

the GAUTENG
BUSINESS OF TOURISM



START A TRAVEL AGENCY

TOURISM



1. DEFINITION

A travel agent sells either individual or complete holiday packages to the customer. The main function of the travel agency is to sell the temporary use of transport (air, rail, coach, car), accommodation (hotel, motel, lodge), tours (packages) and other associated services (insurance, foreign exchange). This means that they are involved in the planning, booking, organisation and documentation of travel arrangements for their clients. Often, this also involves advising, assuring, explaining and encouraging the customer. However, they generally do not operate vehicles or accompany tourists themselves.

Travel consultants (the people in a travel agency who deal with the public) are expected to gather information on travel destinations and are capable of giving advice on travel products. Travel consultants require good inter-personal, organizational skills and the ability to deal with unexpected situations.

2. POLICY AND REQUIREMENTS

Experience in the travel industry and the love of travel are some of the components for individuals wishing to enter the travel agency business. There is a clear distinction between those travel agents who sell air tickets and those who do not, and this choice is influenced by the qualifications of the travel agency consultants and the availability of start-up funds.

If you don't want to sell air tickets, but want to make arrangements for clients in terms of accommodation, transport and excursions, the International Air Travel Association (IATA) Diploma is not compulsory. However, it has become a benchmark for quality training in the travel industry, and would provide the travel agency with integrity and credibility which is critical in the early years.

If you want to sell air tickets, you must register with IATA, which requires the completion of an IATA/UFTAA (universal air travel) Standard Diploma (contact GTA for all IATA/UFTAA training institution).

The IATA/UFTAA Diploma provides a broad understanding of travel agency and airline operations, and enables the student to advise clients, make appropriate travel arrangements and reservations, calculate airfares, and complete international travel documents in accordance with IATA rules and procedures.

In addition, every IATA Travel Agency is required to have a qualified BSPZA (Billings and Settlement Plan Southern Africa) consultant in the office at all times. BSP is the standardised accounting function for IATA accredited travel agents, controlled by IATA. All travel agents should understand the BSP function in terms of ticketing and airline accounting, including information on cancellations, refunds, etc.

There are a number of other useful travel related courses (e.g. Galileo certificate, SAA Fares and Ticketing, British Airways Level 1, etc) available at various educational institutions, which should be explored according to your needs.

3. CODE OF CONDUCT

The Business Practices Committee (BPC), which is part of the Consumer Council, has published a Consumer Code for Travel Agencies which governs the conduct of travel agencies and protects consumers. When complaints are received, the BPC assesses whether the proper business practices were conducted, irrespective of the travel agent being a member of the Association of South African Travel Agents (ASATA). The Code of Conduct and ASATA membership is voluntary. (see section on Voluntary Requirements).

The Code has three main benefits: First, it informs customers about what standard of service to expect, what recourse there is in the event of dissatisfaction and what their legal standing is when dealing with travel agencies, whether the latter are members of ASATA or not. Second, it assists travel agents, whether they are members of ASATA or not, to meet desirable levels of business practice by providing the criteria that are broadly acceptable within the industry. Third, it sets a standard of service, professionalism and business practice for all travel agencies in South Africa. Copies of the Consumer Code for Travel Agencies can be obtained from ASATA or the Business Practices Committee.

4. LAND AND PLANNING ISSUES

4.1 Space and Infrastructure

Sufficient space is needed where the public can sit and discuss their needs with the travel consultant. Access to basic office infrastructure is needed, including access to electricity, telephones, fax and email. Access to a computer equipment and software is required if the travel consultant is to be involved in the booking of air tickets. Registration with IATA will allow the keeping of airline ticket stock and the use of a ticket printer (see also Licensing and Registration). The operational costs of an IATA registered travel agency are therefore likely to be higher than a business which is not registered.

4.2 Amenity Value

An attractive or appealing tourism office environment may be created with posters and maps in a clean and well-kept surroundings.

4.2 Accessibility / Roads

You must ensure that the site is easy to find for those people using their own or public transport?

5.LEGAL REQUIREMENTS

5.1 Land Use Zoning

Approach the Local Municipality to establish whether the Town Planning Scheme permits the activity on the site you have chosen.

5.2 Licensing and Registration

Approach the Local Municipality in order to register your business. You will also need to register with the District Municipality.

If you wish to be involved in the sale of air tickets, you will need to be registered with IATA. Compliance with the Consumer Code for Travel Agencies is necessary (Business Practices Committee) and membership of ASATA is desirable.

5.3 Regulations and By-Laws

Your application for a trading license will be circulated by the Local Municipality to the Health, Fire and Building inspectors and the Town Planning Department. These bodies will ensure that your plans comply with their regulations before the application is approved.

5.4 Other Legal Requirements

If you wish to erect a road sign in the road reserve area (as distinct from on your own property) for the purpose of advertising your business, then you need approval from the Department of Transport, in the case of national roads the business Facility Signs Committee in the Provincial Department of Transport in the case of secondary roads and the Local Municipal Engineer in the case of local roads within a Local Municipality area.

6. BUSINESS ISSUES

6.1 Structure of Your Business

You may be registered as a Sole Proprietor, or your business may be registered as a Private Company (Propriety Limited or (Pty) Ltd Company), or Close Corporation (cc). Chambers of Commerce 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.

6.2 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 are to be professionals in their field and insurance cover which includes both security and public liability.

6.3 Marketing and Advertising

Marketing and advertising may be done through a variety of media such as, printed brochures, internet, television and word of mouth. Gauteng Tourism Authority (GTA) should be approached to enter your business into their tourism assets database for the Province which provides freely available information to the public on tourism facilities. The District Municipality has a copy of the same database. Any brochures produced to advertise your establishment should include an easily readable map showing your location.

6.4 Voluntary Requirements

Membership of ASATA is advisable to ensure that minimum service standards are adhered to. Membership of ASATA can be used as a marketing tool as well and provides tourists with an assurance that certain standards are being maintained. The ASATA logo engenders public confidence and underwrites the integrity and reliability of the travel agent.

ASATA provides a sounding board in the form of monthly meetings where ideas are shared and members are kept abreast with the latest developments in the travel industry.

The requirements for membership of ASATA are as follows: Requests for application forms should be addressed to:

The Executive Director of ASATA PO Box 31742 Braamfontein 2017 Phone (011) 403 2923 Fax (011) 403 3997

There are also benefits by joining trade associations such as improved marketing opportunities, access to information on the market, and liaison with authorities. Trade Associations have set codes of conduct to govern the relationships of their members with their clients. Such associations include Southern African Tourism Services Association (SATSA), AFRITOUR, Black Association of Travel Agents of SA (BASATA), and Council of Adventure Travel Associations of SA (CATASA).

6.5 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.

6.6 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.

6.7 Tariff Structures

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

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

7. FINANCIAL ISSUES

7.1 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.

7.2 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 and 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

FEDHASA
(Federated Hospitality association of
South Africa)
Petrob House
343 Surrey Avenue
Ferndale
Tel:0861 333 427
info@fedhasa.co.za

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