

# SA government proposes Butlins-style low-cost holiday resorts

 By [Michael Bromley](#)

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The South African Department of Tourism has announced its intention to unlock underused government-owned properties and partner with the private sector to develop low-cost holiday resorts in South Africa, similar to the Butlins resorts concept initiated some years ago in the United Kingdom.

The Minister of Tourism, in his speech to parliament on 14 May, 2013, stated that three-quarters of all tourists in South Africa are South African and domestic tourism contributed R101 billion towards the South African economy in 2011.

The government plans to convert underused state properties into tourist facilities and an audit of the properties available for use has already been commissioned by the Department in association with the Industrial Development Corporation.

The Department's intention is to promote local demand for affordable holiday's, thereby growing domestic tourism, which the Department believes is crucial to the performance of the local tourism industry.

The period for submission of tender proposals for the feasibility study into the holiday camps has already closed and the winning bidder is expected to deliver the feasibility report in September of this year. Amongst other requirements, the feasibility study is intended to provide the Department with advice regarding the structure of the developments.

The feasibility study will no doubt establish whether there is a demand for such accommodation and whether it is a commercially viable proposition.

## Drive local demand for affordable holidays

According to the Department, the purpose of partnering with the private sector is to ensure that the government does not carry the full financial burden and risk in the developments. The Department's ultimate goal is to drive local demand for affordable holidays in South Africa, contribute to job creation and alleviate poverty.

The Butlins holiday camp concept was created by Sir William Butlin before the outbreak of the Second World War with the tag line that the working man should be able to have "one week's holiday for one week's pay". After the English Holiday Pay Act of 1938 was promulgated, the holiday camps grew in popularity as blue-collar workers were given their first paid breaks. In its heyday, there were 10 such camps across Britain, Ireland and the Bahamas. Butlins attests to the idea of supplying affordable luxury and many of the early buildings were deliberately designed to mirror the profile of transatlantic passenger liners.

The resorts are intended to provide safe, affordable and organised fun with on-site dining facilities and recreational facilities, including dance halls and sport fields.

According to Andrew Rogers, deputy CEO of the Hospitality Property Fund, a company investing in hotel and leisure properties listed on the main board of the Johannesburg Securities Exchange, the South African Hotel Industry has seen a strong upturn in business volumes since late 2012 and whilst rates may still be too low to stimulate the next development cycle at this point, this new initiative might assist the industry in the short term to offer affordable hotel accommodation to the mid-market sector. In his opinion, access to debt remains a key challenge for hospitality sector investors and it's still cheaper to acquire existing than to develop new product, so this programme might enable investors to come on board at a relatively low entry-level costing. It will also depend on the auxiliary offerings that each of these facilities will have as well as proximity and accessibility to major source markets as these additional costs need to be factored into the traveller's budgets when considering the destination.

## ABOUT MICHAEL BROMLEY

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