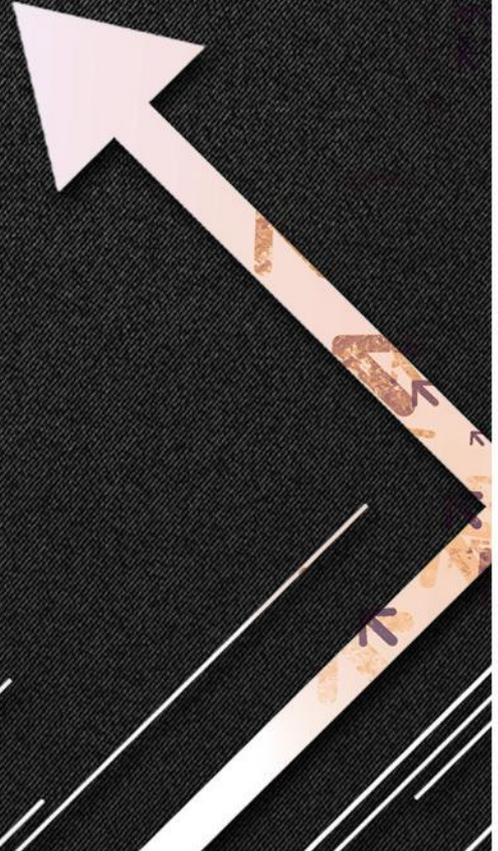


NDT POLICY WATCH QUATERLY UPDATE

April - June 2013



INTERNATIONAL AND NATIONAL
POLICY DEVELOPMENTS



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

1. INTERNATIONAL DEVELOPMENTS

Aviation identified as a strategic driver for African development

The International Air Transport Association (IATA) has urged African governments to form strong partnerships with the industry, in order to promote aviation policies aimed at improving safety, competitive industry and promote liberalisation¹. Furthermore, IATA highlighted the fact that safety continues to be the biggest challenge for African aviation. Consequently, IATA cooperated with critical role players such as the African Airline Association (AFRAA), and the International Civil Aviation Organisation (ICAO) to develop the African Strategic Improvement Plan.

The objectives of the plan range from the establishment of independent and well-funded Civil Aviation Authorities, implementation of transparent safety oversight, completion of IATA safety audits by all African carriers, implementation of accident prevention measures, flight data analysis and Safety Management Systems by all service providers. The ultimate intention of all these initiatives is to improve performance on safety, in line with the global average² by end of 2015. According to IATA, this has been endorsed by the African Union Summit at the beginning of this year.

The aforementioned initiative is in line with the Yamoussoukro Declaration, which promotes the liberalisation of access to air transport in African markets. Most importantly, the issue of safety in African aviation ought to be supported given that it has become one of the important factors influencing the decision whether to travel to any destination. Put differently, the availability of disposable income and leisure time are no longer the only factors influencing travel decisions or destination choice. Safety has become a predominant factor influencing the 21st century traveller.

United Nations World Tourism Organisation (UNWTO) on reducing illicit trafficking

The UNWTO and the United Nations Office on Drugs and Crime (UNODC) agreed to launch a public awareness campaign calling on tourists to help reduce the demand for illicit goods and services linked to transnational organised crime³. The joint campaign is set to be launched later this year. Uppermost in the campaign's objective is to raise awareness among international tourists on the types of illicit goods and services, which they are exposed to during their travel, and which directly or indirectly fund organised crime.

The UNWTO and UNODC are of the view that travellers can play a significant role in reducing demand for these products through ethical practices. Thus the UN Secretary General, Ban Ki-moon, declared that "well informed tourists can make a real difference in turning the tide against criminal acts"⁴. The campaign also focuses on encouraging tourists to make informed decisions and help reduce the demand for trafficking in persons, cultural artifacts, wildlife, fauna and flora, counterfeit goods and illicit drugs. In addition, the tourism industry such as hotel chains, travel agencies, and airlines will be will

¹ www.traveldailynews.com retrieved on 19 April 2013

² The global average is as described in page 4 of this policy watch document.

³ www.unwto.org retrieved on 24 April 2013

⁴ As cited in www.unwto.org Press Release no 13022

engaged through the campaign. All these initiatives, the UNWTO states, complement the Global Code of Ethics in Tourism.

The Global Code of Ethics in Tourism outlines the expected behavior from tourists when traveling. The code, for example, states the following in Article 1:

“tourists and visitors should not commit any criminal act or any act considered criminal by the laws of the country visited and abstain from any conduct felt to be offensive or injurious by the local population or likely to damage the local environment, they should also refrain from all trafficking in illicit drugs, arms, antiques, protected species, products and substances that are dangerous or prohibited by national regulations”⁵.

Cooperation between ICAO and UNWTO

The UNWTO and ICAO signed a joint statement on Aviation and Tourism on the 18th of March 2013, pronouncing the intention of cooperating more closely. The areas of cooperation range from visa facilitation, taxation, modernisation of aviation regulations, development of convergent rules for travelers and enterprise protection. The UNWTO Secretary General remarked that “separate sectorial policies on air transport and tourism result in fundamental and too often conflicting disconnect, which constitutes a severe constraint on the development of travel and tourism”⁶. Likewise, he described the joint statement as “a defining moment, which sets air transport and tourism on a common path of shared concerns with considerable mutual benefits”.

In addition, the joint statement reflected on 1 billion tourists, which crossed international borders in 2012 and estimated the number to increase to 1.8 billion by 2030. Also, there was an indication that aircraft departures as forecasted by ICAO will grow from the current 30 million to 60 million by 2030⁷. This was highlighted as the main reason for two organisations to continue addressing air transport system capacity and related challenges. Other areas of future cooperation between ICAO and UNWTO include air passenger flow management in airports, air capacity for the least developed countries and the continued reduction of environmental impact, emanating from international air travel and tourism. Lastly, the joint statement emphasised the significance of air transport to tourism development in long-haul destinations, island states as well as landlocked areas, and committed to address aviation and tourism growth obstacles.

The above joint initiative should serve as a model for cooperation between tourism organisations, transport authorities, immigration and aviation authorities in member countries. This is critical in the sense that the tourism experience encompasses the experience of the services offered by such authorities. To emphasise the point further, experts recently acknowledged that a transport experience can be a tourism experience. In other words, an unpleasant transport experience can spoil the whole itinerary.

⁵ Global Code of Ethics for Tourism: United Nations World Tourism Organisation

⁶ www.unwto.org retrieved on 22 May 2013.

⁷ As cited in the in www.unwto.org Press Release no 13017

ICAO 2013 Safety Report

ICAO has released a report on air transport accidents, after its Universal Safety Oversight Audit Programme. The process entailed studying accident rates based on scheduled commercial operations involving aircraft with a maximum take-off weight of above 2250 kg. The report highlighted a 21% decrease in the number of accidents, whilst the global accident rates for 2012 commercial operations decreased by 3.2 accidents per million departures⁸. Compared to 2011, the report stated that, 2012 was the safest year with regard to fatalities since 2004. Nevertheless, categorisation of accidents according to the UN regions reveals challenges in Africa. The continent had the highest regional accidents rate even though it accounted for the lowest percentage of global traffic volume. Similarly, the continent accounted for 5 percent of total accidents, which is the lowest, yet 45 percent of all fatalities occurred⁹. Asia was the closest to Africa with 43 percent fatalities, followed by Europe at 11 percent and Latin America & the Caribbean at 1 percent. North America and Oceania had no fatalities.

The above figures signal the need for the African continent to embrace safety initiatives by ICAO and IATA referred to earlier. It also highlights the need for African governments to promote investment in the aviation sector. Such investment should include purchasing of new fuel-economy aircraft fleet. This is critical given that travel and tourism depends heavily on aviation and Africa is becoming a preferred investment destination, in light of the uncertainty prevailing in the established international markets. Moreover, investment towards fuel-economic aircrafts will assist the aviation industry in the continent to cope with the challenges presented by fluctuating oil prices.

2. OTHER INTERNATIONAL NEWS

World Travel and Tourism Council (WTTC) Report on Tourism Performance

As customary, the WTTC has consistently conducted an economic impact research on travel and tourism and its contribution to GDP in various regions and countries. This year has not been an exception. The WTTC released the South African Travel and Tourism Economic Impact Report 2013. The report reflected on the 2012's Global and South African tourism economic developments and provided the ten year forecasts.

Globally, the report revealed growth in travel and tourism's contribution to GDP for the third consecutive year, which resulted in the creation of 4 million jobs. Meanwhile, the total contribution consisted of 9 percent of global GDP which amounts to US \$6.6 trillion¹⁰. Interestingly, the report reveals that the tourism industry outperformed the wider economy in 2012, surpassing other industries like manufacturing, financial services and retail. The WTTC indicated that less restrictive visa regimes and less punitive taxes can propel the industry to even surpass the 10 percent contribution to all new jobs created in 2012.

⁸ ICAO 2013 Safety Report, p.5. www.icao.int retrieved on 24 April 2013.

⁹ As cited in the ICAO 2013 Safety Report, p.10.

¹⁰ WTTC Travel and Tourism Economic Impact 2013: South Africa, p.i

In South Africa, the direct contribution of travel and tourism to GDP was reported to be at R102.0 billion, which is 3.2 percent of the total GDP in 2012. This is forecast to rise by 1.7 percent in 2013 and by 4.5 percent annually from 2013-2023, which is R161.4 billion in 2023 (in constant 2012 prices)¹¹. On employment, travel and tourism jobs including indirect jobs were 10.3 percent of total employment (1,399,500 jobs). There is an expectation for this to rise by 1.1 percent in 2013 to 1,415,500, and rise by 2.1 annually to 1,750, 000 jobs in 2023¹².

In light of the above staggering percentages, the tourism industry and government should consistently pursue the removal of barriers to tourism growth. The initiatives to address visa barriers between the tourism sector and relevant authorities should be pursued earnestly. This includes an exploration of Schengen-Type Visa for the Southern African Development Community (SADC) as proposed by the National Development Plan.

Findings of the Study on Family travel

A study recently conducted by Fly.com revealed that many mothers are stressed by family travel and believe that airlines do not adequately cater for families traveling with children. Contemporary policy changes by some airlines have been perceived as family unfriendly by mothers. According to the survey, 51 percent believe that it is unacceptable for airlines to ban parents with elite status or tickets from bringing young children into first class airport lounges¹³. Meanwhile, 30 percent did not like airlines decision to prevent children from sitting in certain seat rows, whilst 69 percent were unhappy about the elimination of pre-boarding for families travelling with little ones.

Apart from that, the leading cause of stress for mothers on the planes is the fear that the baby might disturb other passengers, as opposed to the child wellbeing. Statistically, 40 percent of mothers worry that the child might disturb other passengers, 26 percent worry that the child might be in distress, 13 percent worry about family not being seated together, 7 percent worry that the child will misbehave, 3 percent worry that the child won't sleep, 1 percent worry about judgment of parental skills by other passengers, and 10 percent was for other things¹⁴. Most importantly, 65 percent of mothers believe there is a negative stigma attached to flying with children. Amongst the top four requests, were child play areas at airports, dedicated family security lanes, complimentary in-flight activity packs and appropriate programmes for in-flight entertainment.

The above responses from 884 mothers within the United States, who had flown more than once with their children, reveal challenges that should be confronted by airline policy makers. It also signals the need for significant improvements in catering for family travel. This is critical in the sense that tourism destinations and accommodation establishments are increasingly catering for family holidays.

Moreover, a significant number of destinations are positioning themselves as world class family-friendly destinations. Since tourism experience includes transport to such destinations, it is incumbent upon the tourism sector to constantly engage airlines in pursuit of holistic memorable experiences, from boarding

¹¹ As cited in WTTC report, p.1

¹² As cited in WTTC report, p.1

¹³ Fly.com study: Moms want more from airlines, p.3. <http://www.fly.com/press>. retrieved on 22 April 2013

¹⁴ As cited in fly.com study, p.1

the plane to enjoying the offerings in the intended destination. Besides that, Fly.com General Manager views this as an opportunity for airlines to develop a loyal and lucrative passenger base.

3. NATIONAL POLICY AND LEGISLATIVE DEVELOPMENTS

Vredefort Dome World Heritage Site

The Department of Environmental Affairs has gazetted an intention to proclaim the Vredefort Dome World Heritage Site in terms of the World Heritage Convention Act of 1999¹⁵. The act empowers the Minister to publish particulars of the new World Heritage Site in the gazette within the reasonable period. Such applies to, amongst other things, World Heritage Sites which have been included on the World Heritage List. The Vredefort Dome was added to the UNESCO's list of World Heritage Sites for its geological features in 2005.

The intention was published in the government gazette on 3rd of May 2013. Members of the public were requested to submit their written inputs within 30 days after the date of publication. The contact details for inputs are TNtloko@environment.gov.za, The Director General: Department of Environmental Affairs, Private Bag x 447 Pretoria, 0001.

Tourism Bill

On the 25th of March 2013, parliament reported that the Portfolio Committee on Tourism adopted the Tourism Bill with amendments. The process included public hearings and consideration of public submissions. Amongst the resolutions, the Committee decided that the Tourism Protector should not be given investigative and prosecutorial powers given the presence of such in existing law enforcement agencies.

Moreover, the Committee deliberated on submissions pertaining to the geographical representation of South African Tourism Board Members, and resolved that the board should be representative of society¹⁶. The Committee also resolved on a three year registration period for tourist guides with a view to ensure harmonisation with other registration requirements such as first aid certificate.

Licensing of Businesses Bill

The Department of Trade and Industry published the Licensing of Business Bill in the government gazette on the 18th of March 2013 for public comments. The objectives of the Bill are, but not exclusively, aimed at providing national norms and standards for application of business licenses, appointment of inspectors for non-compliance, as well as penalties and administrative fines¹⁷. In addition, the objective of the Bill is to repeal the Business Act of 1999, including all proclamations, notices, and regulations promulgated under such act.

Critics argue that the Bill will add additional red tape and does not consider the realities of informal trading. Most importantly, they are extremely concerned about the possible abuse of power given to law enforcement agencies. Written public comments are expected 30 days from the publication of the Bill in

¹⁵ Government gazette, no 36418, 3 May 2013.

¹⁶ www.tourism.gov.za retrieved on 22 April 2013.

¹⁷ Government gazette, no 36265, 18 March 2013.

the gazette. The contact details for inputs are bdalasile@thedti.gov.za. The Director-General: Department of Trade and Industry Private Bag x 84, Pretoria 0001.

Updated Carbon Tax Policy Paper

The National Treasury published the updated Carbon Tax Policy Paper for public comments. This was described as the second and final round of comments requested on the policy, prior to publication of the draft legislation. Carbon taxes are expected to be implemented from the 1st of January 2015. Amongst other things, the policy proposes a carbon tax rate of R120 per ton of carbon dioxide-equivalent. Such will increase at 10 percent rate per annum during the first phase of implementation.

The paper quickly pointed out that when the tax-free threshold and additional relief are taken into account, the effective tax rate will range from R12 and R48 per ton of carbon dioxide equivalent, and zero for agriculture and waste. A basic tax free threshold is 60 percent for all industrial sectors¹⁸. The industrial sectors referred to above are, electricity, petroleum (coal, gas to liquid), iron & steel, cement, glass & ceramics, chemicals, pulp & paper, sugar, agriculture, forestry & land use, waste, and fugitive emission-coal mining.

According to National Treasury, the economic model undertaken suggested that carbon tax will make a significant contribution towards emission reduction with limited macroeconomic impacts. It further indicated that the impact on the country's economic growth is shown to be largely neutral if accompanied by effective recycling measures.

Although Business Unity of South Africa (BUSA) supports the move towards a lower carbon intensive economy, it however did not accept that the impact of carbon tax on the country's economy will be largely neutral, as the extent to which the proposed revenue recycling measures remains uncertain pending further investigation.

Further details on the Carbon Tax Policy Paper can be accessed on the treasury website at www.treasury.gov.za under latest news. Comments can be forwarded to Memory.Machingambi@treasury.gov.za by end of business on the 2nd of August 2013.

4. ADMINISTRATIVE MATTERS

The Global Association of the Exhibition Industry Awards for 2013

The Cape Town International Convention Centre won the 2013 Sustainable Development competition on best reporting on sustainability¹⁹. La Rural, Predio Ferial Buenos Aires of Argentina was chosen as the finalist. The objectives of the award are to reward best exhibition industry initiatives connected to sustainable development, give exhibition professionals the opportunity to exchange innovative ideas related to sustainable development; and to honour those in the exhibition industry, who have successfully implemented creative and results-oriented initiatives. The Global Association of Exhibition Industry is an association of trade shows' organisers, national and international associations of exhibition industries, with more than six hundred members from eighty-five countries.

¹⁸ Carbon Tax Policy Paper, p.14. May 2013.

¹⁹ www.traveldailynews.com retrieved on 19 April 2013

Rates Policy

The City of Johannesburg has developed the rates policy for the year 2013/14. The objectives of the policy include ensuring that all owners of rateable property are informed about their liability for rates, and determining the criteria for the level of increases in rates.

According to the policy, the council may levy different rates for different categories of rateable property. Different categories of rateable properties were outlined and included business and commercial category²⁰. The business and commercial category consists of, amongst others, property zoned for business, commercial or industrial purposes, and property used for game farming and or eco-tourism. The policy will be implemented on the 1st of July 2013 and reviewed annually.

Call for the tourism industry to insure against catastrophic events

The Hospitality and Leisure Underwriters has called for the tourism industry to insure against catastrophic events. This was raised in light of the increasing frequency and severity of catastrophic events, which led to the payment of almost R400 million in claims by the Hospitality and Leisure Underwriters²¹. The claims were predominantly from flooded areas in Mpumalanga, areas which experienced hailstorms in Gauteng and from St Francis Bay following the wild fire.

The Hospitality and Leisure Underwriters emphasised the significance of risk management for businesses operating in the tourism industry. According to the Hospitality and Leisure Underwriters, this will assist businesses in taking care of potential risks that could possible devastate their commercial viability.

New Aircrafts for South African Airways

In the 2013/14 budget vote, the Department of Public Enterprise announced that it will start taking delivery of a fleet of twenty Airbus A320 aircrafts. These are reported to be valued at R10 billion²². Such an initiative, the department explained, form part of a broader fleet replacement plan aimed at addressing the fuel inefficiency of current SAA's long-haul fleet.

The investment in new fleet of aircraft by the Department of Public Enterprise is significant in many respects. The investment in fuel efficient aircrafts bodes well with other worldwide initiatives aimed at reducing aviation emissions. It will also indirectly contribute to savings as a result of fuel efficiency planes. Apart from that, such an investment is in line with IATA and ICAO initiatives, which promotes aviation as a strategic driver for African development.

²⁰ City of Johannesburg Draft Rates Policy 2013/14, p.7.

²¹ [John Fitzpatrick in the Business Report](#) (Star Newspaper) 20 March 2013.

²² Budget Vote 2013/14 by the Department of Public Enterprise, 14 May 2013.

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