PRESENTATION TO THE PARLIAMENTARY PORTFOLIO COMMITTEE ON TOURISM

By:

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OBJECTIVES OF THE PRESENTATION

- To outline to the portfolio committee, a series of challenges that the tourism industry has experienced with regard to the Immigration regulations.
- The consequences of the regulations for the industry.
- The benefits that the industry has on the economy.
- Recommendations towards resolving the identified challenges.

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1. INTRODUCTION: TBCSA

- An **umbrella** organisation representing the interest of business operating in the local travel and tourism industry.
- **Our Purpose:** to **serve our Members** for the purpose of building the pride, economy and identity of our (desti)nation, now and in the future.
- **Our Vision:** to be the **trusted**, **respected** and **informed voice** of organised business in South Africa.
- **Our Mandate**: to fulfill our role by **engaging** and **influencing** industry stakeholders and Government on behalf of organised business.

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1. INTRODUCTION: TBCSA (CONT.)

- We:
  - **Lobby** the public sector on behalf of our members;
  - **Facilitate key industry** programmes aimed at driving growth & development in our sector. Namely:

    - Tourism Safety Initiative (TSI)

    - Tourism Business Index (TBI)

    - Tourism Marketing South Africa (TOMSA)

    - Legacy Project (PPP)

    - TBCSA Career Guidance
  - **Monitor and influence** macro-economic developments that impact on business operations in our sector.

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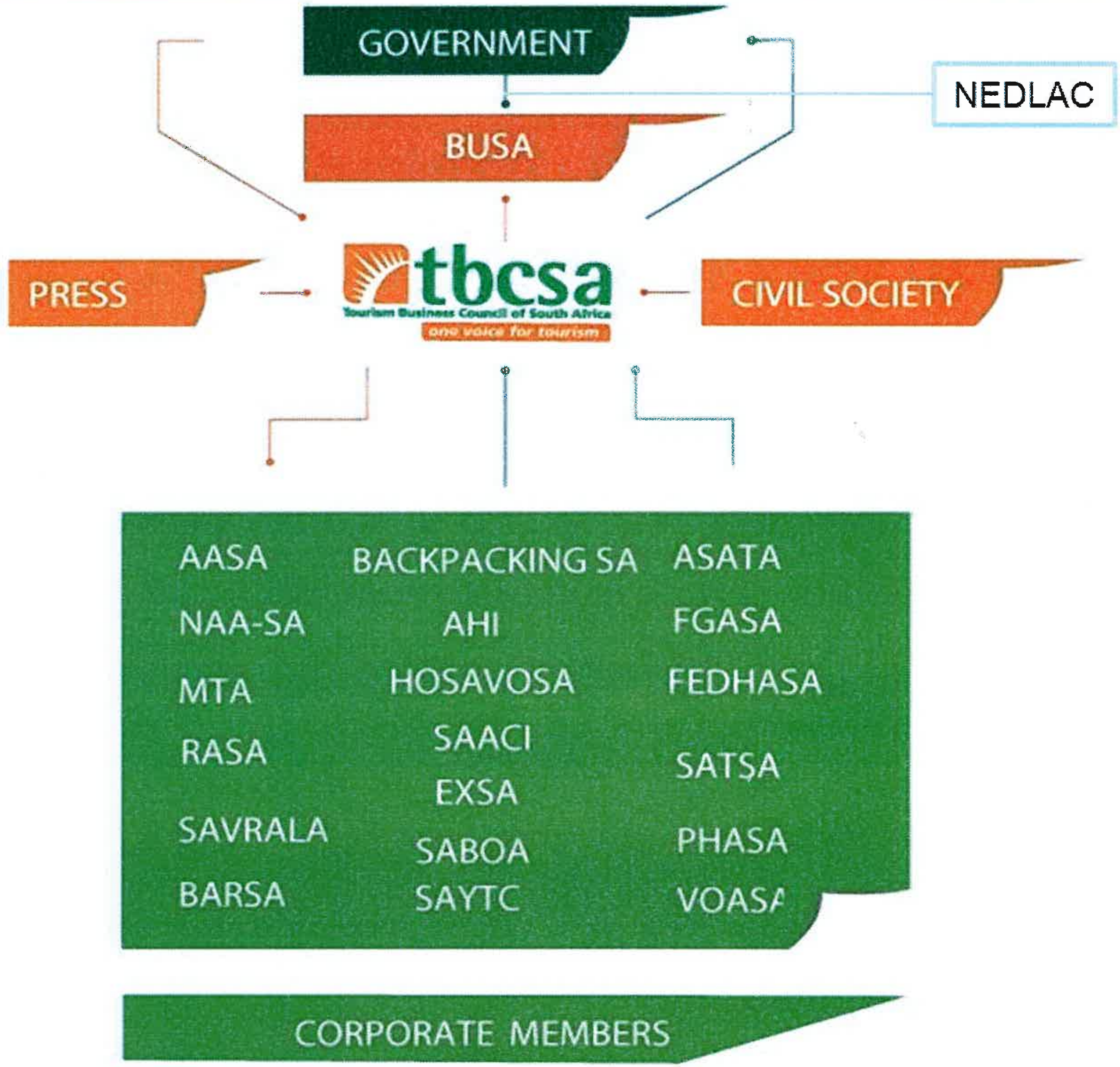
1. INTRODUCTION: TBCSA (Cont.)



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2. TBCSA: MEMBER ASSOCIATIONS

AIRLINES ASSOCIATION OF SOUTHERN AFRICA
AASA

AHi

ASATA
ASSOCIATION OF SOUTH AFRICAN TRAVEL AGENTS

BARSA
BOARD OF AIRLINE REPRESENTATIVES OF SOUTH AFRICA

EXSA
EXHIBITION & EVENT

FEDHASA
Federated Hospitality Association
Of Southern Africa

NAA
NATIONAL ACCOMMODATION ASSOCIATION · SA

PHASA
PJSA

SAVRALA

SABOA

SATSA
Southern Africa Tourism
Services Association
BONDED

SOUTH AFRICAN
CHEFS ASSOCIATION
Reflecting South Africa's Culinary Diversity

saaci
ESTAB 1987
SOUTHERN AFRICAN ASSOCIATION
FOR THE CONFERENCE INDUSTRY

SAYTC
SOUTH AFRICAN YOUTH
TRAVEL CONFEDERATION

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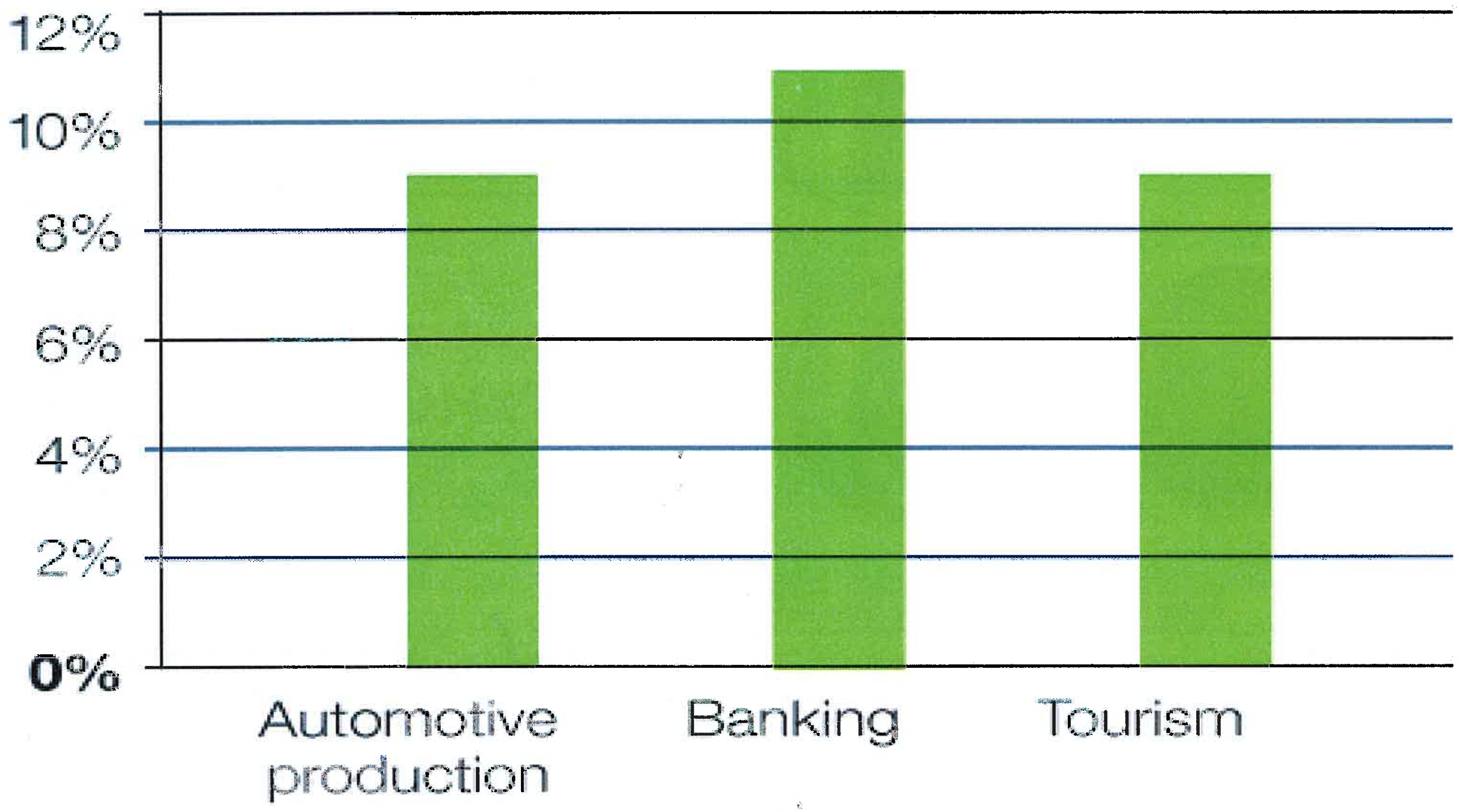
3. THE INDUSTRY: GLOBAL CONTRIBUTION



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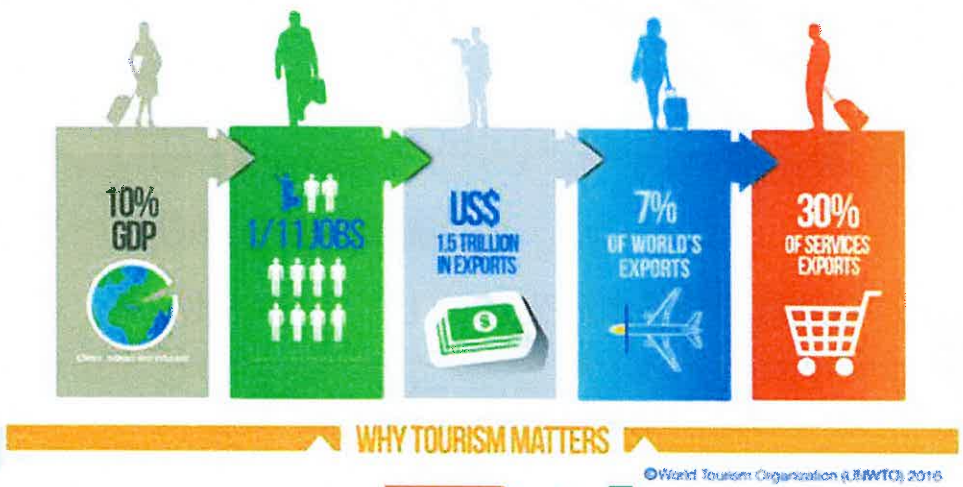
4. TRAVEL & TOURISM: GLOBAL OVERVIEW

- ✓ 1 of the fastest growing economic sectors in the world
- ✓ **2015:**
  - Contributed 9.8% to global GDP
  - 6th consecutive year of positive T&T growth at 3.1%;
  - Added 2.5 million new direct jobs increasing the total number of direct jobs to 108 million.
  - Sector supports 284 million or 1 in 11 jobs in the world
  - Expected to outperform global GDP over the next decade, growing by 4% pa on average

GLOBAL - TRAVEL & TOURISM 2016	
GDP:	9.8%
Employment:	T&T Employs 7 Times more that Automotive Industry
Stats:	1 in 11 is employed in T&T.
Risk:	14Million jobs at risk from lack of skills & training



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5. T&T: REGIONAL OVERVIEW

North Africa

- ✓ Ranked 6th in terms of long-term growth prospects
- ✓ Direct GDP contribution = 4.9% of total GDP
- ✓ Direct contribution to jobs = 2 387 jobs (4.6% of total employment)
- ✓ Generated USD16.8bn in visitor exports & USD11.2bn

Sub- Saharan Africa

- ✓ Ranked 4th in terms of long term growth prospects
- ✓ Direct GDP contribution = 2.7 % of total GDP
- ✓ Direct contribution to jobs = 6,696,000 jobs (2.6% of total employment)
- ✓ Generated USD29.9bn in visitor exports & USD18.3bn in investment

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5. T&T: REGIONAL OVERVIEW (CONT.)

SADC Region

- ✓ Direct contribution in 2015 was USD19.0bn (3.1% of GDP)

  This is forecasted to rise by 3.3% in 2016
- ✓ Generated 2, 383mil jobs in 2015 (2.7% of total employment)
- ✓ Money spent by foreign visitors = USD18.1bn. This is expected to grow by 3.1% in 2016
- ✓ Expected to have attracted USD8.9bn in capital investment
- ✓ Arrivals: the region is expected to attract 24,547mil international tourist arrivals in 2016

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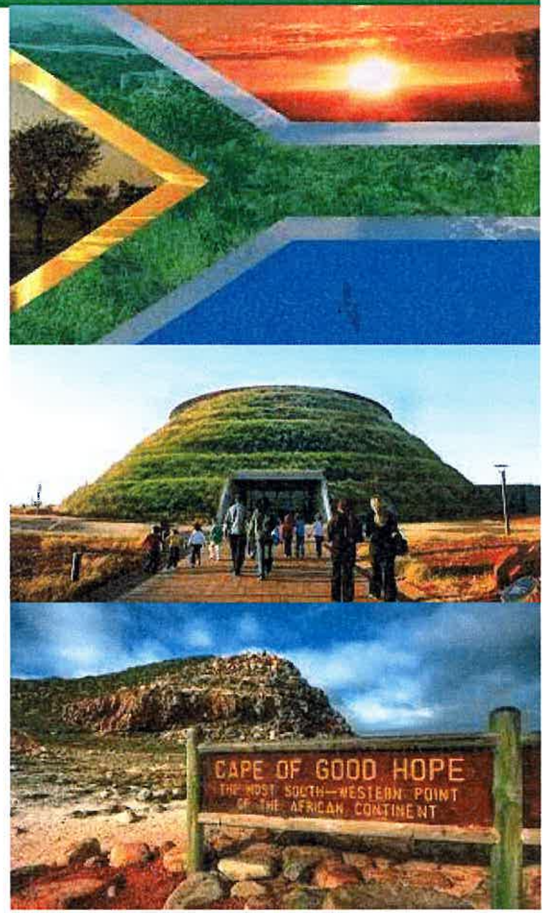
6. T&T: SOUTH AFRICAN OVERVIEW

- ✓ **T&T Total contribution to the country's GDP** in 2015 stood at R375, bn translating to **9.4% of GDP.**
- ✓ **T&T Industry's Total Contribution to Employment**, stood at 9.9% of total employment or 1,554,000 jobs – this is expected to rise to 1,557,000 jobs by the end of 2016.
- ✓ **Visitor exports** generated R115 bn translating to 9.1% of total exports.
- ✓ **T&T Investment** in 2015 was R63.7 bn translating to 7.8% of total investment.



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6. T&T: SOUTH AFRICAN OVERVIEW (CONT.)

Headline indicators - International Tourism

		2014	2015	% Change
	Total tourist arrivals	9,549,236	8,903,773	-6.8%
	Africa land markets	6,957,843	6,436,592	-7.5%
	Africa air markets	374,575	362,860	-3.1%
	Americas	434,919	403,754	-7.2%
	Asia & Australasia	401,714	370,605	-7.7%
	Europe	1,365,472	1,317,291	-3.5%
	Revenue	R64,2 billion	R68,2 billion	+6.2%
	Land markets	R34,1 billion	R32,6 billion	-4.4%
	All Air markets	R30,1 billion	R35,6 billion	+18.3%
	Average spend in SA per foreign tourist	R7,000	R8,100	+15.7%
	Land markets	R4,900	R5,200	+6.1%
	All Air markets	R13,500	R16,600	+23%
	Average length of stay	8.6 nights	9.5 nights	+10.5%
	Land markets	6.8 nights	7.6 nights	+11.8%
	All Air markets	14.2 nights	14.9 nights	+4.9%
	Average number of provinces visited	1.12	1.18	+5.4%
	Land markets	1.03	1.09	+5.8%
	All Air markets	1.41	1.45	+2.8%
	Seasonality index	1.60%	1.36%	
	Land markets	2.41%	1.95%	
	All Air markets	2.34%	2.34%	

6. T&T: SOUTH AFRICAN OVERVIEW (CONT.)

Headline indicators - Domestic Tourism

Key Metrics		2013	2014	% change '13 vs '14	2015	% change '14 vs '15
Number of Trips	Annual	25.2 million	28.0 million	11.1%	24.5 million	-12.5%
	travellers	12.0 million	12.0 million	-	12.4 million	3.3%
	Avg. Trip taken	2.1	2.3	9.5%	2.0	-13%
	By Purpose	VFR: 70%, Holiday: 12%, Business: 8%,	VFR: 73%, Holiday: 10%, Business: 6%,		VFR: 71%, Holiday: 11%, Business: 10%	
Spend	Total Annual Spend	R24.3 billion	R26.8 billion	10.3%	R23.6 Billion	-11.9%
	By Purpose	VFR: 47%, Holiday: 26%, Business: 19%	VFR: 51%, Holiday: 22%, Business: 20%		VFR: 52%, Holiday: 25%, Business: 19%	
	Average Spend per Trip / per Day	R980 / Trip;	R950 / Trip;	-3.1%	R960 / Trip;	1.1%
		R210 / Day	R230 / Day	9.5%	R230 / Day	-

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7. ROLE IN CREATING SUSTAINABLE JOBS

- One of the important roles for the private sector is towards creating sustainable jobs.
- In 2005, 475 664 individuals were directly employed in the tourism sector, rising by 205 153 to 680 817 individuals in 2014. (Stats SA)
- 30.13% Increase in Jobs creation in tourism sector from 2005 to 2014. (Stats SA)
- Tourism added more jobs to the economy than other industries such as trade, agriculture and manufacturing. (Stats SA - Comparable employment data from 2008 to 2014)

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8. CONTRIBUTING TO ECONOMIC GROWTH & TRANSFORMATION

ECONOMIC GROWTH

- Tourism is regarded as a modern-day engine of growth and is one of the largest industries globally.
- Private sector run business & facilitate growth.
- Trade & Investment Promotions (Local & Foreign)

TRANSFORMATION

- Private sector has a role in the transformative agenda of the country.
- Ensure transformation is taking place in the industry for redistribution of wealth.
- The implementation of the relevant policies such as B-BBEE Tourism Sector Code & IPAP2.

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9. BACKGROUND - REGULATIONS

- On 22 May 2014 the Department of Home Affairs (DHA) gazetted immigration regulations relating to the Immigration Act 13 of 2002, Amendment Acts 19 of 2004, 3 of 2007 and 13 of 2011.
- Regulation 6 (12) (a) and (b) stating that where one or both parents travel with a child they must produce an unabridged birth certificate (UBC)
- Other sub-regulations of 12 (b) including a court order, an affidavit or death certificate where applicable, in a case where one parent travels with a child.
- Done in the interest of security, in particular, child trafficking.
- Biometric data requirements after the IMC decision.

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10. IMPACT OF REGULATIONS ON TOURISM

A study by TBCSA in 2015 revealed that:

- International arrivals fell by 6.8% from 2014 to 2015, the biggest decline over 6 years.
- The Chinese market, being SA's leading tourist market, fell by 465 in 2014.
- Indian Tourist market decreased by 23,5% in 2014 (due to lack of processing centres).
- Every foreign travel market to SA experienced a decline during 2015, especially USA, Germany and Australia.
- SA's tourism industry lost direct spend of R866 million due to changed regulations.
- Negative R2.6b on SA economy.

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11. INTERVENTIONS BY IMC

Inter-ministerial committee recommendations:

- Capturing of bio-metrics at ports of entry, starting at ORTIA, King Shaka and CT Airports
- Accredited Tourism Company Programme for China, India and Russia

- Consideration of long term Multiple Entry Visa for a period exceeding 3months, up to 3 years for frequent travellers.

- Number of Chinese tourists to the country increased by 50% by May 2016 when compared to May 2015.
- By May 2016, tourists numbers from India also improved by a 37%.

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12. PREVIOUS ENGAGEMENTS AND SUCCESSES

- Tourist arrivals grew by 18.7 % from 2015
- The bulk being from Middle East, Asia and Indian Ocean Islands.
- Estimated total foreign direct spend increased by 38% between Q1 of 2015 and Q1 of 2016.
- Revenue spent for shopping increased up to R6.4bn
- Increases of 12,2% were also recorded for July 2016, when compared to the same time last year.

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13. PERSISTING CHALLENGES

IMC decision on visa-exempt countries:

- Visitors travelling with a minor strongly advised to bring acceptable documents to prove relations they have with minors and consent form from absent parents/ guardians.

This has posed the following challenges:

- Tourists who had pre-paid holidays being turned away at various embankments wound the world
- SAA recorded that 3,974 passengers were denied boarding due to UBCs from June 2015 to end July 2016.
- Extrapolating this to all airlines, this equates to 13,246 passengers denied boarding, as SAA accounts for 30% of all inbound air traffic into SA.

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13. PERSISTING CHALLENGES (Cont.)

- Negative PR for South Africa
- Lost investment opportunities (An example of Mr. Marrenbach who had investments intentions and was sent away due to travel requirements.
- Decline in overseas arrivals by 4.9% in 2015.
- When SA arrivals declined in 2015, Australia grew its overseas tourism to 7,2m – an 8.2% increase.
- AASA data for June, July and August 2015 showed a 44% decline in the number of children under the age of 18 travelling in and out of SA.
- According to SAT, the average spend per passenger is R13 000, which amounts to R7.51bn revenue lost to the country.

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13. PERSISTING CHALLENGES (Cont.)

TBCSA study with members for 2nd quarter of 2016 reveals:

43% of respondents are still affected by the regulations. Of these:

- 29% reported that clients/customers cancelled their trips due to NIR.
- 42% cited that requirements for travelling with children were the cause of the cancellation of trips.
- 29% cited that reasons of cancellations were not disclosed by the clients.
- 51% of the respondents reported a decline in the number of clients/customers in the past quarter.

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13. PERSISTING CHALLENGES....

- The respondents in the accommodation and hospitality sectors recorded a disappointing total of **±4000** cancellations from confirmed bookings due to the impact of NIR in the last quarter.
- An estimated **±3000** confirmed bookings in the accommodation and hospitality are already declined and cancelled for the next quarter by prospective tourists.
- Data on reservations by ForwardKeys shows decline in reservations from UK (-3%), Germany (-16%), US (-18%), France and Sweden (-29%) from June 2015.
- Biometric data capturing resulting in congestion at ORTIA.
- New Gazette of 16 September took us back where we were, as it still requires UBCs

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13. PERSISTING CHALLENGES (Cont.)

- Congestion at OR Tambo International Airport due to capturing of Biometric data. Decision that came about through inter-ministerial committee intervention. It resulted in:
  - Long queues of foreign visitors at arrival counters
  - Missed connection flights due to the long queues
  - Unnecessary burden on airlines to pay for accommodation of those who missed flights
- This has implications for ORTIA losing its aviation hub status, with upgrade of Victoria Falls airport, airlines such as the United Arab Emirates, beginning to fly directly to Durban and Cape Town.
- There is no sufficient personnel from DHA at ORTIA to deal with the challenge
- Root cause of this being the moratorium placed on filling of posts by National Treasury

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14. CONCERNS FROM INDUSTRY

As a sector we are happy with complying with regulations , but there are constraints:

- In terms of making copies of people who book in our establishments, we are concerned about:
  - Space and storage constraints for the ID copies
  - Database development to enable information to be properly encrypted according to the POPI Act and securely stored.
  - The costs associated with implementing a database to comply with legislative requirements
  - Responsibility for maintaining integrity of the database
  - Inspectors to monitor and ensure compliance with requirements of the Act.

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15. OUR JOURNEY IN ADDRESSING THE CHALLENGES

- Engagement with DHA on 15 September 2016 on these issues
- DHA mentioned imminent release of a gazette to address immigration regulations
- Gazette took us back to square 1, in that UBCs “may be required” from parents travelling with minors from visa exempt countries [sub reg 12 (b) of Draft First Amendment of Immigration Regulations, 2016]
- Meeting with Immigration Advisory Board on 21 September:
  - Asked if our visitors were not already acquainted with and complying with immigration regulations since the figures show that we have recovered.
  - Requested us to comment of the Draft First Amendment Immigration Regulations

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15. OUR JOURNEY. (CONT.)

- Attempted to engage the Deputy President on the matter
- Engaged the BUSA board and enlisted its assistance
- Meeting with the DG of Home Affairs on 27 October 2016 – the meeting did not go well
  - DG unhappy about the way the TBCSA and its members have gone about registering their concerns on the Immigration regulations and related matters – especially correspondence with Office of the Deputy President
  - We await feedback from DGs consultation with Home Affairs Minister

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16. RECOMMENDATIONS

- SA the only country which requires UBCs, court orders, affidavits and the like.
- US, UK and Canada have no requirement where both parents accompany the child.
- Where this is not the case, they strongly *recommend* that supporting documentation accompany the child, including a consent form.
- Some countries require birth certificates only during processes of applying for a visa, SA can consider this option.
- Feed off international best practice, where police work in tandem with Interpol and UNWTO Child Protection Group.
- Commitment to introduce e-visas for those visiting for less than two weeks.

16. RECOMMENDATIONS (Cont.)

- In the US, a child travelling with one parent or relatives to have a **consent note** from the other parent/both parents.
- Same practice in Canada. The **consent letter is not a legal requirement**, but may be requested by immigration authorities when entering or leaving a foreign country or in Canada.
- UK **asks questions** to establish relationship with child and recommend carrying of birth certificate, marriage or divorce certificates where surnames are different and consent letter from child's parent.
- Mexico **does not require foreign (non-Mexican) minors** traveling alone or with only one parent (or guardian) to present any authorization for travel at the border when entering or leaving Mexico. However, minors must carry a valid passport in their own name to enter and exit Mexico. Mexico is among the five most competitive Travel and Tourism countries in North America.
- **Togo** does not require minors travelling alone or accompanied to present any authorization for travel at the border when entering or leaving Mexico. Children aged less than 15 years old, either travelling alone or accompanied by adults or parents, must have either a travel permit or a passport only.

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19. RECOMMENDATIONS (Cont.)

- DHA need to consider best practices especially with travel by minors.
- DHA to reconsider removal of the word "foreign" from the Immigration Act in terms of collecting copies of IDs, so that only IDs of foreign guests could be collected.
- Systems to address congestion at airports especially ORTIA & CTIA in peak season

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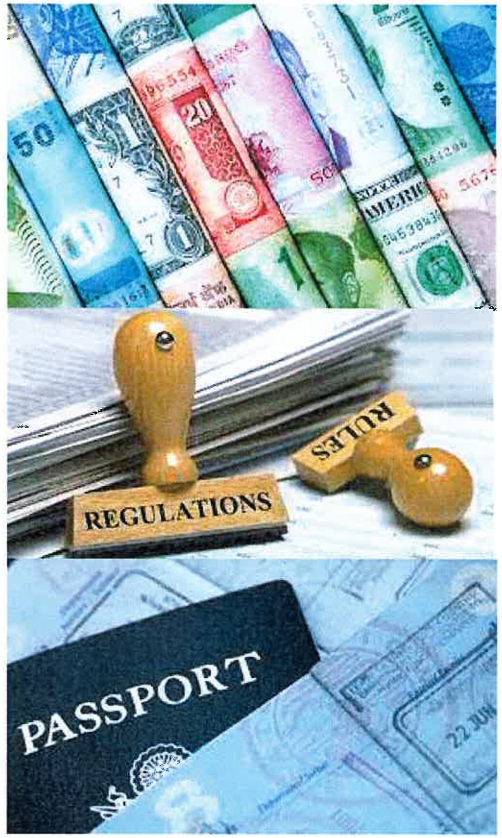
17. CONCLUDING REMARKS

- The world is now an unsafe place - terrorism
- Tourists do not have much choices in terms of countries to visit.

Our comparative advantage:

  - Our currency (weak rand) is a plus for tourism
  - State of the art tourist facilities – amongst the best in the world
  - Therefore, affordability of products and services

- Need to remove unnecessary impediments to exploit these opportunities.



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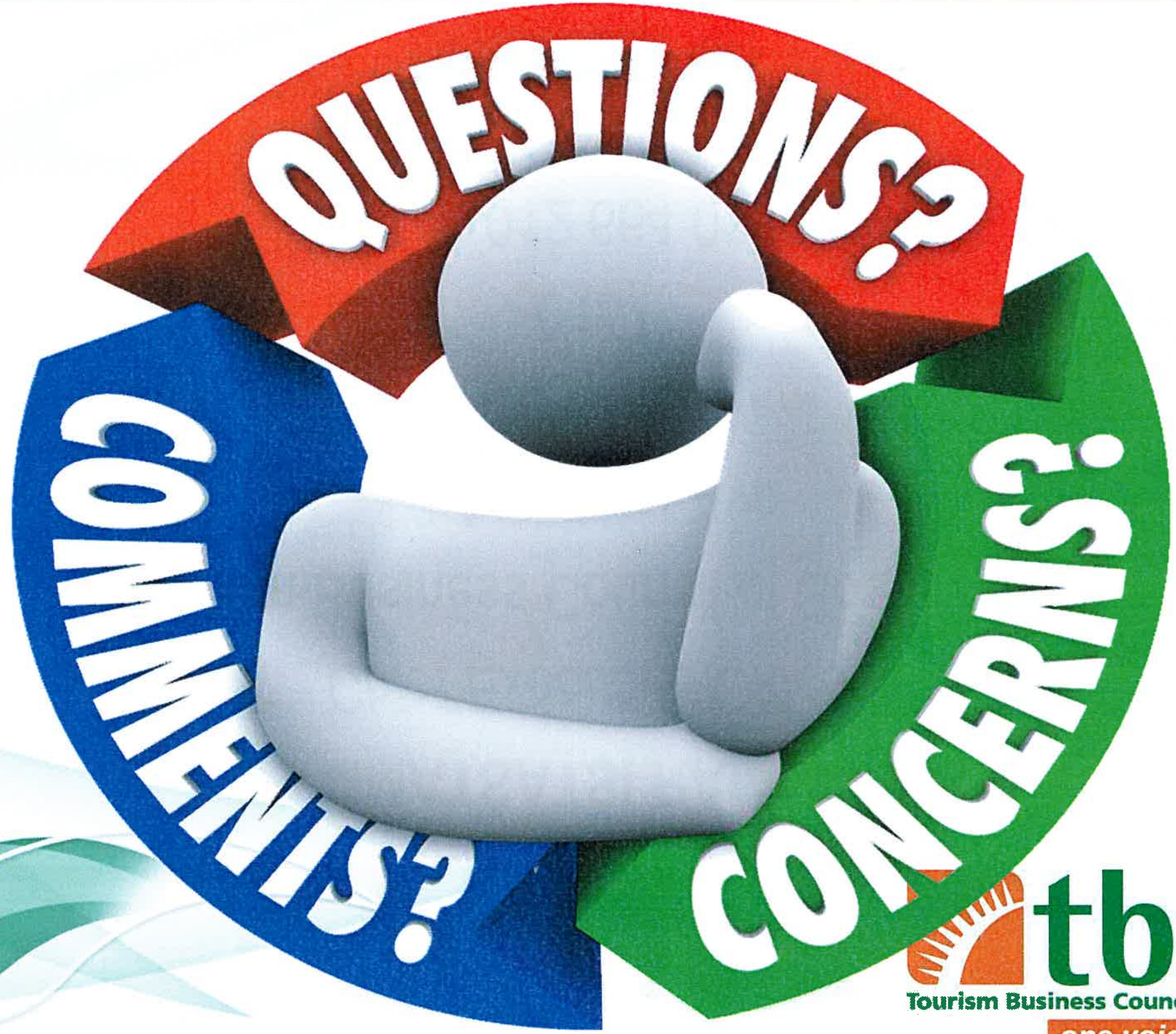
12. QUESTIONS? COMMENTS? CONCERNS?



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