NAMIBIA

TOURISM SATELLITE ACCOUNT

Third Edition



Photograph: Ute von Ludwiger

Photograph: Ute von Ludwiger

PREFACE

IN 2009, INTERNATIONAL TOURISTS ARRIVALS STOOD AT 980,173 REFLECTING PERCENTAGE TERMS 5.27% INCREASE WHEN COMPARED WITH ARRIVAL FIGURE OF 931,111 IN 2008. GROWTH OF TOURISM IN NAMIBIA, IN REAL TERMS, IS SO FAR ASTONISHING, DESPITE THE FINANCIAL GLOBAL MELT DOWN. ONE OF THE KEY DRIVERS IS THAT NAMIBIA STILL REMAINS A DESTINATION, YET TO BE UNCOVERED, WITH ITS RICHNESS OF BEING ONE OF THE REMAINING OASIS WITH PRESTINE AND AUTHENTIC NATURE, CULTURE, AND KALEIDOSCOPE LANDSCAPES. IT IS IMPERATIVE THAT THIS MOMENTUM SHOULD NOT ONLY BE SUSTAINED, BUT INFORMATION MUST BE GLEANED WITH REGARDS TO ECONOMIC AND SOCIAL BENEFITS TRAVEL AND TOURISM CONTRIBUTES TO NAMIBIA AS A NATION. TO AFFIRM THIS MAMMOTH TASK, NTB TOGETHER WITH THE MINISTRY OF ENVIRONMENT AND TOURISM WAS INSTRUMENTAL IN DEVELOPING THE TOURISM SATELLITE ACCOUNT, WHICH IS A CARDINAL TOOL TO MEASURE TOURISM INDUSTRY'S PERFORMANCE.

This is the 3rd publication of the Tourism Satellite Account and mainly reflects results for the year 2008, preliminary figures for 2009 and estimated values for 2010. This update of the Tourism Satellite Account (TSA) is coordinated by the Namibia Tourism Board with the assistance from the Central Bureau of Statistics, Ministry of Environment and Tourism, Bank of Namibia, and the Federation of Namibian Tourism Associations (FENATA).

The approach of the World Travel and Tourism Council (WTTC) was followed to implement and produce the updated information. The system provides the development of the broader concept of the 'Travel & Tourism Economy' in addition to the narrow concept of the 'Travel
& Tourism Industry'.

Given the fact that the GDP deflator is driven by developments in the mining sector the use of the overall GDP deflator has the potential to generate significant distortions in the estimation of the Travel & Tourism GDP at constant prices. To avoid these distortions a new procedure was implemented to calculate the Travel & Tourism GDP series at constant prices. The new procedure makes it possible to calculate consistent real growth rates during the history and forecast periods.

Finally, I would like to gratefully thank the various stakeholders who assisted the NTB staff in gathering information and made the production of this publication possible.

Digu //Naobeb
Chief Executive Officer
Namibia Tourism Board

March 2011

Photograph: Ute von Ludwiger



CONTENTS

TSA CONCEPTS & STRUCTURE 5

TRAVEL & TOURISM'S ECONOMIC IMPACT

- Total Demand 11
- Gross Domestic Product 13
- Employment 15
- Personal and Business Consumption 17
- Exports 18
- Capital Investment 18
- Government 19

APPENDIX

- Satellite Account Tables 20

Copyright® 2010 Namibia Tourism Board: Cannot be used without permission



Photograph: Ute von Ludwiger

TSA CONCEPTS & STRUCTURE

The TSA project was commissioned in 2006 by the Ministry of Environment and Tourism (MET), under the project leadership of the Namibia Tourism Board (NTB). The World Travel & Tourism Council (WTTC), with its research partner Oxford Economic Forecasting (OEF), was assigned to develop the TSA system for Namibia.

THE MAIN PURPOSE OF THE TSA IS TO QUANTIFY THE CONTRIBUTION OF TRAVEL AND TOURISM TO THE NAMIBIAN ECONOMY AND THE CREATION OF JOBS. It is an extension of the standard National Accounts that measure the size and growth of the economy (GDP). The system provides a straight- forward and efficient way to deal with data input, the calculation of the contribution of tourism and the generation of output tables.

THE APPROACH OF THE WORLD TRAVEL AND TOURISM COUNCIL (WTTC) WAS FOLLOWED TO IMPLEMENT AND PRODUCE THE UPDATED INFORMATION. THE SYSTEM PROVIDES FOR THE DEVELOPMENT OF THE BROADER CONCEPT OF THE 'TRAVEL & TOURISM ECONOMY' IN ADDITION TO THE NARROW CONCEPT OF THE 'TRAVEL & TOURISM INDUSTRY'.

THE TSA IS BASED ON A 'DEMAND SIDE' CONCEPT OF ECONOMIC ACTIVITY BECAUSE THE INDUSTRY DOES NOT PRODUCE NOR SUPPLY HOMOGENEOUS PRODUCTS OR SERVICES AS CONVENTIONAL INDUSTRIES DO (E.G. AGRICULTURE, TEXTILES ETC). Since the 1st publication in 2006, data was updated from the revision of estimated and actual national accounting aggregates and government expenditure data. In line with the standard specification of the TSA model, the calculation of the Travel & Tourism GDP series at constant prices in the original Namibia TSA relied on the use of the overall GDP deflator that was taken from the country's national account. Series at constant prices, then, was the result of dividing current value estimates by the overall GDP deflator. A similar procedure was followed to calculate some of the aggregate demand components (e.g. business travel).



Photograph: Ute von Ludwiger

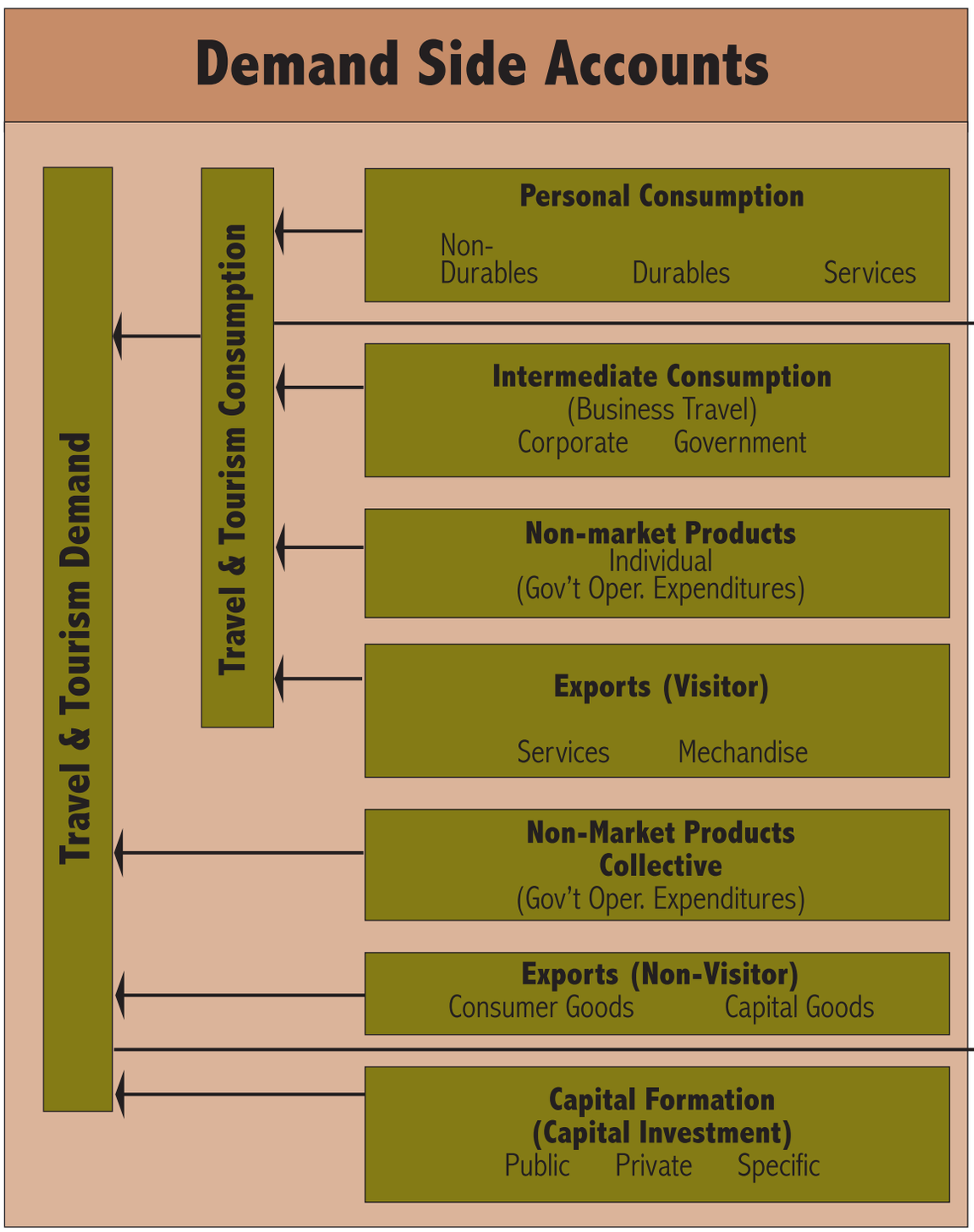
- EACH TRAVEL & TOURISM DEMAND SERIES (E.G. TRAVEL & TOURISM INVESTMENT, PERSONAL CONSUMPTION, IMPORTS ETC.) AT CURRENT PRICES ARE DEFLATED BY THEIR MATCHING DEFLATORS IN THE NATIONAL ACCOUNTS (E.G., THE TRAVEL & TOURISM INVESTMENT SERIES IS DEFLATED BY THE DEFLATOR OF OVERALL CAPITAL FORMATION) IN ORDER TO OBTAIN SERIES AT CONSTANT VALUES.

- THE TRAVEL & TOURISM GDP AT CONSTANT VALUES IS THEN CALCULATED BY ADDING UP ALL THE TOURISM- RELATED DEMAND COMPONENTS MINUS IMPORTS (ALL VARIABLES AT CONSTANT PRICES).

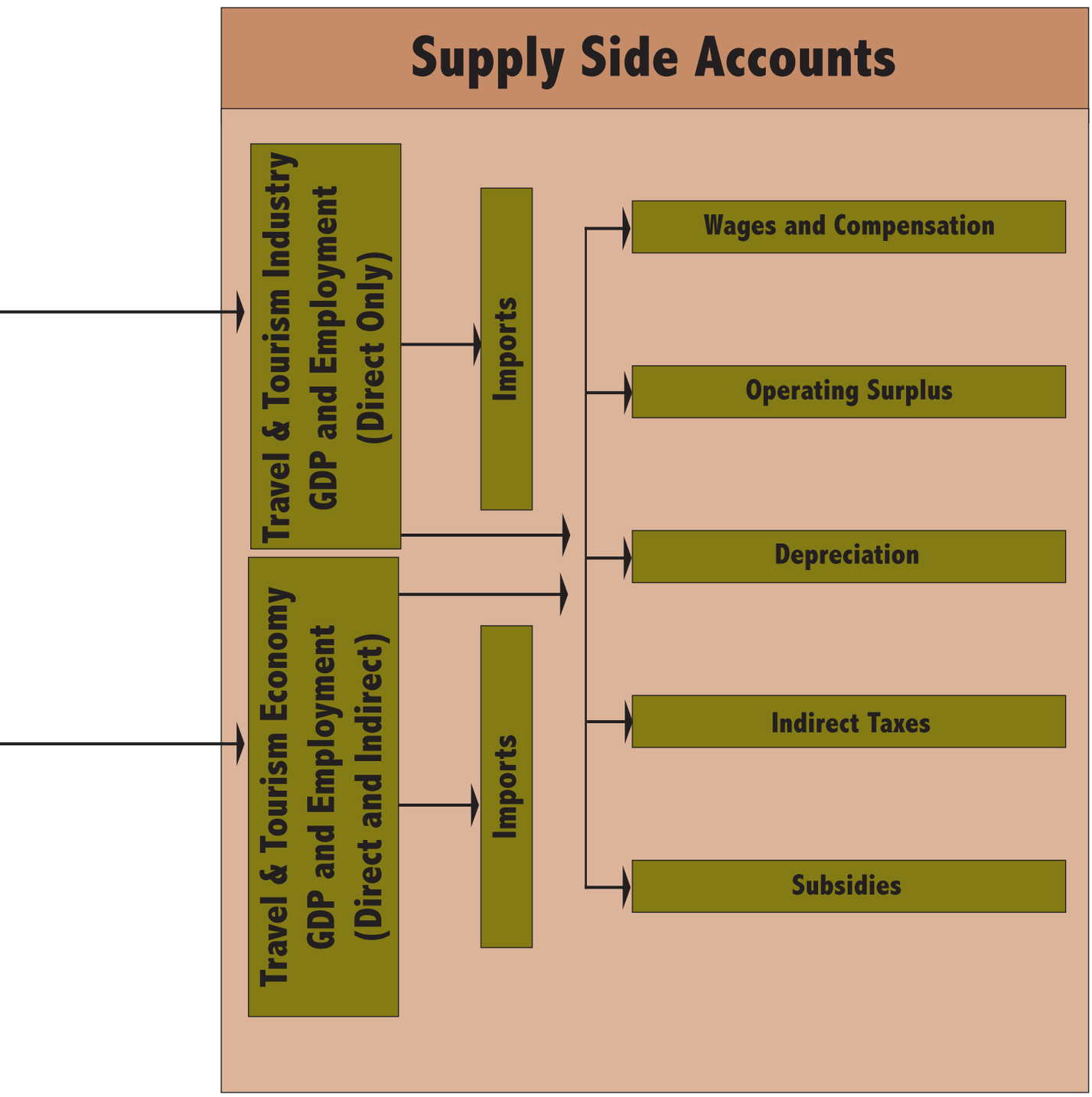
- ANNUAL REAL GROWTH RATES ARE CALCULATED FROM THE RESULTING SERIES AT CONSTANT PRICES.

The new procedure also makes it possible to calculate consistent real growth rates during the history and forecast periods and to calculate the tourism contribution in terms of the non- mining economy.

THE TSA FRAMEWORK



Source: WTTC, 2006 - Namibia launch presentation


Supply Side Accounts
Travel & Tourism Industry GDP and Employment (Direct Only)
Travel & Tourism Economy GDP and Employment (Direct and Indirect)
Imports
Imports
Wages and Compensation
Operating Surplus
Depreciation
Indirect Taxes
Subsidies



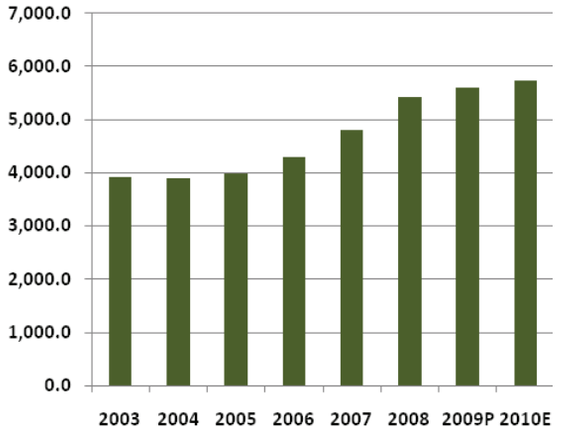
Photograph: Ute von Ludwiger

TRAVEL & TOURISM'S ECONOMIC IMPACT

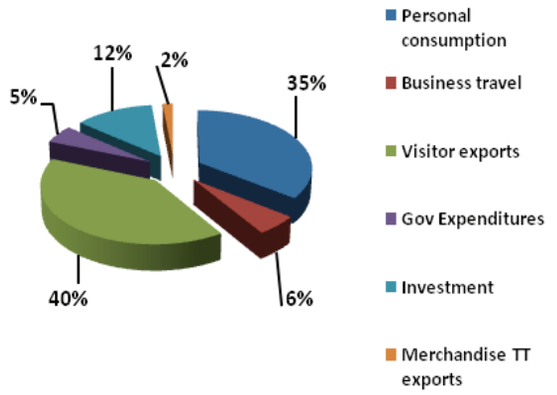
TOTAL DEMAND

IN 2009, TRAVEL & TOURISM DEMAND INCLUDING ALL COMPONENTS OF TRAVEL & TOURISM CONSUMPTION, INVESTMENT, GOVERNMENT SPENDING AND EXPORTS, POSTED N$16.2 BILLION IN NOMINAL TERMS OF ECONOMIC ACTIVITY WHICH IS, IN TERMS OF REAL GROWTH, IS 3.5 PER CENT.

Travel & Tourism Total Demand (Constant 1995=100, N$ mn)



Travel & Tourism Demand Components, 2006



It is expected that the total demand for Travel & Tourism activities increased further with 2.3 per cent (real growth) in 2010.

The chart above shows that Visitor Exports made up the largest chunk, 40 per cent of total Travel & Tourism demand, followed by personal consumption (Namibian residents' amount spent on Travel & Tourism activities) which accounted for 35 per cent.



Photograph: Dave Humphreys

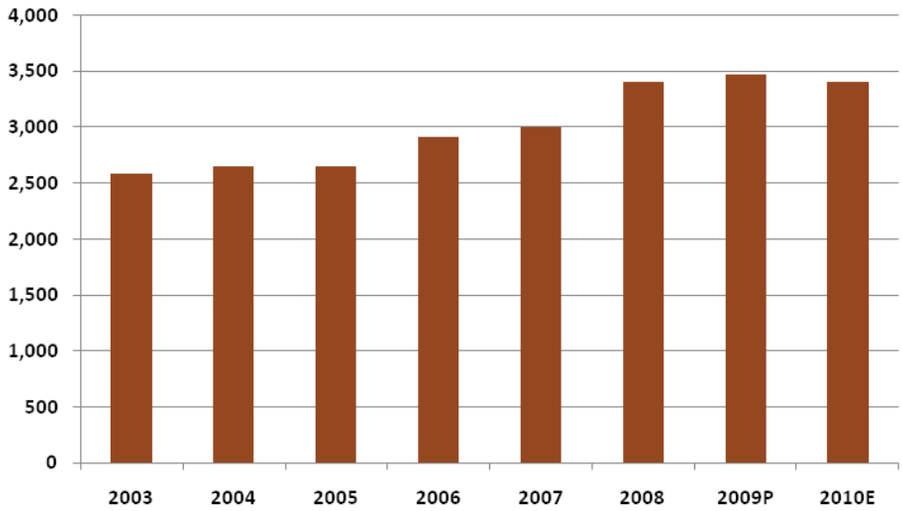
GROSS DOMESTIC PRODUCT (GDP)

The Namibia economy recorded a marginal decline of 0.7 per cent in 2009 as compared to a growth of 4.3 per cent in 2008. This decline is attributed to the primary industry which recorded a massive decline of 26.9 per cent.

The mining and quarrying sector has been hard hit by the global financial crisis with a decline of 45.0 per cent as compared to 2.9 per cent in 2008. The secondary and tertiary industries have recorded slow growths of 3.5 per cent and 4.4 per cent respectively.

Travel & Tourism's contribution to the Namibian economy is illustrated by the combined direct and indirect impact of the Travel & Tourism economy. IN 2009, THE DIRECT IMPACT CONTRIBUTED N$3.1 BILLION TO GDP OR 3.8 PER CENT, WHILE THE DIRECT PLUS INDIRECT IMPACT TOTALED N$ 11.5 BILLION TO GDP OR 14 PER CENT.

Travel & Tourism GDP (Constant 1995 = 100, N$ mn)



The Travel & Tourism economy showed an increase of 1.9 per cent (real growth) in 2009. The high growth is also reflected in the main traditional industries that provides goods and services to tourists, such as construction, hotels and restaurants, transport and communication and wholesale and retail trade.



Photograph: Ute von Ludwiger

Imports have increased by 6.2 per cent and investment by -3.0 per cent of real growth respectively. However, investment is estimated to increase with 3.7 in 2010.

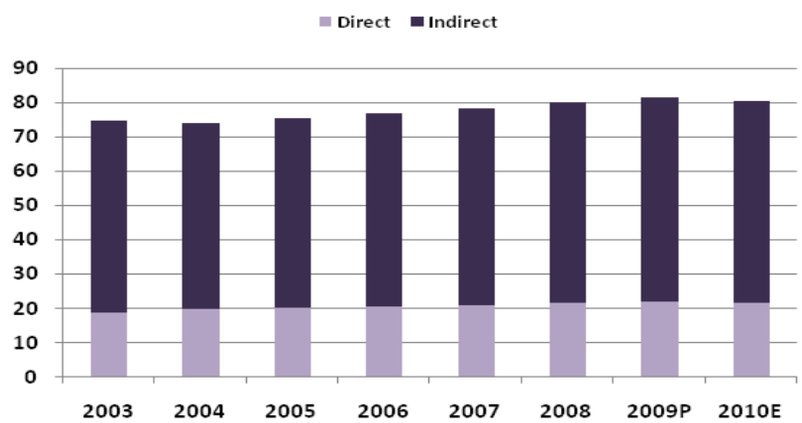
Estimate accounts indicate that Travel & Tourism's contribution to GDP declined by -1.8 per cent (real growth) in 2010.

EMPLOYMENT

TRAVEL & TOURISM IS HUMAN RESOURCE INTENSIVE AND CREATES JOBS DIRECTLY WITHIN THE INDUSTRY AND ALSO INDIRECTLY THROUGH THE MULTIPLIER EFFECT. THE NAMIBIAN TRAVEL & TOURISM INDUSTRY (DIRECT IMPACT) ACCOUNTED FOR 22,000 JOBS OR 3.8 PER CENT OF TOTAL EMPLOYMENT IN 2009. THE HOTELS AND OTHER LODGING SERVICES CONTRIBUTED ALMOST 50 PER CENT OF THE INDUSTRY'S EMPLOYMENT.

The broader perspective of the Travel & Tourism economy (direct and indirect), which includes the spillover employment associated with industry capital investment and government spending accounted for 81,000 jobs dependent on Travel & Tourism or 17 per cent of total employment.

Travel & Tourism Employment ('000 Jobs)



The number of tourism & travel employees increased by 1.9 per cent from 80,000 in 2008 to 81,000 in 2009. Furthermore, it is expected that employment in 2010 remain unchanged.

Photograph: Ute von Ludwiger

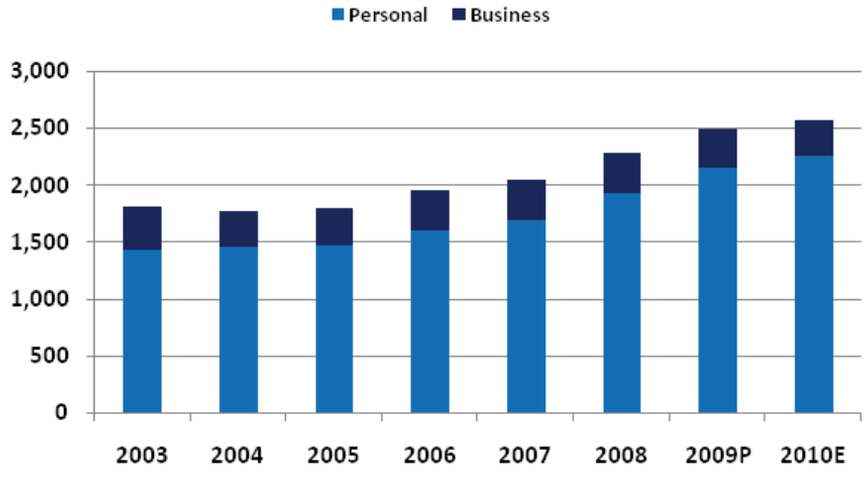
PERSONAL & BUSINESS CONSUMPTION

NAMIBIA'S RESIDENTS HAVE ALLOCATED N$ 5.7 BILLION, WHICH IS ABOUT 11 PER CENT OF THEIR PERSONAL EXPENDITURE TO TRAVEL & TOURISM IN 2009.

This figure is 3 per cent (real rate of growth) lower than in 2008. The economic downturn contributed to the declined in real growth in 2009.

Furthermore, estimate accounts for 2010 indicate that personal spending by Namibians on Travel and Tourism increased by 4.8 per cent in real growth.

Personal & Business Consumption (Constant 1995=100, N$ mn)

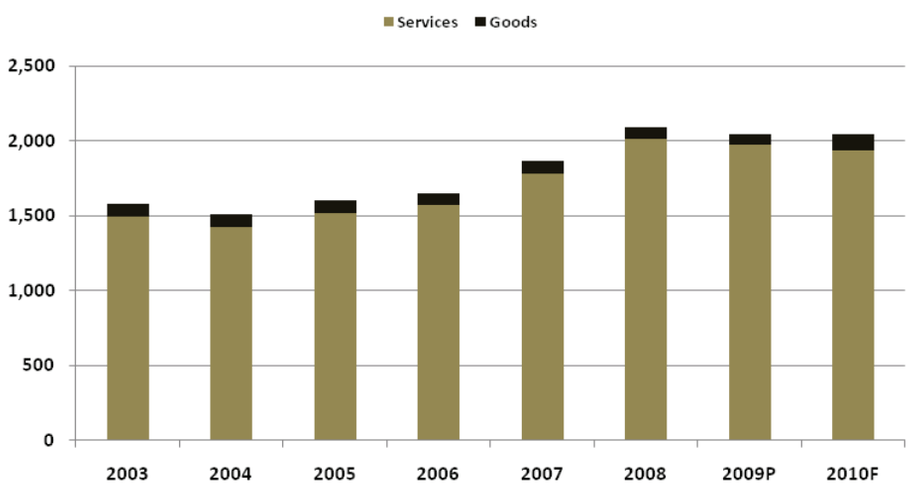


Business travel (corporate and government) totaled N$ 912 million in nominal terms in 2009, reporting a decline of - 2.8 and a further - 4.7 % per cent respectively in real growth is expected in 2010.

EXPORTS

Travel & Tourism is a major exporter of services with international visitors injecting foreign exchange directly into the economy.

Travel & Tourism Exports (Constant 1995=100, N$ mn)

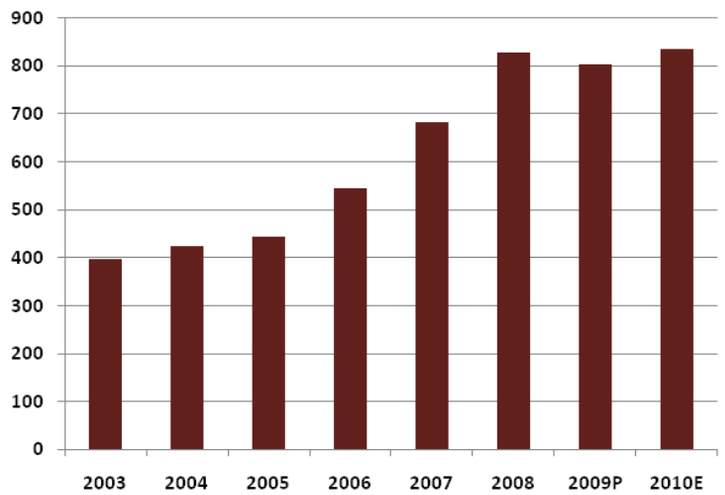


In 2009, spending by visitors totaled N$6.5 billion (nominal terms), which is, in terms of real growth, declined by -1.8%. However, it representing 87.3 per cent of total service exports. In Namibia, the production of travel & tourism related goods for export purposes are relatively low. A negative rate of real growth (-14%) was recorded in 2009.

CAPITAL INVESTMENT

TOURISM REQUIRES INFRASTRUCTURE, AND CONSEQUENTLY THE DIRECT INVESTMENT IN BUILDINGS, PARKS, ROADS, HOTELS, AND OTHER INFRASTRUCTURE RELATED DIRECTLY TO THE SUCCESS OF TOURISM IS USUALLY SIGNIFICANT. NAMIBIA'S TRAVEL & TOURISM CAPITAL INVESTMENT CONTRIBUTED N$ 2 BILLION (NOMINAL TERMS) OR 10.4 PER CENT OF TOTAL INVESTMENT IN 2009.

Travel & Tourism Capital Investment (Constant 1995=100, N$ mn)



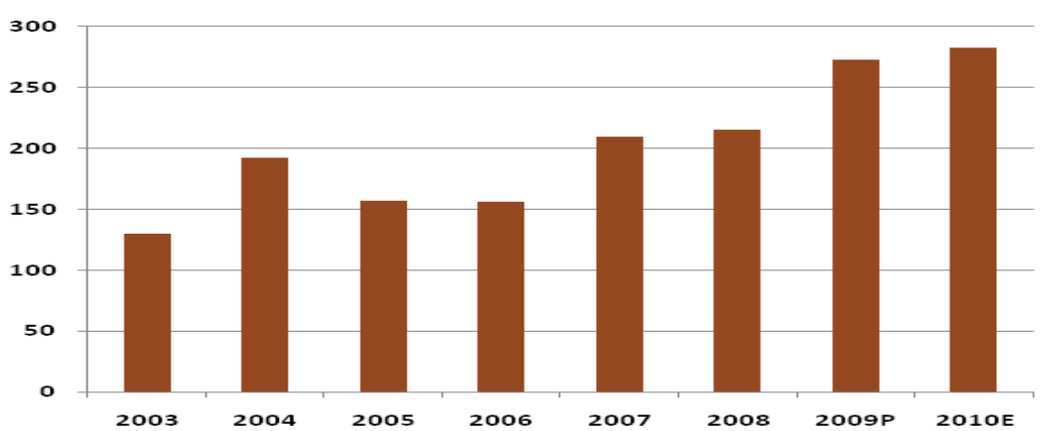
Tourism & Travel capital investment declined by -3.0 per cent of real growth in 2009 and according to the estimates accounts for 2010, a positive increase of 3.7 per cent shall be expected. This growth in capital investment is an indication of the high confidence in Travel & Tourism by both the private and public sectors.

GOVERNMENT

GOVERNMENT TRAVEL & TOURISM EXPENDITURES TOTALED N$ 818 MILLION IN 2009 OR 4.1 PER CENT OF TOTAL GOVERN- MENT CONSUMPTION.

The real rate of growth of Government travel and tourism spending increased by 26.5 per cent in 2009. However, it is estimated that Government spending shall increase by a mere 4.1 per cent in 2010.

Travel & Tourism Government Expenditure (Constant 1995=100, N$ mn)



SATELLITE ACCOUNT TABLES

Travel & Tourism Accounts - N$ mn

	2003	2004	2005	2006	2007	2008	2009P*	2010E*	2020F*
Personal consumption	2,726	2,879	2,977	3,366	3,969	4,915	5,737	6,096	17,159
Business travel	729	616	659	740	814	893	912	880	2,101
Visitor exports (inbound tourism)	3,205	3,040	3,267	4,015	5,016	5,691	6,524	6,471	28,279
Gov Expenditures	250	370	329	330	506	568	818	861	2,079
Govt individual spending	12	11	12	14	35	23	35	36	88
Tourism consumption	6,671	6,547	6,916	8,136	9,834	11,523	13,207	13,484	47,627
Govt collective spending	238	358	317	316	471	545	784	824	1,991
Investment	652	732	798	1,052	1,445	1,983	2,011	2,115	5,110
Merchandise TT exports	170	158	182	189	264	282	257	335	1,011
Tourism Demand	7,732	7,795	8,213	9,693	12,014	14,333	16,259	16,758	55,738
less imports	2,203	2,072	2,085	2,501	3,456	4,400	4,672	5,171	13,808
Direct effect									
GDP	1,388	1,544	1,653	1,940	2,308	2,679	3,126	3,153	11,310
Employment ('000)	19	20	20	21	21	22	22	22	31
Total effect (Direct + Indirect)									
GDP	5,529	5,723	6,129	7,192	8,558	9,933	11,587	11,589	41,707
Employment ('000)	75	74	75	77	78	80	81	81	124

Travel & Tourism Real Growth (per annum except 2020 =10 year annualized)

	2003	2004	2005	2006	2007	2008	2009P*	2010E*	2020F*
Personal consumption	8.3%	1.9%	1.0%	8.7%	6.1%	14.0%	11.1%	4.8%	6.4%
Business travel	32.1%	-18.5%	4.5%	8.0%	-1.0%	1.0%	-2.8%	-4.7%	3.2%
Visitor exports (inbound tourism)	-0.1%	-4.4%	6.4%	3.6%	13.0%	13.2%	-1.8%	-2.1%	8.2%
Gov Expenditures	10.6%	48.2%	-18.4%	-0.4%	34.0%	2.8%	26.5%	3.7%	4.4%
Tourism consumption	6.5%	-3.3%	3.8%	6.3%	8.7%	12.2%	4.0%	1.0%	7.0%
Investment	-9.2%	7.1%	4.2%	23.0%	25.3%	21.2%	-3.0%	3.7%	4.4%
Merchandise TT exports	37.1%	-6.9%	2.5%	-8.3%	14.0%	-9.6%	-14.0%	28.6%	11.9%
Tourism Demand	5.3%	-0.6%	2.7%	7.6%	11.6%	12.8%	3.5%	2.3%	6.6%
less imports	14.7%	-7.0%	-2.2%	14.4%	30.7%	11.5%	6.2%	9.0%	6.8%
Total effect (Direct + Indirect)									
GDP	1.0%	2.6%	5.0%	4.6%	2.6%	13.6%	1.9%	-1.8%	6.5%
Employment	-1.3%	-1.3%	2.1%	2.0%	1.9%	1.9%	1.9%	-0.5%	4.4%

Travel & Tourism Accounts as % from National Accounts

	2003	2004	2005	2006	2007	2008	2009P*	2010E*	2020F*
Personal consumption	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	12.8%
Govt Consumption	2.9%	4.1%	3.6%	3.2%	3.7%	3.6%	4.1%	4.1%	4.5%
Capital Investment	9.2%	9.2%	9.3%	9.0%	9.8%	10.4%	10.4%	10.4%	10.9%
Goods Exports	1.3%	1.1%	1.1%	0.9%	0.9%	0.9%	0.9%	1.3%	1.4%
Imports	11.1%	11.4%	11.2%	11.1%	10.6%	9.9%	9.7%	10.7%	11.5%
Service Exports	91.4%	90.5%	91.3%	90.1%	91.1%	91.5%	87.3%	87.0%	86.1%
Travel & Tourism Industry Aggregates (Direct Impact only)									
GDP	3.7%	3.6%	3.6%	3.6%	3.7%	3.6%	3.8%	3.5%	5.2%
Employment	4.7%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	6.1%
Travel & Tourism Industry Aggregates (Indirect and Direct Impacts)									
GDP	14.8%	13.4%	9.7%	13.3%	13.8%	13.4%	14.0%	14.0%	18.2%
Employment	21.3%	21.8%	22.1%	21.1%	22.2%	22.2%	22.2%	22.2%	26.1%



Photograph: Ute von Ludwiger

The Tourism Satellite Account was commissioned by the Government of the Republic of Namibia

Ministry of Environment and Tourism

This Report has been carried out under the supervision of the Namibia Tourism Board

Namibia Tourism Board

Private Bag 13244
Windhoek
Tel.: +264 61 2906000
Fax: +264 61 254848
info@namibiatourism.com.na
www.namibiatourism.com.na