



the seychelles islands
another world

The Seychelles Tourism Master Plan: Facts and Findings

From 2000 to 2020

Structure of the presentation

- 1. Tourism Master Plan: Principles, Goals and Approach
- 2. Basic economic notions related to tourism
- 3. Level and trends of visitor arrivals, by country of residence
- 3. Level and trends in bed capacity and bed occupancy
- 4. Level and trends in air seat capacity and air seat occupancy
- 5. Supply of land-based and marine-based tourism support services

Structure of the presentation (cont.)

- 6. Possible effects of an increase in bed supply under certain conditions
- 7. Large hotel projects in Seychelles
 - Projection of bed supply (2011-2020) under 2 scenari
 - Required number of visitor arrivals under 2 scenari
 - Water requirements
 - Other incremental requirements
- 8. General outcome of the cross-sectoral consultation
- **9. First set of Recommendations**

Seychelles Tourism Master Plan: the Principles

- **Economically-sound**
- **Environmentally-conscious**
- **Socio-culturally-conscious**

Tourism Master Plan

Main Goal:

-To consolidate the industry and to make tourism development an integral and coherent component of the Seychelles Sustainable Development Policy

Main Objectives:

- To reaffirm and further root the commitment to sustainable and responsible tourism at each step of the tourism supply chain with the balanced objectives of economic empowerment, environmental preservation, and socio-cultural integration (World Summit on Sustainable development, Johannesburg, 2002)
- To secure and foster national ownership of the tourism industry in a way that promotes tourism as a genuine source of economic empowerment for the people of Seychelles, and that ensures equitable development opportunities for all Seychellois in the sector.

Tourism Master Plan: the Approach

- **Multi-Sectoral consultation with tourism operators (Mahé, Praslin and La Digue)**
- **Consultation with regulatory bodies**
- **Tourism Survey**
- **Historical data**

STB Sectoral consultations (October 2010-January 2011)

Large Hotels

Seychelles Bankers Association

Seychelles Farmers (+Association)

Fishing Boat Owners Association

Marine Charter Association/Yacht Operators/Ferry and Schooner Operators

Artisans/Handicraft, Artists

Tour Guides

Taxi Operators (+Association)

Small Hotels

Dive Center Operators

Airline Operators and DMCs

Musician Association

Car Hire Operators (+Association)

Tourism Operators on La Digue

Tourism Operators on Praslin

National Arts Council

Department of Environment, Seychelles National Parks Authority, Botanical Gardens

Foundation and Landscape and Waste Management Agency

Ad-hoc consultations: SLA, NSB, SRC, SCAA, SMSA, PUC, CBS, Customs,
Planning

From traditional economics to tourism economics

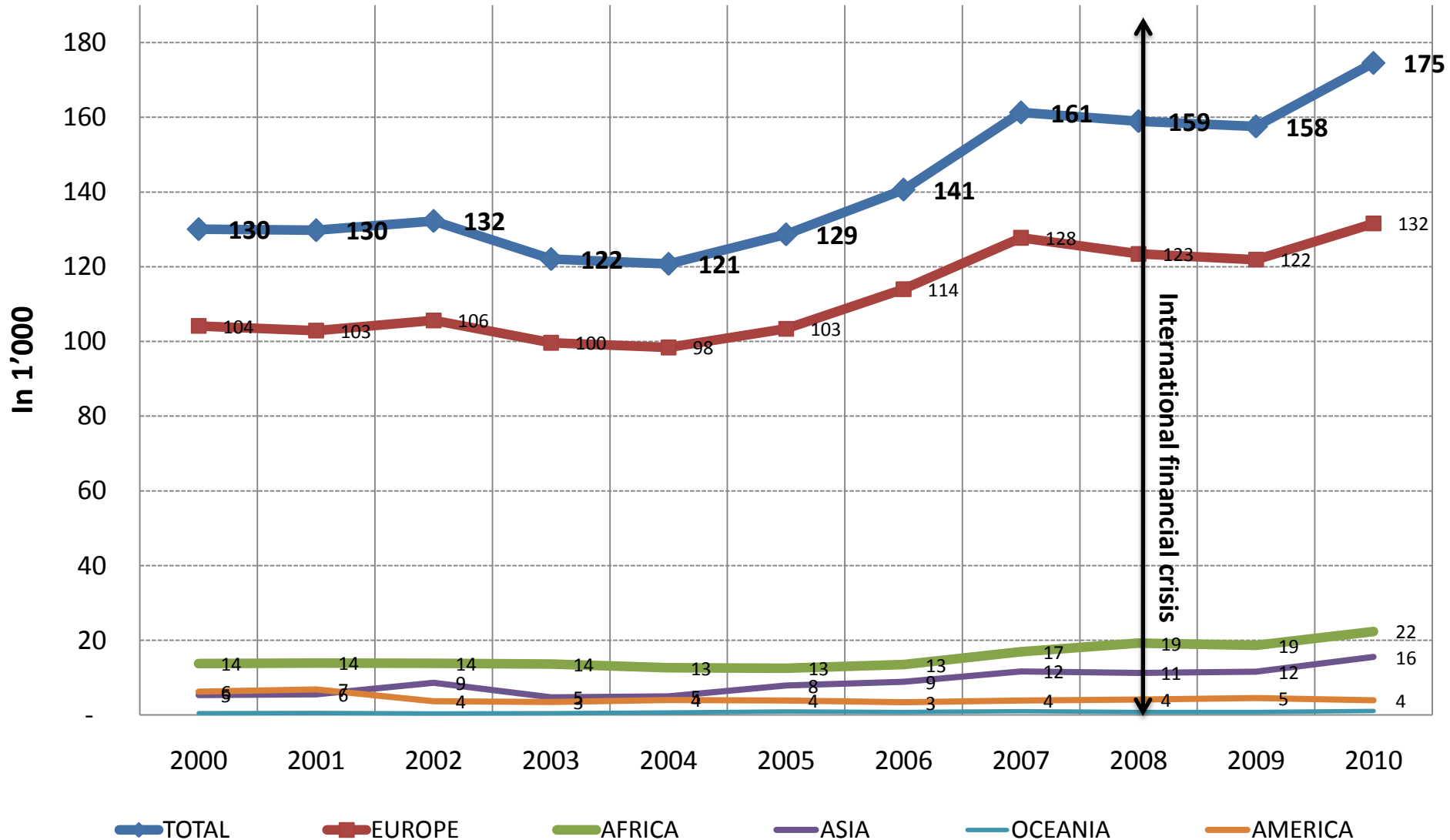
- Tourism Demand

- **External factors** affecting decision to travel (ex: income elasticity)
→ **Beyond national control but adjustments/Market targets and marketing strategy**
- **Domestic factors** affecting the decision to travel to Seychelles (destination competitiveness \neq price competitiveness)
→ **Domestic policies**
- Destination competitiveness = f (price; environment (E), safety/security (SS), political stability (PS), ...)
 - Importance of price (value for money)
 - Importance of E-SS-PS for the sustainable development of tourism in Seychelles

Visitor arrivals in Seychelles, by country of residence (2010)

- **75.4% Europe** (20.1%France, 14.7%Italy, 12.2%Germany, 7.1%UK/Eire, and 3.7% Switzerland)
- **12.8%Africa** (6%South Africa, 2.6%Reunion, 2.1%Mauritius)
- **8.9%Asia** (3.1% UAE, 2%India, 0.6%China)
- 5.1%Russia
- 10 countries = 71% visitor arrivals

Visitor arrivals in Seychelles (2000-2010)



Growth rates in Tourism Arrivals in Seychelles and IMF GDP Growth projections by economic zones

	Annual Growth rates in visitor arrivals (%)			Real GDP growth rate (IMF, April 2011)			
	2005-2009	2009-2010	Jan-10thJuly 2010-2011	2010	2011	est.2012	est.2016
WORLD	5.4	10.8	8.7	5.0	4.4	4.5	4.7
EUROPE	4.2	8.0	8.0	1.8	1.8	2.1	2.1
AFRICA	12.1	20.0	3.3	5.0	5.5	5.9	5.4
ASIA	10.5	33.5	20.9	9.5	8.4	8.4	8.6
Indian Sub-con	7.4	63.7	-29.0	10.4	8.2	7.8	8.1
China	..	17.3	104.9	10.3	9.6	9.5	9.5
Source: NSB and IMF, 2011							

The 2010 top 5 markets from most advanced economies

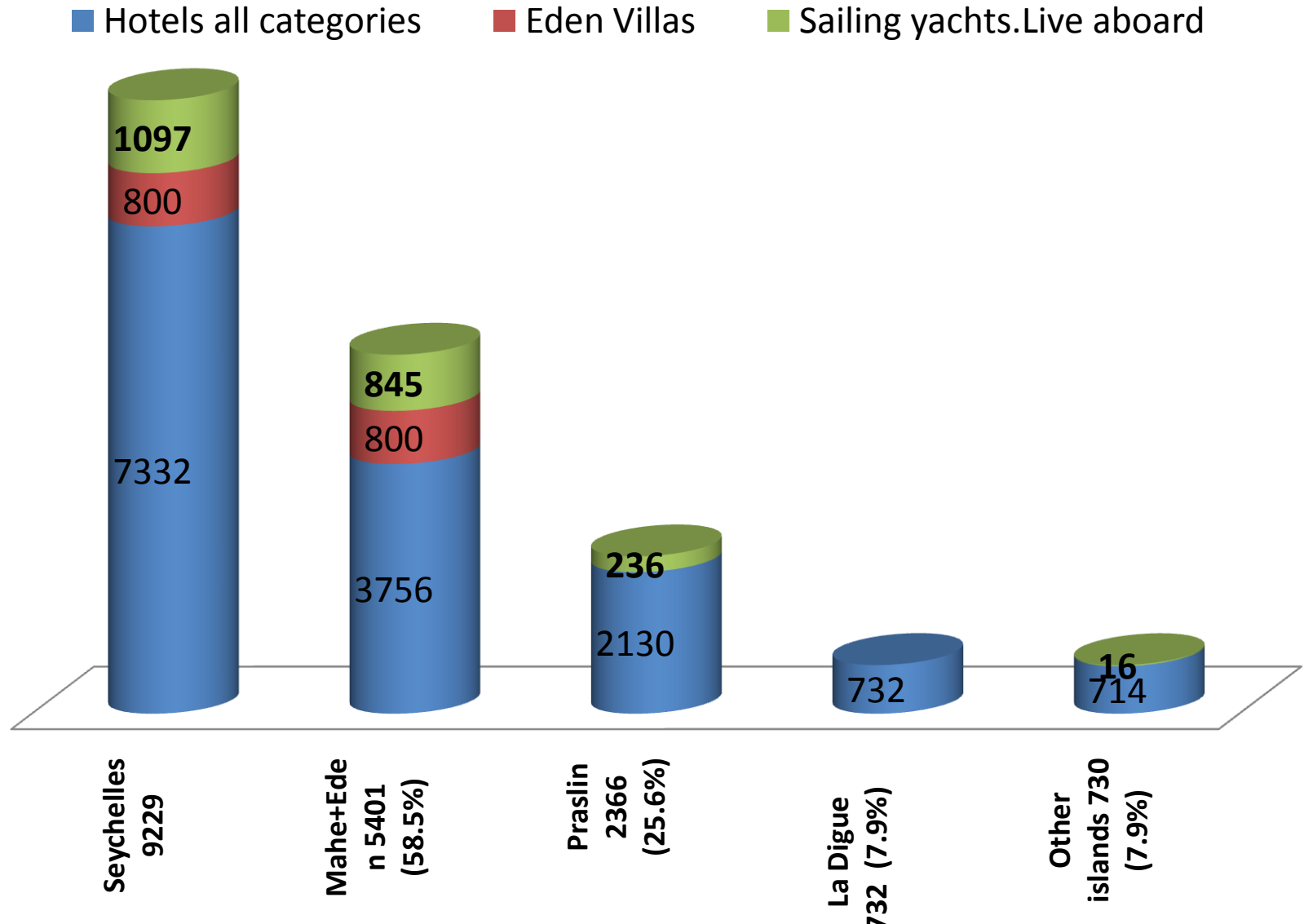
	Annual Growth rates in visitor arrivals (%)			Real GDP growth rate (IMF, April 2011)			
	2005-2009	2009-2010	Jan-10thJuly 2010-2011	2010	2011	est.2012	est.2016
France	4.0	11.8	16.6	1.5	1.6	1.8	2.1
UK & Eire	-8.9	9.2	11.7	1.3	1.7	2.3	2.6
Germany	4.0	8.0	5.8	3.5	2.5	2.1	1.3
Italy	7.6	-2.0	-3.5	1.3	1.1	1.3	1.4
Switzerland	5.2	16.5	4.8	2.6	2.4	1.8	1.8
Source: NSB and IMF, 2011							

The top 5 markets from the developing world in 2010

	Annual Growth rates in visitor arrivals (%)			Real GDP growth rate (%)			
	2005-2009	2009-2010	Jan-10thJuly 2010-2011	2010	2011	est.2012	est.2016
South Africa	11.7	27.0	-0.5	2.8	3.5	3.8	4.5
Russia	..	10.4	-6.1	4.0	4.8	4.5	4.0
United Arab Emirates	21.0	3.2	3.3	3.8	4.2
Reunion	14.6	32.3	5.0				
Mauritius	10.7	4.5	-16.1	4.0	4.1	4.2	4.5

Source: NSB and IMF, 2011

Seychelles land-based and marine-based bed capacity by end 2011



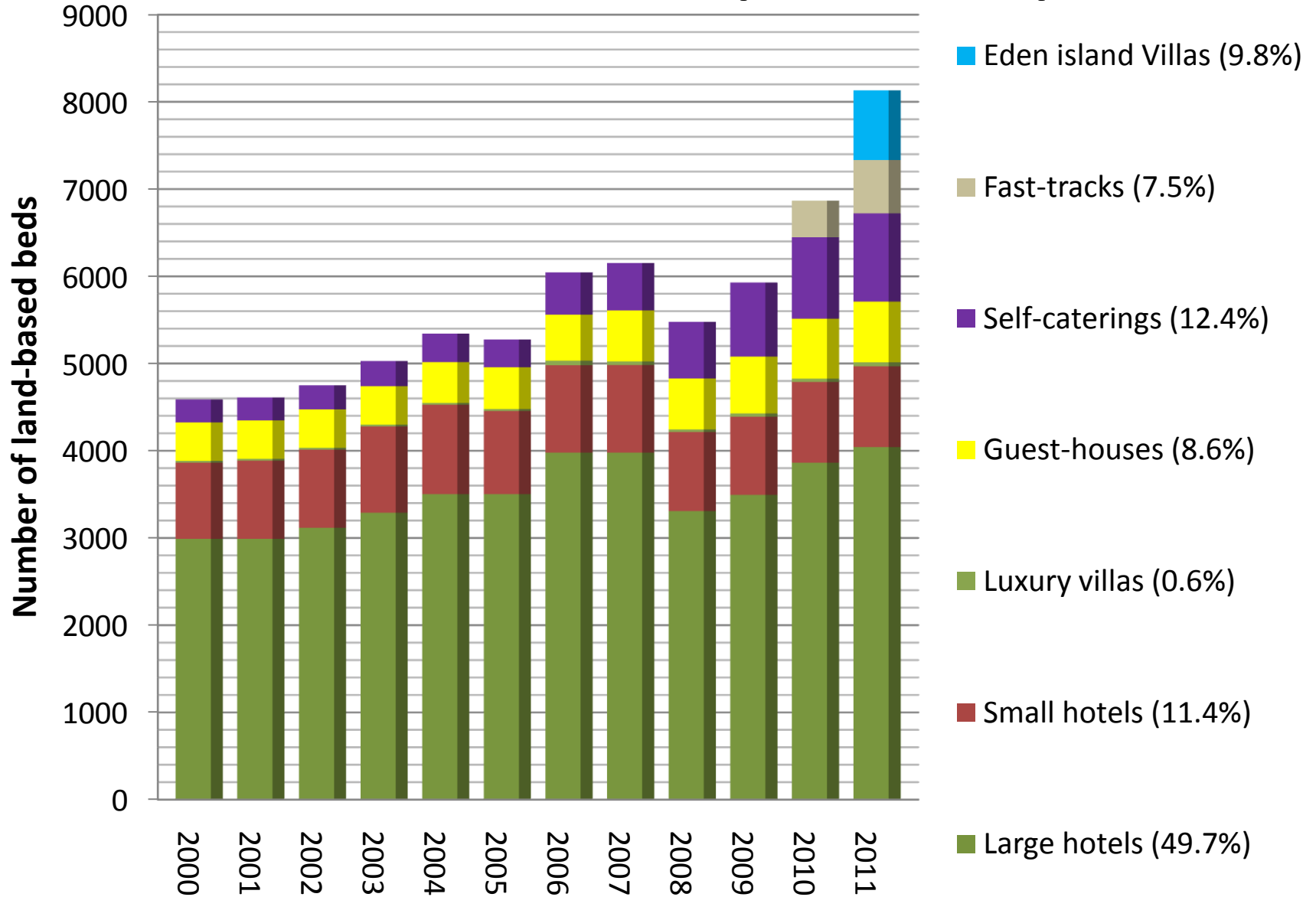
Change in land-based bed supply by type (2000/2011)

- Large hotels: + 1'052 beds (+526 rooms)
- Small hotels: + 54 beds (+27 rooms)
- Luxury villas: + 24 beds (+12 rooms)

- Guest-house: +256 beds (+128 rooms)
- Self-catering: +748 beds (+374 rooms)
- Eden villas: +800 beds (+400 rooms)
- Fast tracks: +610 beds (305 rooms)

- Total: +3544 beds (+1772 rooms) +77%

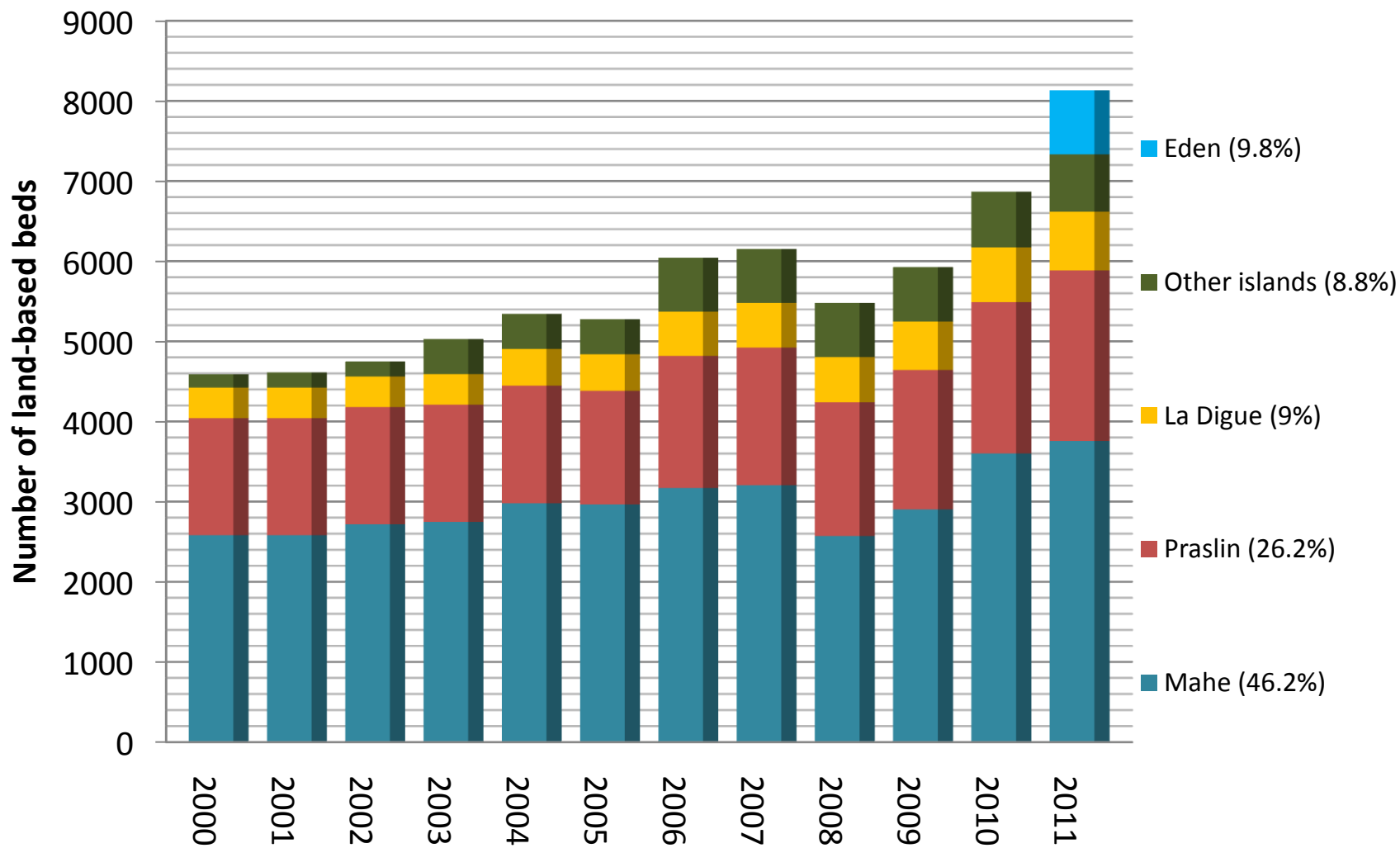
Trends in bed supply, by type of accommodation (2000-2011)



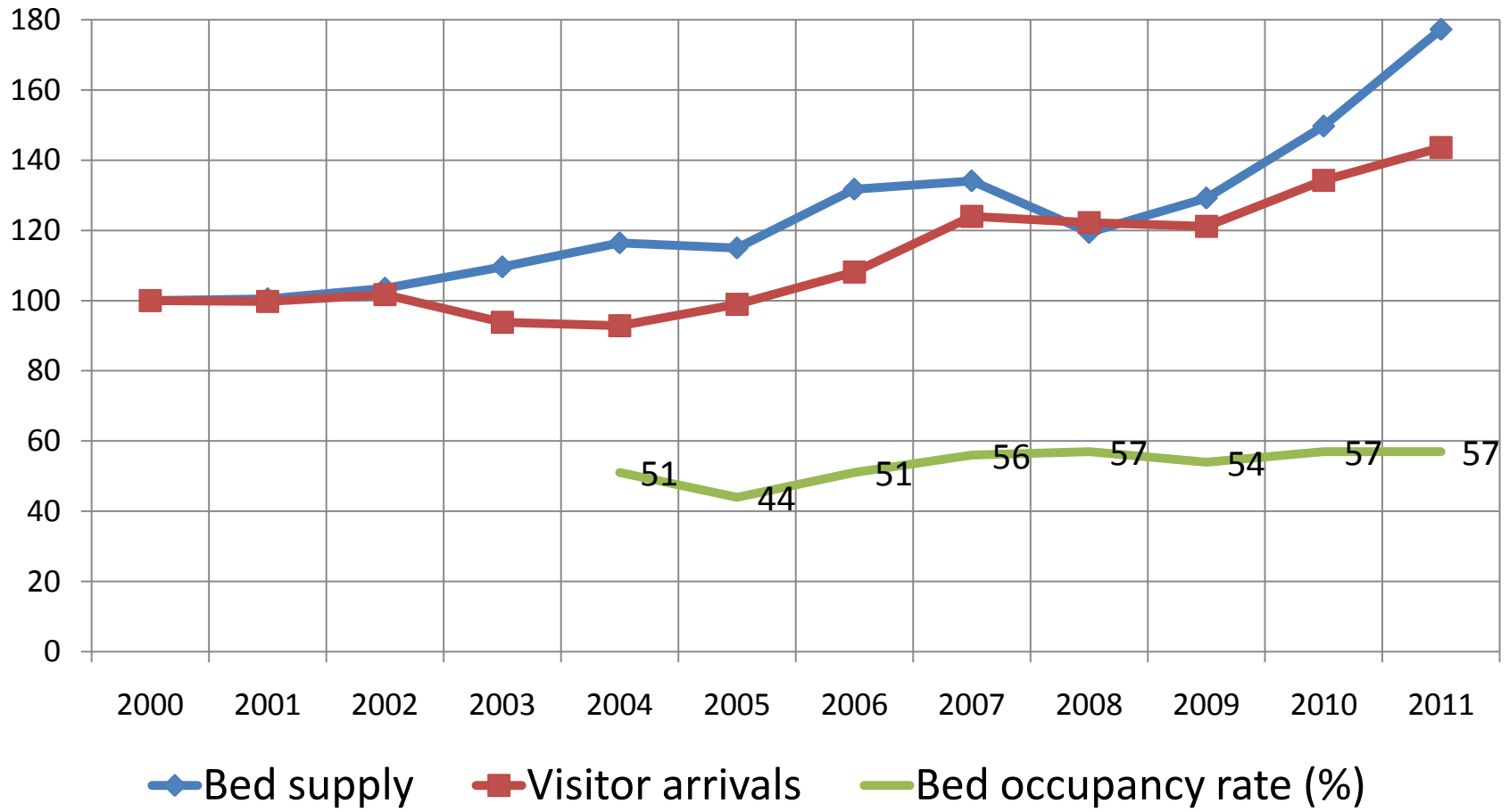
Change in land-based bed supply by island (2000/2011)

- Mahe excl. Eden: +1'176 beds (+588 rooms)
- Praslin: +668 beds (+334 rooms)
- La Digue: +352 beds (+176 rooms)
- Other islands: +548 beds (+274 rooms)
- Total: +77% (incl. Eden) or 59% (excl.Eden)

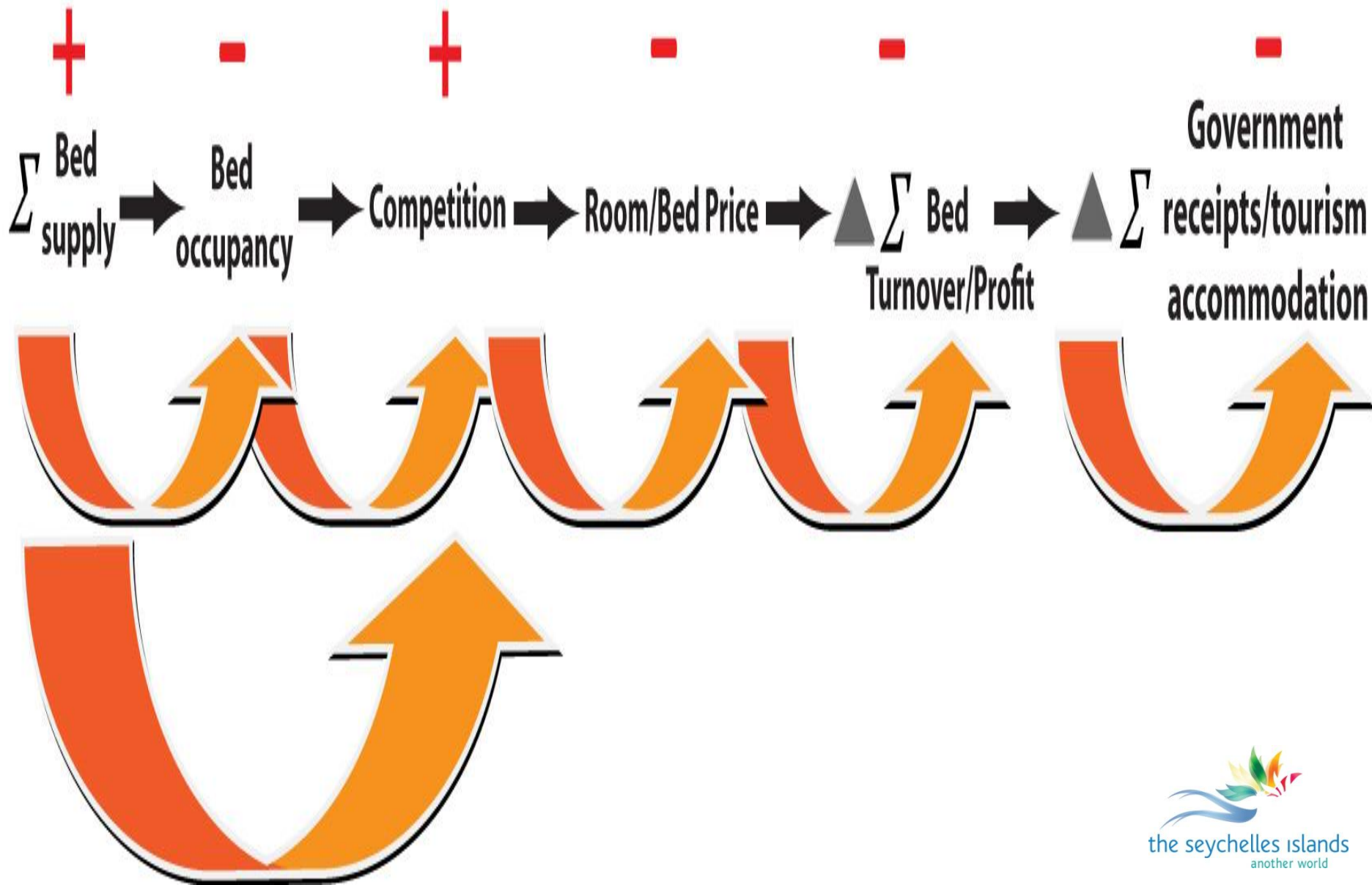
Trends in bed supply by island (2000-2011)



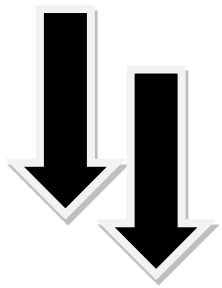
Index of bed count and visitor arrivals (2000=100)



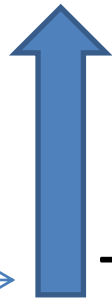
Without sufficient increase in visitor arrivals



The importance of Visitors' Purchasing power



- Price



Tourism arrivals but ?
purchasing power



? Tourism spending and Destination competitiveness =
f (price; **environment (E)**, **safety/security (SS)**, political
stability (PS),...)

Data on land-based and marine-based tourism support services

Ground handling operators

Car Hires, Taxi, Restaurants

Tour guides,

Marine-based operators...

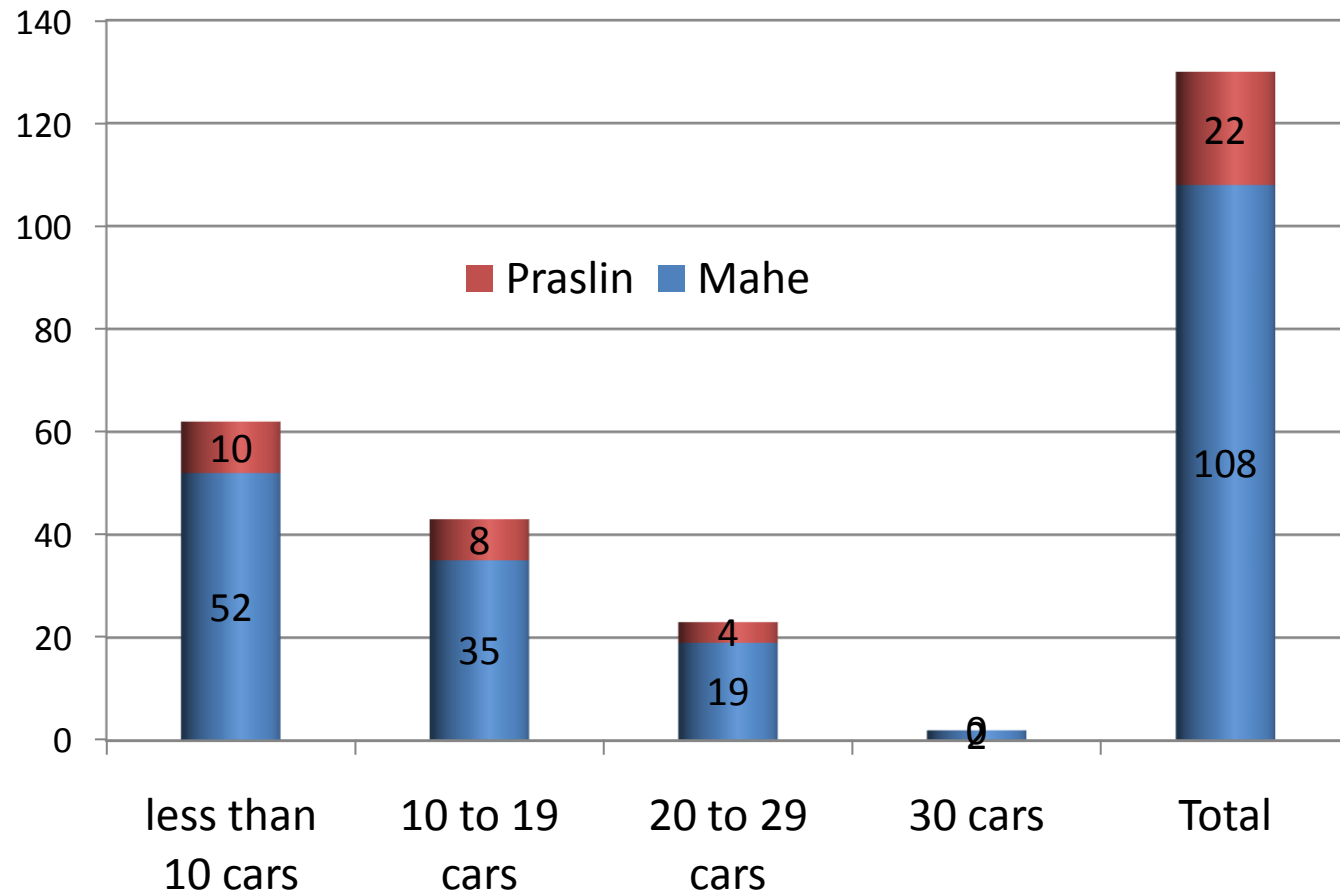
Ground handling operators in Seychelles

- 8 Destination management companies (DMCs)
- About 50% visitor arrivals via TO (Q4 2010 Tourism survey)
- But 6% visitor arrivals stay with family/friends
- About 82000 visitors handled by Ground handling operators in 2010
- Or an average of 225 visitors per day (excluding walk-in guests)

Car hires in Seychelles

- About 10% of motorized vehicles circulating on Mahe and Praslin
- Aggregate fleet size: about 1600 cars
- Average fleet size: 12-13 cars
- 82% on Mahe (1 car for 1.7 available rooms)
- 18% on Praslin (1 car for 3.7 available rooms)

Car hires in Seychelles, 2011 fleet size



Source: STB/SLA June 2011

Other land-based tourism operators (June 2011)

	Restaurant Covers (excl.hotels)	Taxi	Tour Guide
Mahe	2125	261	24
Praslin	322	37	2
La Digue	166	4	2
Total	2613	302	28

	Restaurant Covers/10 beds	Taxi/100 beds	Tour Guides/1000 beds
Mahe+Eden	5	6	5
Praslin	2	2	1
La Digue	2	1	3
Total	4	4	4

Source: STB/SLA June 2011

Marine-based operators

Activities	Island	Unit
Glass Bottom Boat (17)	Mahe	15
	Praslin	1
	Ste.Anne	1
Hire Craft (excursions/fishing, yacht/live aboard, diving, shuttle boat, ferry) (393)	Mahe	216
	Praslin	119
	La Digue	20
	Other Island	38
Water Sport (10)	Mahe	6
	Praslin	4
	Other Island	1
Dive Centre (18)	Mahe	8
	Praslin	3
	La Digue	1
	Other Island	6
Source: STB/SLA June 2011		

Hire crafts in Seychelles

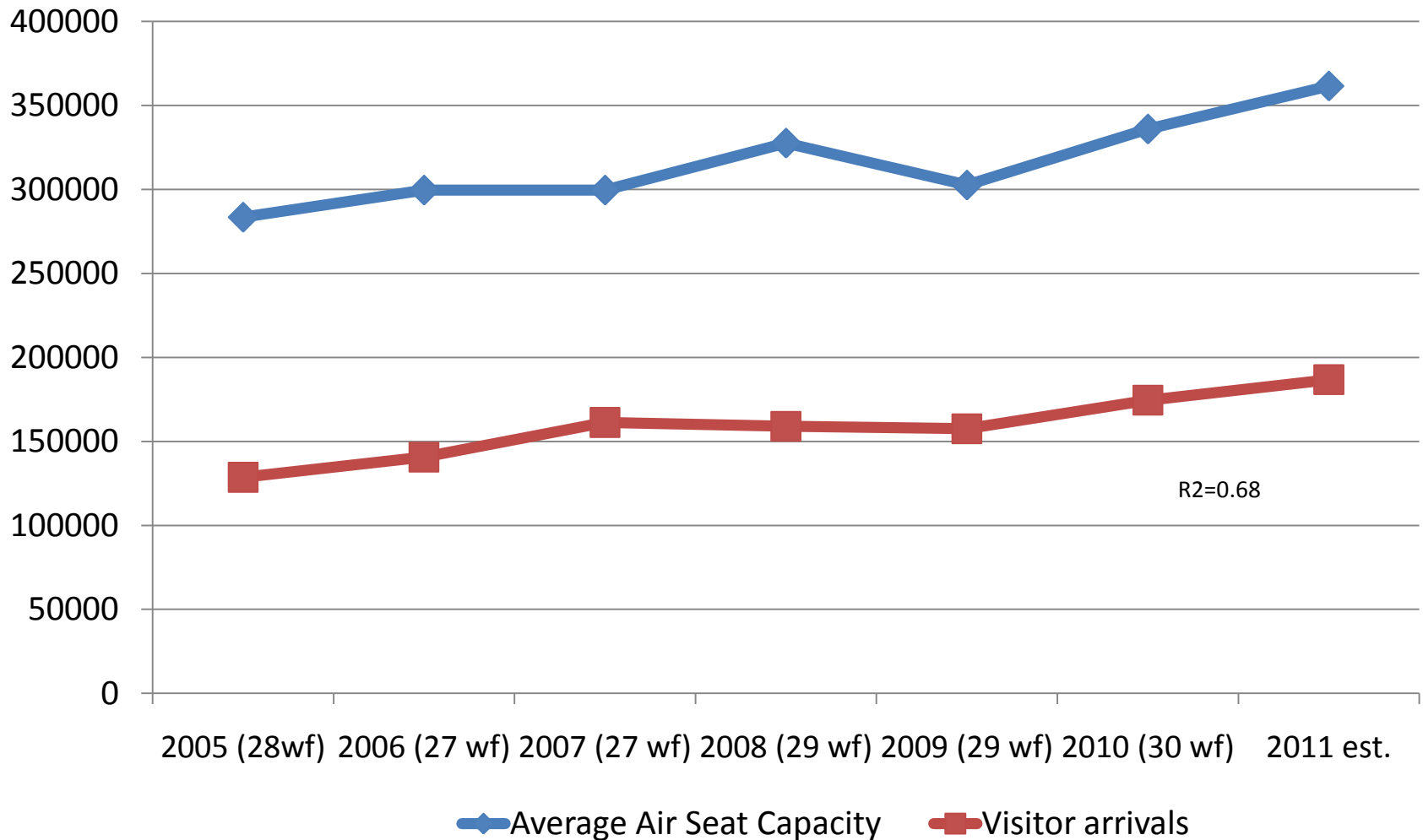
	All	Excursions	Excursions/ Fishing	Sailing Yacht/Live aboard	Motor Yacht/Liveab oard	Diving	Shuttle Boat	Ferry
Mahe	216	16	74	89	21	12	2	2
Praslin	119	17	62	28	0	6	4	2
La Digue	20	4	15	0	0	1		0
Other	38	6	11	0	2	5	14	0
Total	393	43	162	117	23	24	20	4
Total%	100	10.9	41.2	29.8	5.9	6.1	5.1	1.0

Source: STB/SLA June 2011

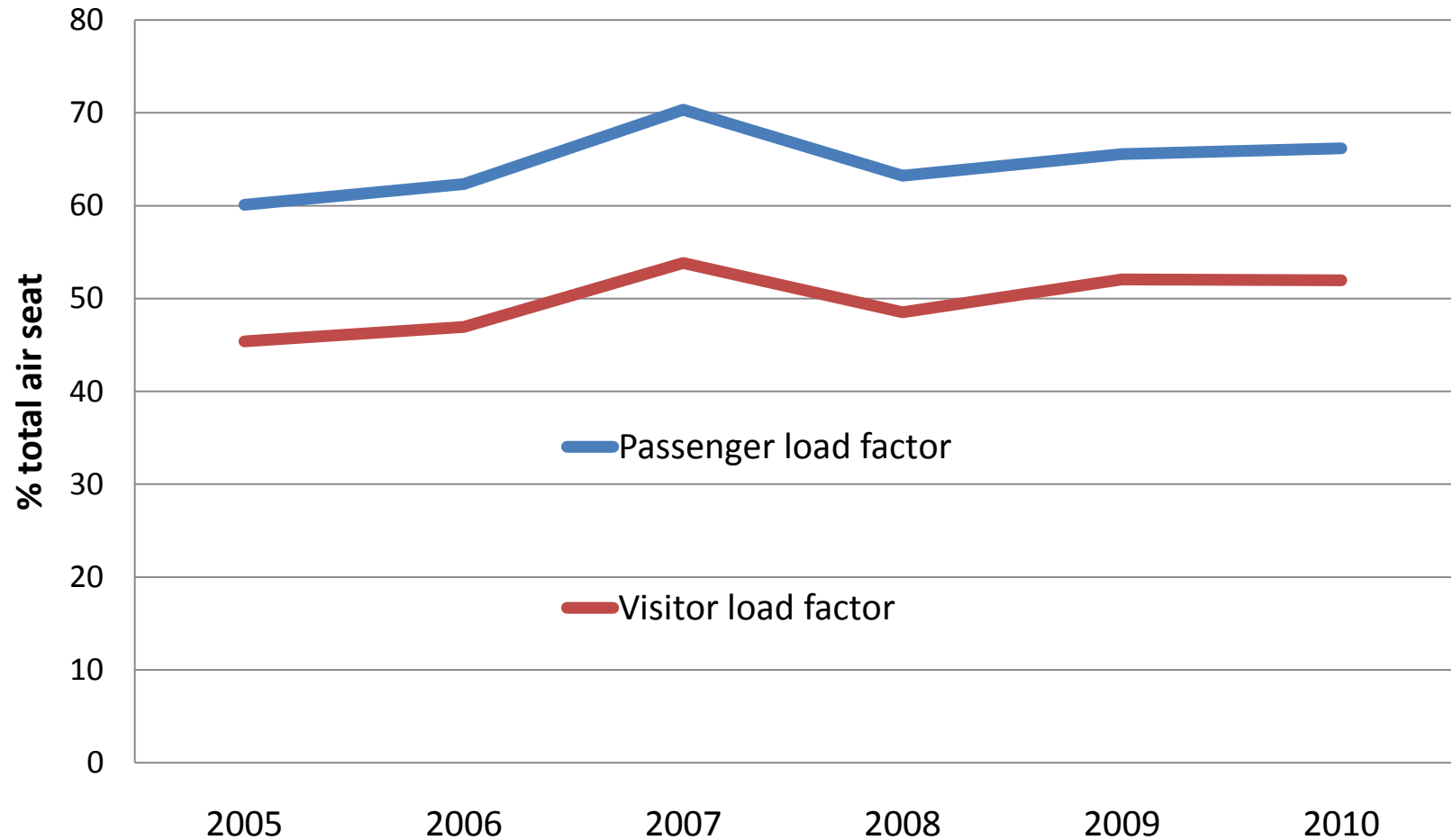
Airlines and flight frequency

- 6 Airlines currently serving the Seychelles destination (Air Seychelles, Emirates, Condor, Qatar, Kenya, Air Austral)
- 30 Weekly flights in 2010
- Direct flights from and to France, Italy, Germany, Kenya, South Africa, Qatar, UAE, Singapore, Mauritius, Reunion

Trends in Average Air seat supply and tourist arrivals (2005-2011)



Average airline load factor



Hotel projects in Seychelles

New tourism beds imply

- More visitor arrivals requirement: around 22 new visitor arrivals per new bed
- More water consumption: 750l per day per bed (large hotel); 300l per day per bed (small hotel); 150l per day per bed (sc; gh...). In 2010 tourism water demand = 18% of total demand
- More energy consumption (fuel...)
- More human resource requirement: about 1 staff per bed for large hotel projects. In 2010, tourism labour= about 10,000 employees (=about 23% of total employment)
- More competition

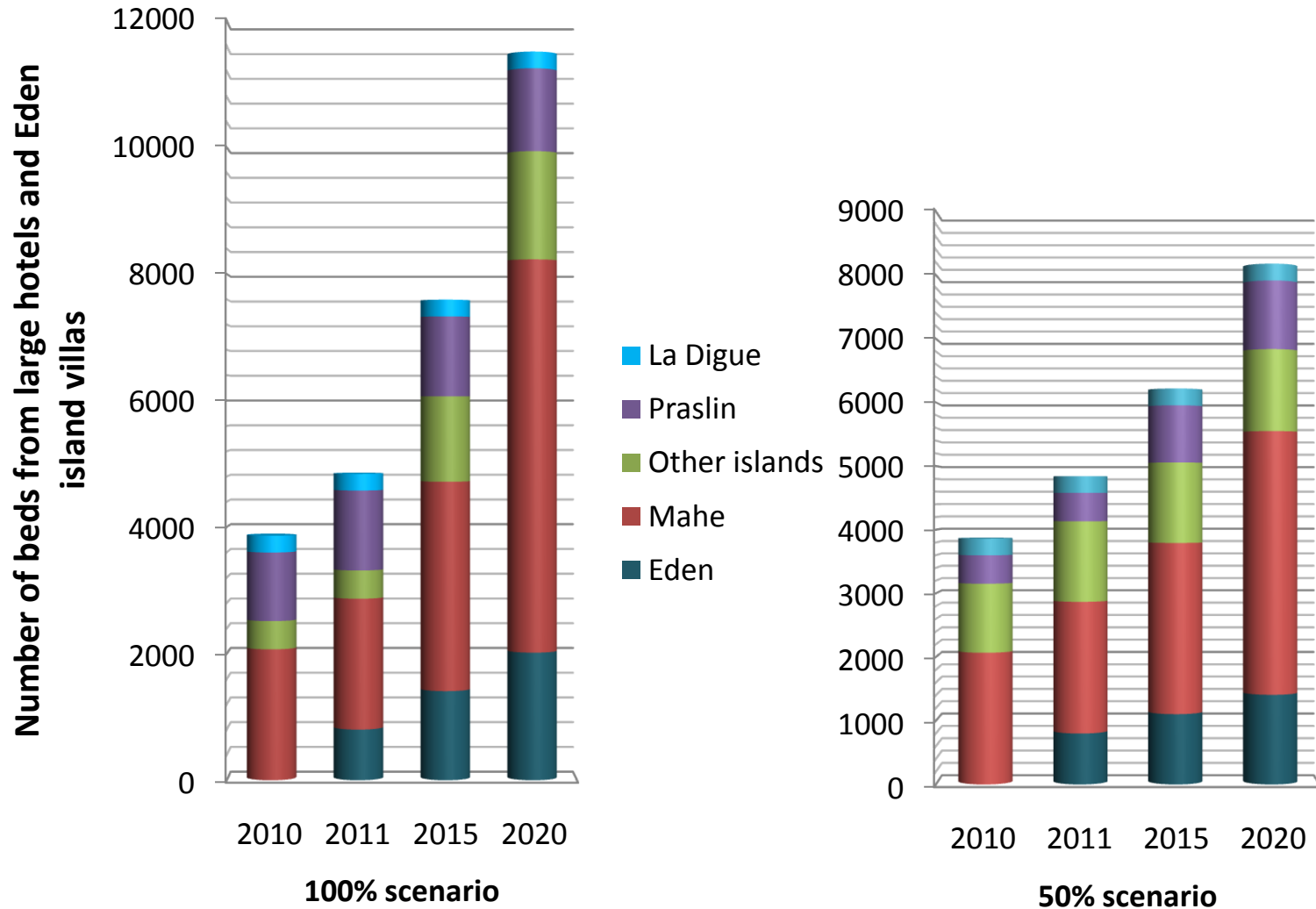
The impacts of tourism development on environment include

- Depletion of natural resources (water, local resources, land degradation...)
- Pollution (solid waste and littering, sewage, air and noise pollution...)
- Degradation of ecosystems and other physical impacts

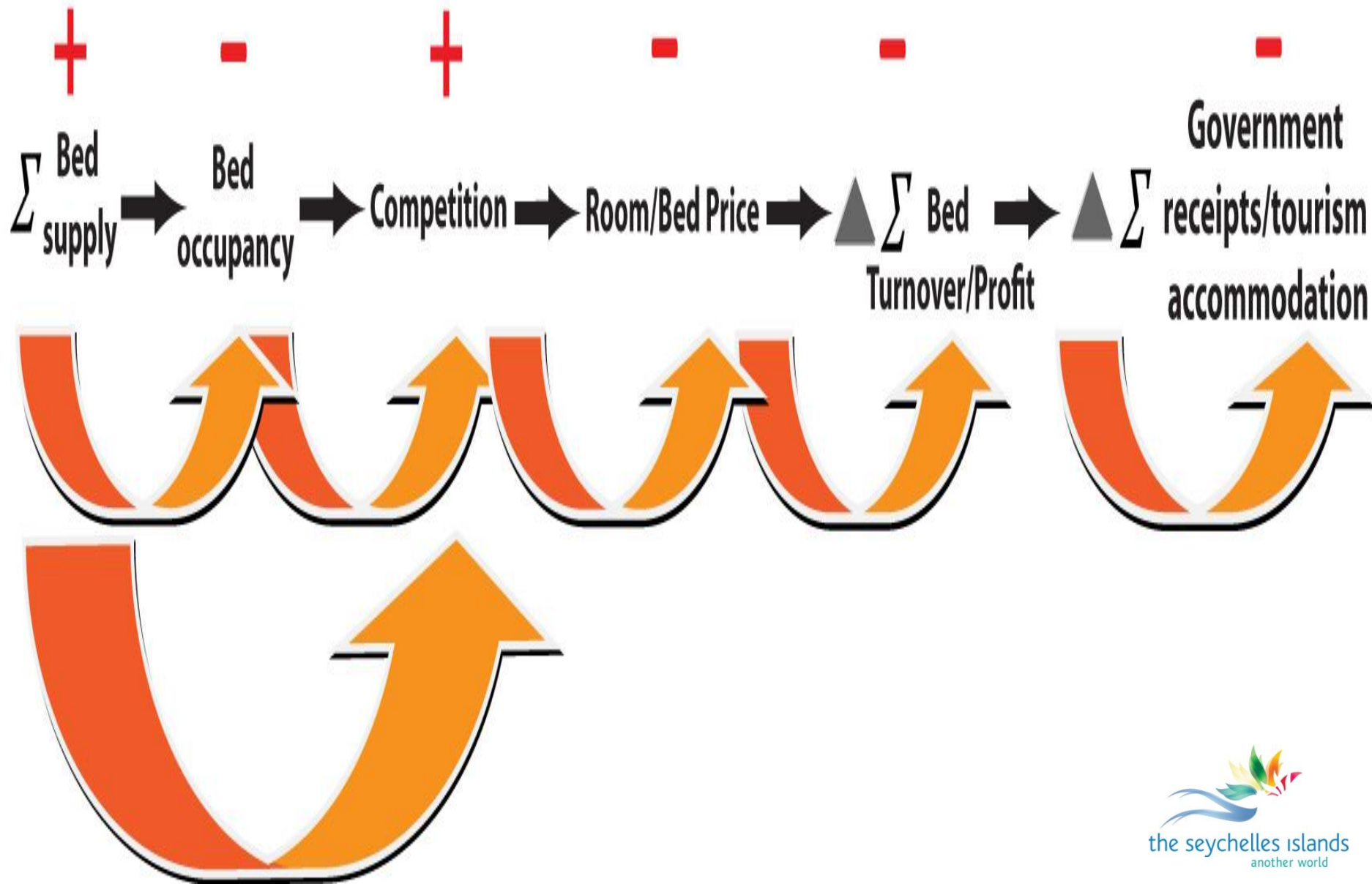
Hotel projects in Seychelles

- Possible delay in construction/completion due to international financial constraints (tight lending conditions on the international financial market, low credit to private sector)
- But delay does not necessarily imply cancellation
- IMF has depicted signs of improvement on the international financial market (April 2011)
- Africa has become an attractive destination of FDI

Large hotel projects: number of beds (2010-2020)



Without sufficient increase in visitor arrivals



Large Hotel projects

- Average hotel size on the rise: from 45 rooms in 2006-2008 to 140 rooms (projects) in 2012-2020
- By 2020 over 60% of the new beds are expected to be operating on Mahe (+80% in including Eden)

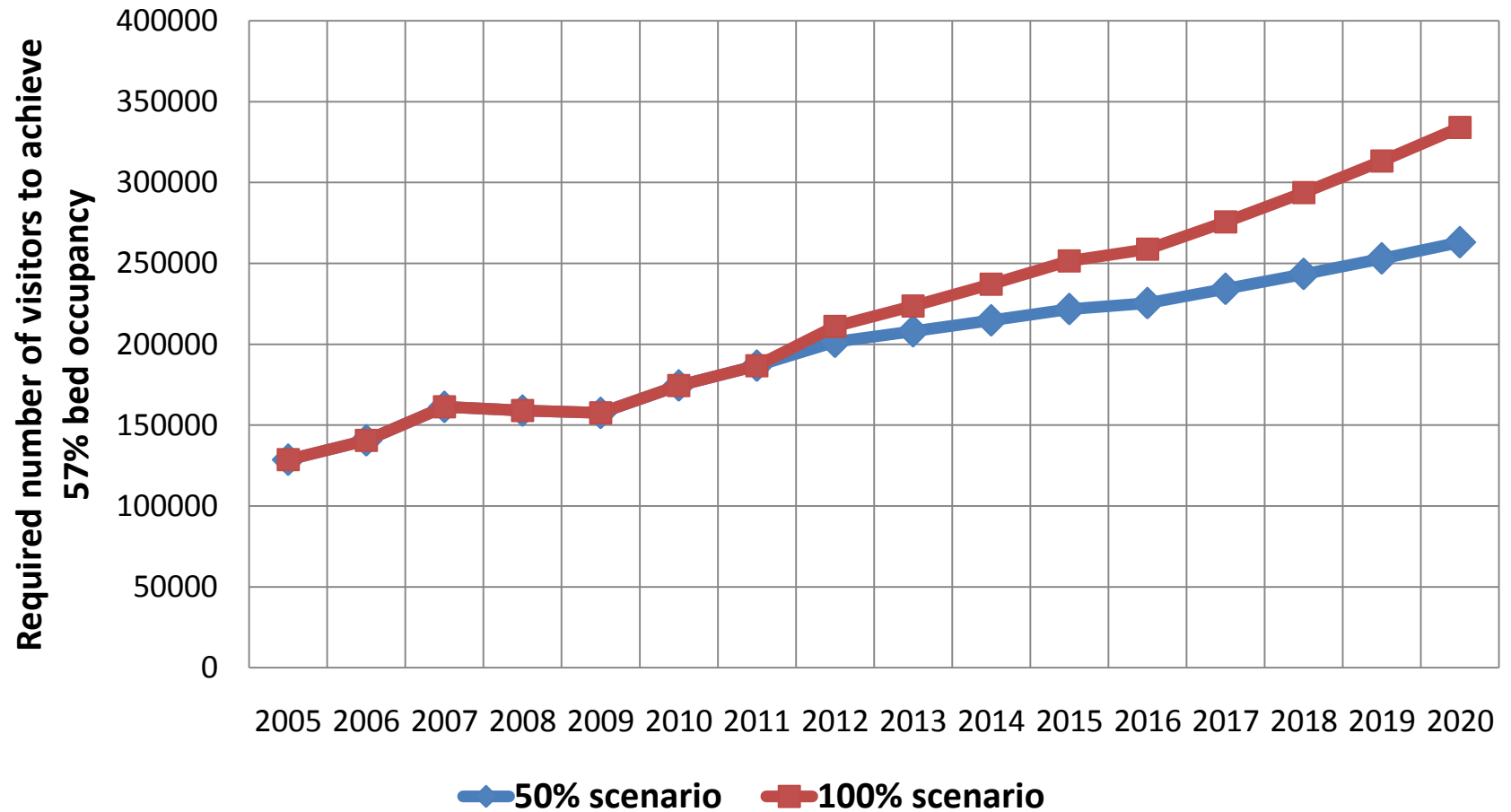
If 100% of the hotel projects are completed by 2020...

	Number of beds (incl. floating beds)	Minimum required number of visitor arrivals	
		57% bed occupancy	65% bed occupancy
Average length of stay: 9 days			
2011	9229	213344	243287
2015	12085	279365	318574
2020	16055	371138	423228
Average length of stay: 10 days			
2011	9229	192009	218958
2015	12085	251428	286717
2020	16055	334024	380905
Average length of stay: 11 days			
2011	9229	174554	199053
2015	12085	228571	260651
2020	16055	303658	346277

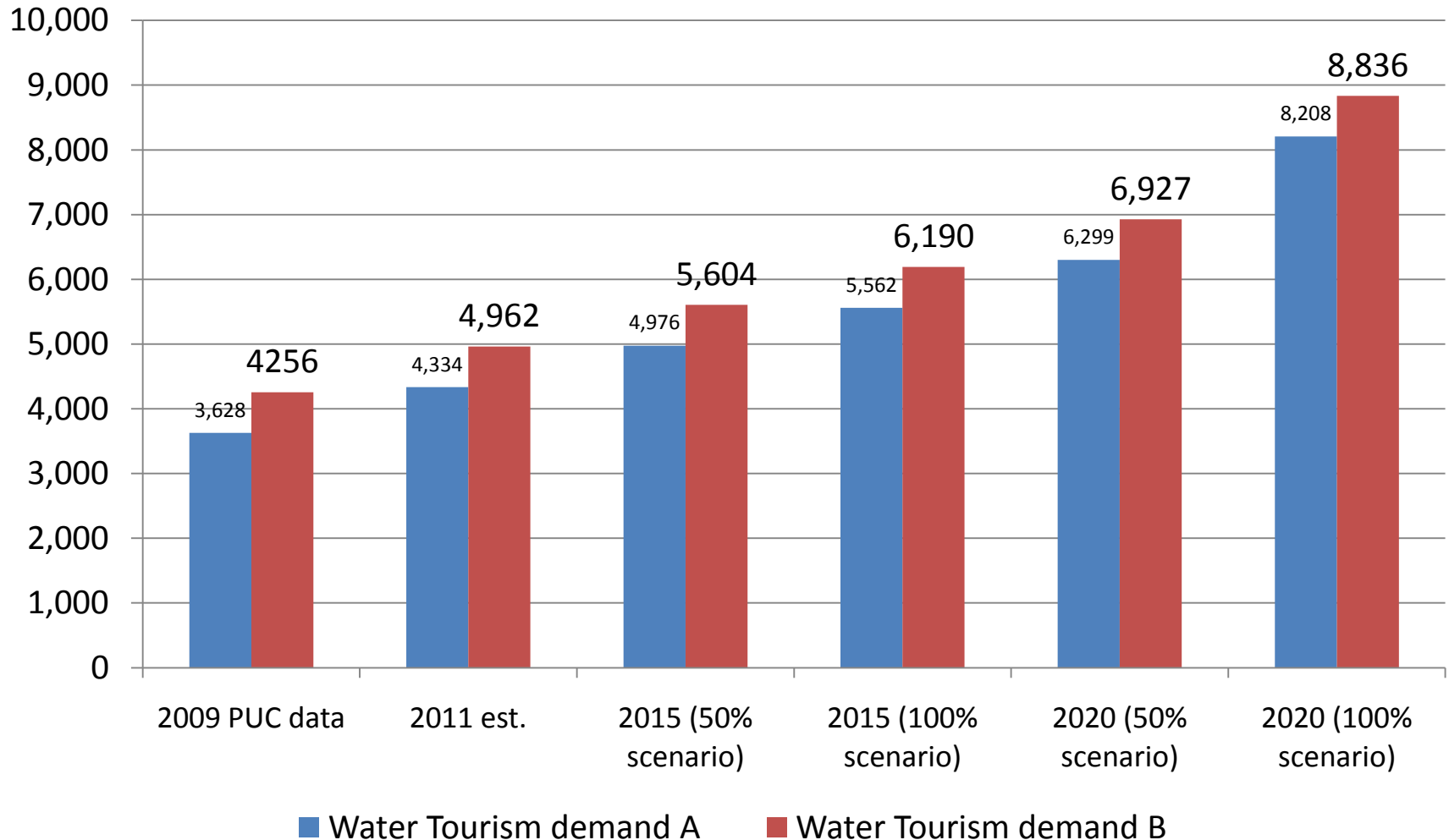
If 50% of the hotel projects are completed by 2020...

		Number of beds	Minimum required number of visitor arrivals	
			57% bed occupancy	65% bed occupancy
Average length of stay: 9 days				
	2011	9229	213344	374287
	2015	10657	246354	280930
	2020	12642	292241	333257
Average length of stay: 10 days				
	2011	9229	192009	336859
	2015	10657	221719	252837
	2020	12642	263017	299931
Average length of stay: 11 days				
	2011	9229	174554	306235
	2015	10657	201563	229852
	2020	12642	239106	272665

Minimum Required number of visitor arrivals (estimates)



Estimated tourism water demand (m³ per day) (65% bed occupancy)



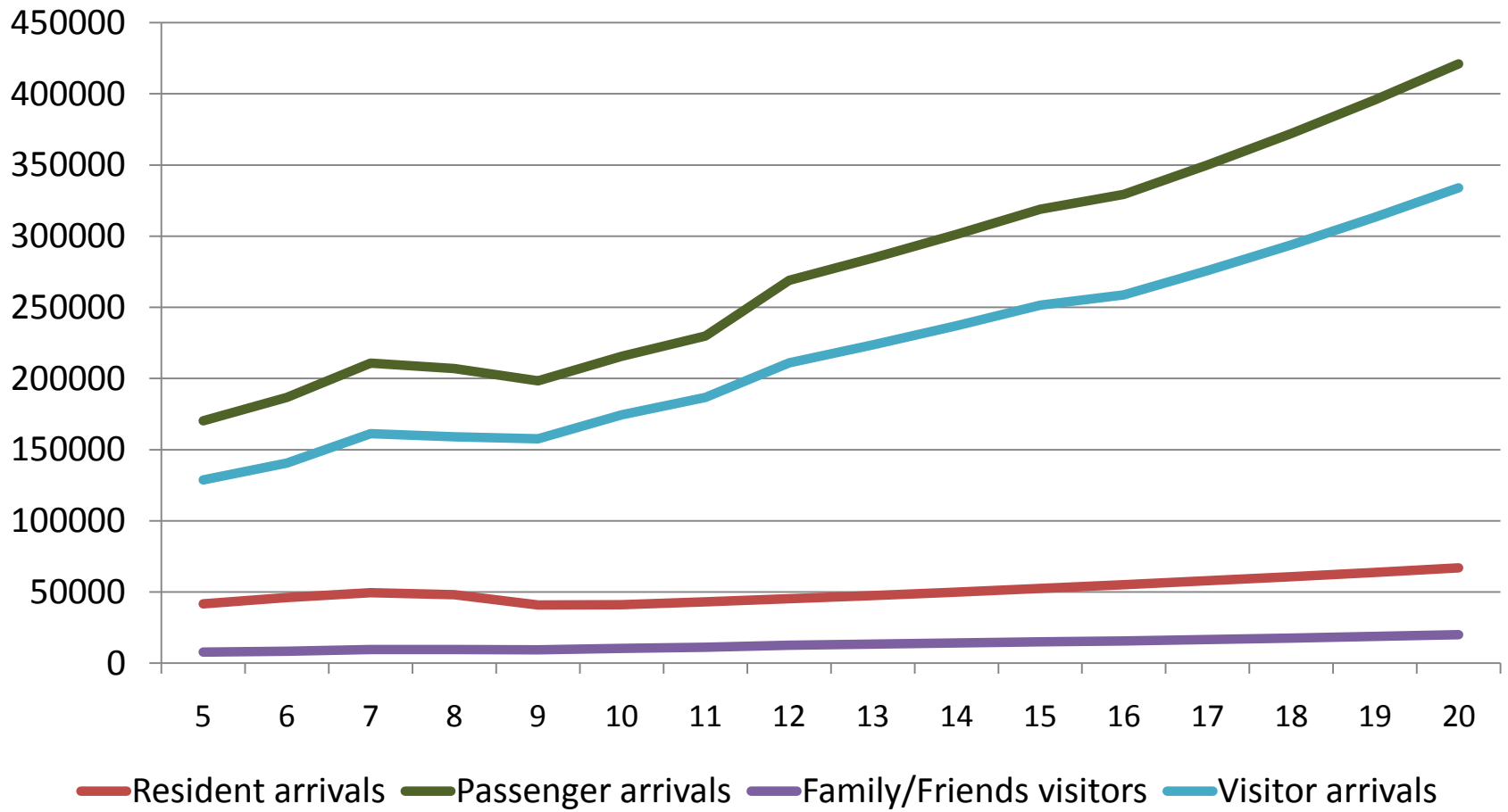
Large Hotel projects and human resource requirement

Additional human resource requirement		
	2011/2015	2011/2020
100% scenario	2100	5400
50% scenario	1050	2700

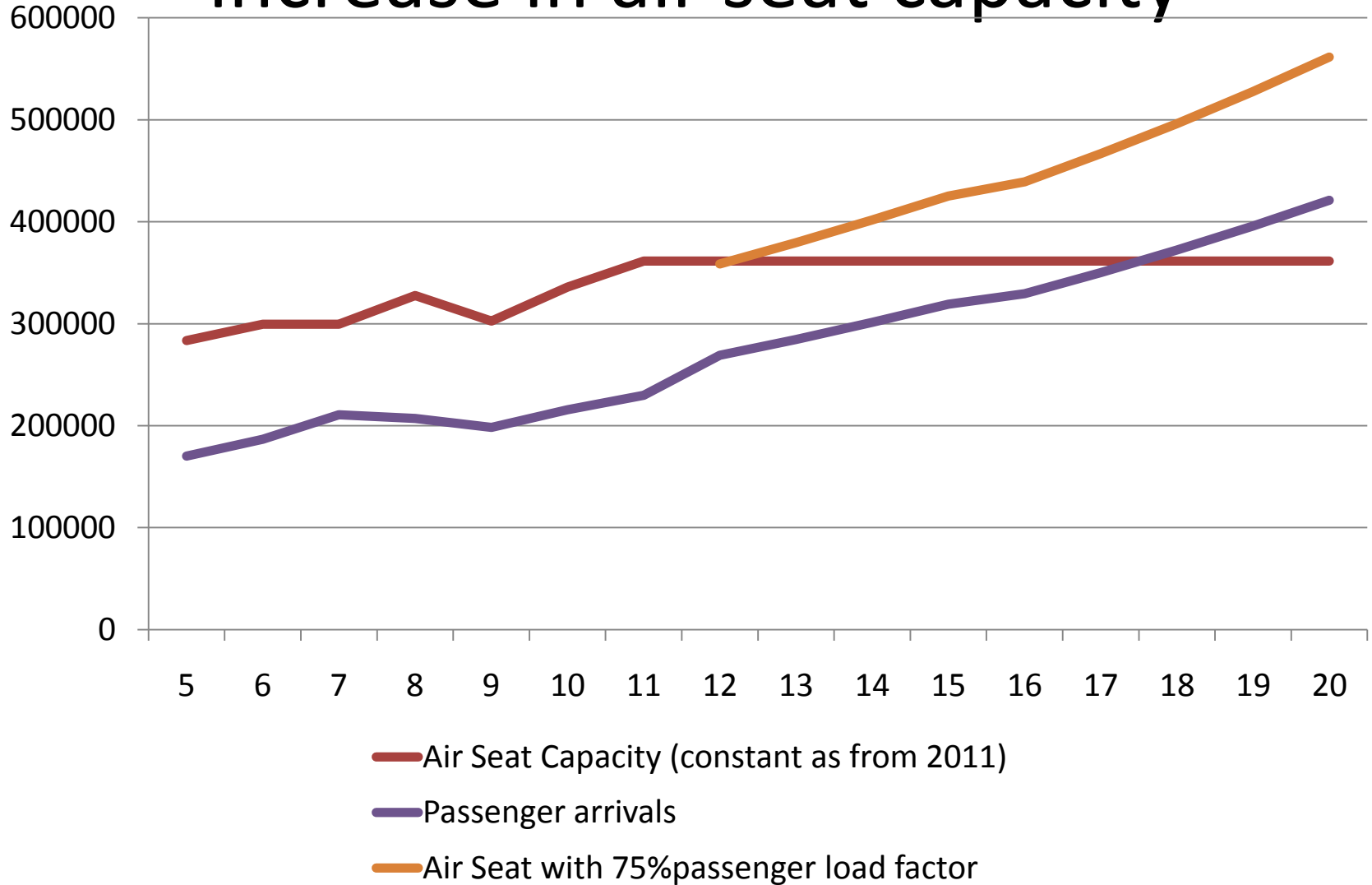
New tourism beds also equate to

- The perspective of more business opportunities (car hire, taxi, boat charter, dive centre, sailing yacht/live aboard, souvenir shops, tour guides, restaurant, art/craft, musicians, farmers, fishermen,...)
- This will also depend on the different services proposed by and in the new large hotels (hence the importance of the vertical integration policy)
- The purchasing power of the travellers also determines the level of tourism spending

New beds imply more visitors and more passenger arrivals (2011-2020)



New beds imply a commensurate increase in air seat capacity



Sectoral consultation: some common operational concerns

- **LEGAL AND REGULATORY FRAMEWORK**
- **The need for a proper legal and regulatory framework for each type of tourism support service**
 - **The challenge of illegal/unfair operations**
 - **The challenge of enforcement**
- **BUSINESS /INVESTMENT CLIMATE**
- **Lack of human resources, lack of training, lack of skilled local labour**
- **The burden of bureaucracy : complex and lengthy procedures (GOP, business registration...)**
- **Access to domestic bank finance: a barrier to business venture**

SECTORAL CONCERNS CONT...

- **INFRASTRUCTURE AND TOURISM SITES**
- **Water scarcity**
- **Inadequate infrastructure (Airport, Port, Utilities, Roads and parking space, telecommunication/internet, art and craft gallery, marina, buoys, mooring facilities,...)**
- **Inadequate maintenance and development of eco-tourism sites**

- **SAFETY/SECURITY**
- **The challenge of land AND marine safety/security**

- **MARKETING**
- **The need for increased visibility of Seychelles abroad**
- **Lack of local and international visibility of the Seychelles product/services**
- **The need for labelling/quality assurance**

Thank You for your attention

- Floor given to the CEO of STB, Mr Alain St Ange, for the presentation of the first set of recommendations



Tourism Carrying capacity

- The [UNWorld Tourism Organisation](#) (UNWTO) defines Carrying Capacity as *“The maximum number of people that may visit a tourist destination at the same time, without causing destruction of the physical, economic, socio-cultural environment and an unacceptable decrease in the quality of visitors' satisfaction”*.

First set of Recommendations

- 1. To determine the Seychelles' carrying capacity (in terms of number of visitors) on an island by island basis, notably by taking into account shortages of local labour, water, energy and sewage capacity not withstanding traffic density, coastal erosion and biodiversity degradation
- 2. To delay the approval of any new hotel project proposals or room extension project proposals exceeding 20, 50 and 100 total bed capacity depending on the islands and until the islands' respective carrying capacity is established
- 3. In view of the decrease in average room tariffs associated to rising price competition, to aim for an increase in bed occupancy rate but without impairing the goal of sustainable tourism (i.e. in the limits of the national carrying capacity)

- 4. To undertake a regular (annual or bi-annual) monitoring of the trends in bed supply (and bed occupancy rate) in parallel with air seat supply (and visitor load factor) and to ensure that bed supply (including floating beds) and air seat supply are suitably dovetailed for the achievement of optimum bed occupancy and tourism spending targets
- 5. In order to ensure that businesses, irrespective of size, have the opportunity to participate equitably in the market as provided by the Fair Competition Act, to closely monitor that decrease in average tariff is not driven by unfair trade practises
- 6. To grant small tourism accommodations a special VAT regime under strictly established criteria
- 7. In order to create a favourable and responsive tourism business environment that allows small Seychellois investors to fully grasp the benefits and unleash the untapped potential of the industry, to ensure that access to domestic credit is not a barrier for the development of new and/or viable small tourism projects
- 8. Considering the counter-productive effects of labour shortages, to ensure that (1) the Seychellois tourism trainees/students/workforce receives high-standard (including managerial), training/education in order to be able to respond optimally to the growing needs of this service-oriented industry and (2) to create the conditions conducive to the breaking down of bottlenecks in the timely delivery of GOPs

- 9. To adopt and implement a regulation for “fast-track” establishments and to ensure that each tourism support service sector is guided by a proper policy/regulation (with specific reference to statistical reporting and insurance coverage)
- 10. To monitor the development and performance of land-based and marine based tourism support service
- 11. To raise awareness on the importance of tourism statistics for “informed” tourism policy planning and to ensure/enforce the compliance of statistical legislation by all tourism operators
- 12. In view of the development of marine/coastal tourism activities and the associated rise in maritime safety risks and other risks, to strengthen capacity of the Seychelles Maritime Safety Administration
- 13. To pursue and encourage efforts towards eco-friendly and energy-saving practises, to continue to work on the Seychelles’ sustainable tourism label

- 14. To re-launch a U-First style campaign, to valorise tourism carrier in Seychelles and to increase the visibility and potential of the industry for present and future generations
- 15. To request the Seychelles National Park Authority and other bodies to ensure the maintenance and development of tourism sites and to undertake a review of entrance fees on a site by site basis
- 16. As criminality clearly impacts adversely on tourism development and sustainability, hence the importance of also adjusting a policing capacity appropriate to the recorded level of criminality and proportionate to the level of tourism concentration of a given region
- 17. To work towards an increase in tourism average length of stay as a tool for increased bed occupancy rate and to analyse its implications in terms of inter-island transport and land-based transport
- 18. To undertake a spatial assessment of tourism concentration on a district by district (or regional) basis and to aim at increasing the positive spill-over effects of sustainable tourism at district (regional) level