

the **GAUTENG**
BUSINESS OF TOURISM



START A TOUR OPERATOR BUSINESS

TOURISM



1. DEFINITION

A tour operator is any person who owns a business which transport paying tourists on schedule itineraries and makes arrangements for the clients in terms of accommodation, transport and excursions. These businesses often own vehicles to transport tourists and the owners of these enterprises often accompany tour participants as tourist guides.

There are three categories of tour operators;

- In-bound tour operators - provides services mainly for foreign visitors to South Africa
- Out-bound tour operator - provide services to clients in South Africa wishing to travel to destination outside the country.
- Local tour operator - provide services to domestic clients for tours within South Africa

Essentially, a tour operator (or broker) makes arrangements for tourists. These normally involve the following:

1. Quote for the work (either to an overseas agent or direct to the potential tourist). Be careful not to under-quote & operate the tour at a loss. It is generally considered unacceptable to quote & subsequently attempt to increase the agreed price.
2. Agree the cost of services with your client as well as details & terms of payment.
3. Make all the necessary bookings & reservations (hotels, transport, sightseeing etc).
4. Operate the tour ie provide the necessary accommodation, transport, tourist guide(s) etc.

Some tour operators perform only a selection of the above services, eg provide the transport & guide. This is often the case with operators who do regular day-tours of tourist areas. Such operators obtain many of their clients from other operators, tour brokers, hotels etc.

A Tour Broker - does not operate his/her own vehicles but sub-contracts services.

2. LEGAL REQUIREMENTS

These are requirements for a tour operator, as set by the Operating Licence Board;

- In order to carry fare-paying passengers (ie tourists), a vehicle must be registered with the Operating Licence Board which will issue an Operating licence. Applicants are normally required to specify that they will be carrying tourists & also to specify the intended routes. - - Application should be made to the local Operating Licence Board for the licence. You can prepare the application yourself or use the services of a lawyer specialising in these licences. There is a cost implication for the licence application.
- ALL enquiries regarding licence applications should be directed to your local Operating Licence Board (refer to "Operating Licence Board Contact Details")
- A driver of tourists must have a Professional Driving Permit (PrDP). This is issued by the Traffic department based on a normal driving license and the applicant is subject to a medical examination and a check for any criminal convictions. There is a cost for a PrDP.
- Any operator providing a guided tour is required to use a Tourist Guide who is qualified and registered with Gauteng Tourism Authority and DEAT/ FGASA accredited. It is illegal to provide tourist guiding services without the necessary qualification and registration.
- Tourists who self-drive do not require a qualified Tourist Guide
- Passenger Liability Insurance cover (SATSA recommend a minimum of R5 million for a vehicle carrying 5 – 7 passengers) should be in place.
- The policy should be in the name of the company – and the cover is applicable to each vehicle
- Recommended cover for vehicles carrying more than 7 passengers (calculate the cover based on + R1 million per passenger)

If a tourist guides is to be used as part of the tour, the tourist guides must be a registered tourist guide with GTA (contact GTA for a list of registered tourist's guides).

3. BUSINESS ISSUES

3.1 Structure of Your Business

You may be registered as a Sole Proprietor, or your business may be registered as a Private Limited Company ((Pty) Ltd Company, or Close Corporation (cc)). Chambers of Commerce, Gauteng Tourism Authority (GTA) and Gauteng Enterprise Propeller (GEP) are a good contact through which to obtain details of organisations that can give advice on the structuring of your business. Advice may also be obtained from Business Advice Centres.

3.2 Managing Your Business

Management of your business will involve:

- a decision on the types and packaging of services;
- bookkeeping and accounting;
- arrangement of VAT and taxes;
- record-keeping for your own records, for advertising reasons and for tax purposes;
- taking and managing bookings from clients;
- employment and labour conditions which includes employment equity, labour unions and conditions of employment;
- training of staff: it is vitally important that staff are trained in customer care and to be professionals in their field; and
- insurance cover which includes both security and public liability.

3.3 Marketing and Advertising

Marketing and advertising may be done through a variety of mediums such as through printed brochures, internet, television and word of mouth. Gauteng Tourism Authority should be approached to enter your business into their tourism assets database for the Province which provides freely available information on tourism facilities.

GTA, Ekurhuleni, Johannesburg and Tshwane metropolitan tourism information centres, West Rand, Sedibeng and Metsweding District Municipality tourism offices, should be approached to help disseminate your marketing material, also they can advise on other marketing opportunities available relating to your businesses.

Other Requirements

- It is important that your business be registered with GTA, GEP and your local tourism office.
- Membership of SATSA (Southern Africa Tourist Services Association) is advisable to ensure that minimum standards are adhered to. Membership of SATSA can be used as a marketing tool and provides tourists with an assurance that certain standards are being maintained. The requirements for membership of SATSA are available at www.satsa.co.za

3.4 Financial Record Keeping

Good record keeping systems provide information for managing finances. The key items in record keeping include;

- Original records e.g. keeping your sales slips, receipts, invoices etc.;
- Journals which record the details of every transaction in chronological order e.g. the cash book;
- Ledger where information obtained from journals is made more useable;
- Trial balance is a list of all ledger accounts balances taken out to prepare financial statements;
- Financial statements:
 - Income statement
 - Balance sheet

The minimum requirements for a small business operation are:

- Cash book
- Cash control Systems
- Assets Register
- Debtors Record
- Creditors Record.

3.5 Budgeting

Budgets are based on past experience current state of affairs and future expectations. Budgets will help provide an estimate of financial requirements in the execution of plans in the business operation. Kinds of budgets include:

- Sales budget: a forecast of expected monthly income
- Materials budget: expected purchases
- Labour budget: expected remunerations and numbers of workers
- Capital budget: expected fixed assets expenditure e.g. machinery, land etc
- Cash budget: expected working capital requirements over a specific period.

3.6 Tariff Structures

Tariffs should be based on those of your competitors and a detailed analysis of income and expenditure for the proposed operation. Research will therefore be needed in order to set realistic tariffs. Advices on how to set your tariffs competitively may be obtained from

- GTA
- Ekurhuleni, Johannesburg and Tshwane Metropolitan - Tourism Information Centres
- Sedibeng, Information Centres.

4. FINANCIAL ISSUES

4.1 Financing your business

The Department of Trade and Industry provide limited subsidy for certain small and medium sized enterprises in the Tourism field.

Gauteng Tourism Authority may be approached for advice on potential funders.

4.2 Business Plan

Loan organisations (like banks) normally require a comprehensive Business Plan to be prepared in applying for a loan.

This Business Plan should include:

- business analysis
- financial forecasts; based on rational assumptions and experience
- budgeting guidelines
- schedules determining the amount and kind of finance most appropriate for the business
- details on proposed financing sources
- useful information about the planned business which will aid decision making by the loan organisation.

Assistance to draw up a business plan, can be obtained from:

- GTA and GEP
- Business Advice Centres,
- You may employ Consultants to advise you or to draw up your Business Plan with you. This would be at your own expense. The GTA could give you a list of such persons to assist you.

IMPORTANT CONTACTS

Gauteng Tourism Authority
11th Floor
124 Main Street
Marshalltown
Tel:011 085 2500
www.gauteng.net

Dep of Sport, Arts, Culture and Recreation
NBS Building 7th Floor, 38 cnr Rissick and
Market Street, Johannesburg
Tel: 011 355 2504
Fax: 011 333 4319

Gauteng Enterprise Propeller
124 Main Street
6th Floor
Marshalltown
Tel:011 085 2001
www.gep.co.za

Department of Trade and Industry
Physical address:77 Meintjies Street,
Sunnyside, Pretoria, 0002
Tel:0861 843 384

Joburg Tourism Company
Ground Floor, Grosvenor Corner
195 Jan Smut Avenue, Parktown North
Johannesburg
Tel:011 214 0700

Tshwane Tourism
Old Nederlandsche Bank Building
Church Square
Pretoria
Tel:012 358 1430

Ekurhuleni Tourism
Corner Hendrick Potgieter Road and
Van Riebeeck Avenue
Edenvale
Tel:011 999 3327

West Rand District Municipality Centre
Corner ixth and Park street
Randfontein
Tel:011 411 5155

Sedibeng District Municipality
471 merrimen Street
House & Home Building
Vereeniging
Tel:016 450 3317/ 016 450 3316

TEP(Tourism Enterprise Partnership)
3rd Floor Travel House
6 Hood Avenue, Rosebank
2121
Tel:011 880 3790

South African Tourism Service Association
(Satsa)
3rd Floor, Petrob House, 343 Surrey Avenue
Ferndale, Randburg
Tel: 086 127 2872

Department of Transport(Gauteng)
Operating Licensing
91 Commissioner Street
Batho Pele Building
Tel:011 355 9235

FEDHASA
(Federated Hospitality association of
South Africa)
Petrob House
343 Surrey Avenue
Ferndale
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