sanitation infrastructure challenges which results into sewer spillages risk tarnishing Durban's image in the long term. It is for this reason that we are working tirelessly to repair infrastructure that was severely damaged during the floods. As the city, we have embarked on an aggressive communication campaign to publicise our efforts of mitigating these challenges and to regain the public's trust.

Another risk that we are facing as the tourism sector is loadshedding. Therefore, destinations with a plan to reduce load shedding, and who are able to successfully avert lower stages of blackouts will eventually benefit as tourists chose these destinations to avoid inconvenience.

We are pleased to report that currently, government is considering declaring the national state of disaster on electricity crisis. We are optimistic that if this intervention is going to follow the same approach that government adopted during the COVID-19, we will see government providing energy support to tourism products which cannot afford to invest in the necessary equipment.

As the city, we are forging ahead with the procurement of 400 MW of alternative energy (300 MW gas and 100 MW solar) from Independent Power Producers in line with our Energy Transition Policy. A concurrence has been received from the provincial government to proceed with this programme.

Ladies and gentlemen, we are raising these issues so that we can collectively navigate the challenges and leverage on the opportunities presented by this sector.

More than ever, we need to work together as stakeholders to demonstrate that Durban is still a preferred destination for both local and international tourists. Going forward, we need to constantly speak with one voice and communicate a positive message to the public about this sector. This does not mean that we must turn a blind eye on the challenges we are facing.

Therefore, as part of our discussions today, we must focus on what strategies are we putting in place to take advantage of the opportunities presented by this sector. Most importantly, how are we going to ensure that economic spinoffs in this sector are shared by all roleplayers, particularly in township and rural communities since 68% of our geographic space is constituted by rural areas.

For us to achieve this goal, the city will continue to provide support to the Community Tourism Organisations with funding. While we acknowledge that this funding is inadequate considering the challenges that are facing the sector, it undoubtedly goes a long way to market our destinations and create new tourism packages.

It is important to indicate that eThekwini Municipality is the only government institution that provides this kind of support to tourism product owners because we appreciate the role you are playing growing our economy and creating jobs.

Therefore, we encouraged you to be ambassadors of eThekwini Municipality as any negative comments on the City's image impact negatively on the Business that CTOs represent. Bad publicity also adversely affects the Tourism image of Durban which results to job loss and business performance.

Working together, let us ensure that Durban remains on top of every traveler's mind.

We look forward to a productive and fruitful year for the sector.

I thank you.