

FINAL VERSION

29 MARCH 2018

TOURISM BUSINESS COUNCIL OF SOUTH AFRICA'S (TBCSA) COMMENTS: DRAFT REVISED WHITE PAPER ON NATIONAL TRANSPORT POLICY

1. Introduction

The Tourism Business Council of South Africa (TBCSA) is an umbrella organization, which represents the unified voice of businesses in the Travel and Tourism (T&T) sector.

TBCSA is a non-profit, private organization working to unite and influence the diverse Travel and Tourism private sector behind one core mission to contribute to a competitive, responsible and inclusive Travel and Tourism (and South African) economy. Our mandate is to serve the needs to our members who broadly constitutes 20% of the sector's leading business enterprises and whose output represents 80% of the sector's overall economic contribution. In the transport and related spaces, these members are in the main, made up of airline associations, bus/coach operators, vehicle leasing and rentals, tour operators, events and exhibition associations as well as hospitality and accommodation sector. TBCSA serves to provide a VOICE to this community of businesses and to ensure that they play a constructive role in the country's economic development, growth and transformation.

The tourism industry is one which contributes significantly to the GDP of this country. According to the World Travel and Tourism Council (WTTC), the industry directly contributed R 136.1 bn or 2.9% total GDP in 2017. The total contribution of Travel and Tourism to GDP was R412.5bn or 8,.9% of GDP in 2017. The Travel and Tourism industry also contributed 9.5% of total employment or 1 530 500 total jobs or in 2017. This includes jobs indirectly supported by the industry. Visitor exports generated R126.7bn, which is 9.2% of total exports in 2017. According to the Statistics South Africa's Tourism Satellite Account, tourism outperformed the agriculture industry as one of the key industries contributing to the GDP. These benefits will

accrue more as South Africa gets more tourist arrivals. According to Statistics South Africa, the volume of foreign arrivals increased by 2,5 % when comparing January 2017 and January 2018. Sound and viable policies will see more increases in tourist arrivals and thence, economic growth.

The Draft White Paper on National Transport Policy provides proposals that will drive economic growth by providing an integrated transport system. It is our submission that this system will boost the travel and tourism sector through facilitating the movement of tourists not only between cities, towns and villages but also between provinces and countries in the SADC region. In our view, the geographic spread of tourists, increased length of stay and spend by tourists will assist the country in attracting more tourists into the country, thereby increasing visitor export and contribution to GDP. The geographic spread and increased stay will only be made possible by adequate, accessible, affordable and good quality transport infrastructure.

Our principal position is that comprehensive institutional arrangements, which would ensure both vertical and horizontal alignment among stakeholders that have an interest in transport issues be put in place in order to facilitate the coordination of infrastructure planning for all modes of public transport. Thus, the stakeholders should not only be those in government but should include the ones in the private sector and civil society. We deem proper and adequate transport infrastructure to be of utmost importance in facilitating economic growth, hence the need to ensure integrated planning and monitoring of implementation of this policy once finalised.

Our comments on the draft white paper are divided into two sections: General Comments and Specific responses.

2. General Comments

TBCSA recognizes the importance of Transport Policy in driving economic growth and development of the South African economy. We therefore welcome the fact that the policy seeks to introduce a reformulated transport system that will facilitate the movement of goods and people. This is important from a travel and tourism point of view, as long as there will be an alignment between this and the travel facilitation policies (visa regime) for the SADC region so as to enable a seamless and hassle-free movement of people from one country to the next within SADC, as well as between provinces in South Africa. We also support the need to make quality and integrated transport in the rural areas available. This is because we believe in a countrywide viable transport system that needs to amplify the unique experiences of the tourist visiting our country and the SADC region. This type of transport should, in our view, connect the rural areas with the urban areas within and outside our country, region and continent. Coupled with this is the importance of supportive infrastructure to the transport sector – which speaks to the condition of our roads in urban and rural areas. This is important given that tourism has wild life /safari and nature experiences, which end up suffering because these attractions and locations are located in areas that have poor roads.

We support the notion of a regulatory framework on economic aspects such as pricing, licensing and tariffs, as unregulated pricing regimes can become burdensome, especially in the context of sluggish economic growth, and the existing tax and regulatory burdens that are there on the businesses and households. This we say in light of the fact that high transport costs negatively affect the development and offering of competitive services, but also have a negative impact on tourism in particular, thus reducing economic growth, as real incomes decline.

The policy seeks to support inclusive growth, but this is not well articulated in the document. One of the strategic objectives under “public transport” is to empower disadvantaged operators to participate meaningfully in the public transport system. It is not clear as to who these disadvantaged operators are. This needs to be clearly delineated. The Department

should also outline how the “disadvantaged” operators would be empowered to participate in the public transport system.

Is there a common understanding of what is meant by public transport, because in our view, the entire policy speaks to public transport? This needs to be clarified so as to avoid confusion and duplication in some of the strategic objectives of the policy.

Tourism is also burdened by the issuing of permits and licenses for operators in the various provinces in that there is no centralized system for businesses who operate in more than one province. The policy needs to look at this possible, which would make licensing less cumbersome and tourism friendly.

We also support the implementation of the Yammousoukro decision on the open skies. The Air Access and Air Lift partnership project has proven to bear fruit in Cape Town. Since the inception of the project, Cape Town has seen an estimated R4.8bn in tourism spend, due to the launch of 13 new routes and the expansion of 14 existing ones. The airlift strategy has created 92 000 new jobs, and has boosted economic growth.

The draft White Paper however, does not explicitly take into account the **Fourth Industrial Revolution, the Internet of Things, Artificial Intelligence, Big Data** and the impact these are going to have on the transportation and logistics sectors. It provides no context to these major developments as the transportation and logistics sectors are expected to be heavily impacted through the use of new technology and new service offerings, leading to, amongst others, significant job losses, as many jobs could be taken over by computers. This therefore brings into sharp focus the doubtful future of jobs as we know them in the transport and logistics sector, which the policy needs to address. In the context of the Fourth Industrial Revolution, there is a crucial need for government to start embracing innovation whilst at the same time protecting jobs. With the emergence of Uber and its subsequent conflict with meter taxis, how is this policy going to deal with this matter? It is essential that the policy outlines how it will deal with this matter as it portrays the bad of image of South Africa as a tourist destination.

Innovation in our transport sector and governance regimes will ensure that existing old infrastructure and services do not stifle travel and tourism, but will support a quest for remaining a top of mind destination.

The draft policy document does not also take into account the fact that **urbanization in Africa will accelerate at a faster pace than is currently the case**. The World Bank estimates that in the next 25 years an additional 500 million people will be living in African cities. What is the vision of the White Paper to deal with this massive urbanization trend – both in public transport and freight logistics systems? How will we develop our cities in a **sustainable manner** going forward? What are the plans to deal with mobility in our increasingly urbanized communities? What role will new technology play in the cities of the future? It is also our firm view that government should aim to ensure connectivity between the sea, air, land and rail. This is crucial for tourism and trade, as the inflow of customers in the form of tourists, among others, as well as goods would need this kind of connectivity.

3. Specific comments on the Draft Policy

- a. Under goal 1.2.1, there is mention of fair and acceptable labour practices, workers' rights, etc. Will this not be catered for in the Labour Relations Act and the Basic Conditions of Employment Act?
- b. We agree with a policy objective of an integrated transport planning and for that matter, integrated transport system. Therefore, the institutional arrangements put in place ought to prioritise agreement between infrastructure providers and authorities, which should look at the preparation and operating of the integrated transport system. The system should be coupled with a computerized information system, which would provide information for travelers who may want to plan their journeys when changing from one transport mode to another. The information system should ensure that trips with various modes of transport are synchronised, and such information could be made available through an integrated transport application. Whatever institutional arrangements are put in place, whether at a technical or steering committee level, should work towards overcoming barriers to public transport integration or as it is, the

integrated transport system. These are barriers relating to duplication of responsibilities, processes in regard to planning, such that planning is not fragmented; provision of space coordination between users of own transport modes and public transport; lack of information provision due to ineffective use of data as well as financial constraints.

- c. Goal number 1.2.2. states that the transport system will minimize constraints to the mobility of passengers...while allowing customers the choice of transport mode...where it is economically and financially viable to offer a choice of modes. How will the Department determine which areas are economically viable enough to offer customers a choice of modes? Is there a plan to conduct a study or social impact assessment to determine that perhaps?
- d. Goal 1.2.3. speaks to Safety and Security. Will the Department seek to have a relationship with the South African Police Service or Law Enforcement Agencies in general, so as to ensure that they have a strategy in place to secure the different transport modes, especially trains and taxis (includes stations and taxi ranks)?
- e. Goal 1.2.5 states that there will be targeted state investment to build infrastructure in the right places and of the right kind which serve the needs of society... We assume that the Department will scientifically determine the 'right places'.
- f. In regard to goal 1.2.6., there is a need for government to have alignment in terms of policies that it is implementing in order to reduce greenhouse gas emissions as well as other forms of pollution. There are already other measures such as the National Environmental Management Act of 1998, the Energy Efficiency Tax savings, Green Transport Strategy, National Climate Change Response Policy, Freight Logistics Strategy and the National Energy Efficiency Strategy. Alignment is therefore important than coming up with new initiatives.
- g. On financing principles – the policy may resort to “user pays” principle where appropriate. How will this principle or cost recovery mechanism work? In the instance where toll gates are considered for this purpose, this will be a problematic move as there are already a lot of toll gates in the country, coupled with e-tolls in the Gauteng Province. There are already taxes that businesses are burdened with, and any

mechanism to recover infrastructure costs should take this into account. On airlines for example, there is already A Passenger Safety Charge, Passenger Service Charge, Air Passenger Tax, Air Passenger Duty (to the UK government) and Passenger Service Charge (to the UK government). If tolls are regarded as a financing model, will customers be given viable alternative in terms of routes and transport modes? Will the tolls be put for a specified period so that once the funds for infrastructure development have been recovered they could be eliminated?

- h. In terms of road safety, is there a link with the Road Safety Strategy that was released in 2016? In regard to reducing road accidents, it is our view that the 50% decrease in fatalities over a 14-year period up to 2030 as stated in the National Road Safety (2016-2030) is stretched too far, given that one death is one too much. As much as this is aligned to the NDP, we suggest a ten-year period if government feels they cannot work in line with the target of halving fatalities by 2020, in line with the Decade of Action for Road Safety, 2011-2020.
- i. On road safety and improvement of road user knowledge, skills and attitudes, we suggest that evidence based programmes be put in place to deal with the causes of road accidents and fatalities. The evidence based programmes should be linked to a road safety information management system, which would provide information on causes of accidents, including groups that are mostly affected.

4. Conclusion

TBCSA submits that the Transport Policy and effective implementation thereof is important for the South African economy. This is due to the fact that congestion, lack of connectivity between transport modes, unaffordability and lack of punctuality put economic development at risk. From a travel and tourism point of view, dealing with these factors will boost the economy as tourists would prefer to travel in a country where there is connectivity between various transport modes, and where such transport is affordable and there are no delays. A positive tourist experience will attract more tourists in the country and therefore more foreign currency, thus boosting the economy. Tourism has two aspects that need government support

in terms of viable policies, namely, inbound travel and domestic travel. Domestic travel needs a boost as it is not doing well, and this can happen through accessible, interconnected and affordable travel, amongst others.

Yours Sincerely

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CHIEF EXECUTIVE OFFICER
Tourism Business Council of South Africa

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