

# **THE YACHTING TOURISM INDUSTRY** **IN SEYCHELLES**

## **EXECUTIVE SUMMARY**

Seychelles, with its many islands, year round tropical cruising climate is ideally suited to yachting tourism. The Government recognises the potential benefits of this sector and endeavours to promote tourism development in the maritime sector. During its early stages of development in the early 1990s, there were no clear policy guidelines to govern the development of yachting tourism in Seychelles as the sector was relatively new and small. It was a sort of “free for all” with minimum standards. As the sector developed, a proper policy document on yachting tourism was drafted and it came into force in 2003.

However, the rapid development and renewed confidence in the tourism industry in the last 3-4 years means it is now necessary to update the policy and bring it in line with other changes happening in the economy in general. It also is necessary to harmonise the development with other sectors in the tourism industry.

This policy embodies the wider national tourism, environmental and economic policies. It has been drafted in line with the Tourism Strategy 2017 which is part of the overall National Strategy 2017 which aims to double GDP by the year 2017.

It is expected that this document will assist in the development of this pioneering industry and ensure that it contributes to sustainable national economic and social development.

## **BACKGROUND**

### **General**

The yachting tourism industry as we know it today started in Seychelles in the early 1990s. However, the sector started growing in earnest in 1995 when VPM and Sunsail started operations in the country. Since then the development has been rapid that the infrastructure necessary to cater for the yachts has been unable to keep pace with the growth.

During the early stages of development, there was no policy laid down for the proper development of the sector. It was only in 2003 that a proper policy was laid to provide proper guidelines and principles for the developing yachting tourism. Now due to the pace of development and renewed confidence in the tourism industry especially during the past 3-4 years, it is necessary to update and revised the policy again.

The overall objective of this policy is to develop the yachting sector to its maximum so that it contributes to the national economy with the aim of doubling GDP by 2017.

Annually, it is estimated that the industry brings to Seychelles approximately 14,000 (07) visitors. About 100 Seychellois are directly employed in the industry. Several hundred others provide services on a regular basis to the industry in the form of transport, repairs and maintenance, and various other tourism related services.

There are presently 109 yachts in operation in Seychelles with an additional 66 already that are yet to come into operation.

### **The structure of the industry**

The industry is made up of charter companies that sell yachts to owners who generally are non-Seychellois. These companies then manage the yachts on behalf of the owners and make them available for charter to paying clients. Marketing is done overseas and clients book and pay for their yachting holiday from overseas.

Local management companies, manage the fleet and handle the clients during their stay in Seychelles.

The yachting tourists reside on board the yachts for the duration of their stay in the country and cruise from island to island, but generally not further than the inner islands of Mahe, Praslin & La Digue.

Specialised charters cater for longer range tourists and special interest groups.

The yachts come with or without crew and hostess, depending on the clients' wishes.

### **Potential for Seychelles**

It is generally said that Seychelles is limited in its resources. When it comes to the yachting tourism industry however, Seychelles has all the basic requirements for this industry:

- ✓ Islands in close proximity for leisurely day cruising
- ✓ Tropical climate
- ✓ Year round cruising weather
- ✓ Seychelles is known in the cruising world as an exclusive cruising destination
- ✓ Interest from international companies to establish or expand here
- ✓ One of the few locations in the Indian Ocean suitable for yachting tourism

### **Weaknesses**

The fact that the industry is relatively new in Seychelles, support facilities presently in existence are not adequate to cater even for existing yachts. Facilities for the yachts to fill up with water and fuel, facilities for the guests to land ashore, are not readily available and even where basic facilities exist, for example on Baie Ste Anne jetty, these are not adequate and are crowded by other users.

Other support services for repairs and maintenance of yachts are also not adequate resulting in many of the maintenance works being carried out at the same locations where guests are being received.

In order for the industry to develop further it is imperative that there is a drive for such facilities to emerge and grow.

## **POLICY STATEMENTS ON YACHTING TOURISM**

### **General Policy**

***Seychelles should develop its yachting tourism industry to a sustainable level in line with its tourism policy of being an exclusive eco friendly destination so that it generates wealth and contributes towards the national economy with the aim of doubling GDP by 2017.***

### ***POLICY 1***

**The Government shall put in place an enabling environment to permit the yachting tourism industry to further develop.**

Whilst there are diverse areas where actions to create an enabling environment can be initiated, the following are areas where immediate action is required:

- Government shall encourage the development of marinas on Mahe, Praslin and other islands to accommodate the yacht charter companies with modern facilities to serve the yachting tourists.
- Appropriate areas shall be identified for the development of small service centres on Mahe and Praslin and on any other islands where such development is practical to provide services to the yachts.
- Yacht charter operators shall also be encouraged to participate in the development of the marinas.

### ***POLICY 2***

**Retain the pioneering status of yachting tourism companies**

Licensed yachting operations shall be entitled to incentives as provided in the Tourism Incentives Act 2003(as amended in 2008).

### ***POLICY 3***

**Goods and services tax to be applicable on turnover of yachting companies.**

Yachting operations shall be subject to a GST which is applicable on the turnover after deducting overseas marketing expenses and commissions up to a maximum of 20%. This shall be subject to the approval of the Revenue Commissioner.

The GST which is currently 7% of turnover will increase to 10% in November 2008, 13% in November 2009, and 15% in November 2010.

**POLICY 4**

**A ceiling of 200 charter yachts shall be set for the industry.**

Seychelles having made a name for being an exclusive destination, it is important that even in yachting, this exclusive experience should remain. Therefore, a ceiling of 200 shall be set on the number of charter yachts in the country. As the number of yachts grow, this ceiling may be reassessed, particularly in considering the impact on the environment and on the perception of exclusivity.

However, to ensure Seychellois investors and operators are not unfairly disadvantaged and remain an active player in the yacht charter business, operators with a fleet of less than 3 boats shall not be counted as part of the ceiling of 200 charter yachts.

Temporary licences and Super yachts based in Seychelles shall also not be subjected to this limit.

**POLICY 5**

**Licences for temporary yachts shall be valid for a maximum of three months**

While the duration of the normal licence is for one year and renewable, the temporary licences shall only be valid for a period of three months.

Application for temporary licences shall only be accepted through local ship-chandlers.

Such licences shall be renewable once only in the same calendar year for a further period of three months.

**POLICY 6**

**Both Foreign and Seychellois investment shall be encouraged in the yachting industry.**

In order to ensure that Seychellois can remain an active participant and beneficiary of the yachting tourism sector, a limit shall be set as to the amount of shareholding a foreigner can have in yacht charter company. Under this policy, a company with a maximum of three boats or less must be 100% owned by Seychellois. Foreigners shall be allowed to invest in yachting companies based on the fleet size as follows:

| <u>No of Yachts</u> | <u>Minimum Seychellois share</u> |
|---------------------|----------------------------------|
| 1-3                 | 100%                             |
| 4-5                 | 51%                              |
| 6 & above           | open                             |

If the boat is 50 ft or above and investment of \$500,000, a foreigner may start with one boat on an owner-operated basis.

### ***POLICY 7***

**Government shall encourage the development of related facilities in the outer islands.**

Whilst Mahe and the inner islands have excellent cruising waters, a vast potential exists in the outer islands. In view that distances there would be greater, some basic facilities at selected island(s) (ice, water and basic provisions which can be easily arranged without any major investment) would permit seasonal crewed yacht charters to take place in these islands which are so far virtually unknown to charter yachts. These charters could originate from Mahe but could also be based in the Amirantes, Farquhar and Assumption; and the guests flown in and out from Mahe.

A small marina facility could also be developed in the areas such as Poivre where yachts could be stationed during the season and where these basic facilities could be provided.

Desroches already has some basic facilities and could well be developed into such a base for the Amirantes.

### ***POLICY 8***

**Operators of yacht charter businesses shall be limited as to the maximum number of yachts they can operate.**

In order to avoid overcrowding and to continue offering an exclusive service which is in line with Seychelles' tourism marketing image, it is necessary to limit the number of yachts per operator to not more than 30.

Notwithstanding the above, approvals for starting up or extending a fleet shall only be for 10 boats at a time. After the implementation of the approved 10 boats, any further extension will require a separate and new application and shall be subject to the maximum limit of 30 yachts.

### ***POLICY 9***

**A “droit d’entrée” mechanism shall be established to ensure effective implementation of the yachting projects.**

Companies wishing to start such operations shall be subject to the droit d’entrée system as set out in the annex.

Existing operators with fewer than 30 yachts in their fleets and wishing to increase this number will be able to do so through this system.

### ***POLICY 10***

**Encouragement shall be given to a diversification of the yachting products on offer.**

Sailing yachts within the range of 38 – 47 feet make up the fleet presently in Seychelles. To maximise the potential of the yachting sector, a diversification of the product range shall be pursued. Seychelles being perceived as a top end destination, there shall be an emphasis on larger more comfortable sailing yachts.

Another type of yacht which shall be encouraged are the motor yachts in the range of 50 feet and over including the super yachts which will offer all the modern conveniences but are motor boats as versus sailing boats.

### ***POLICY 11***

**Government shall ensure that yacht charter companies do not compete unfairly with other segments of the boating industry.**

In view of the tendency for yacht charter companies to diversify into other activities such as day charters and excursions, there are possibilities of unfair competition with the smaller day charter operations.

To avoid such unfair competition, yachting operators who offer day charter shall only rent the boat as one unit with a fixed rate on a per charter basis and shall not sell on a per person basis.

### ***POLICY 12***

**Government shall ensure that no company has an unfair or undue influence on the sector so as to control the market.**

Along the lines of policy 11, in order to ensure that the market remains competitive and no one competes unfairly, a person shall not be allowed to have shares or interests, directly or indirectly, in more than one yacht charter company. This will ensure that no one can have a monopoly or an unfair advantage.

All operators shall submit an affidavit to the Seychelles Licensing Authority declaring that they have no interest directly or indirectly in another yachting operation.

In addition, the licensed yachting operators shall abide to the integration policy.

### ***POLICY 13***

**Tourism operators on beach front properties are encouraged to welcome sailing visitors.**

Operators of beachfront hotels and guest houses should not look only towards their carpark for clients; there is a whole new group of clients who want to come and use their facilities but who are coming from the sea, not the car park. They must open their doors for these tourists and earn the maximum from them.

### ***POLICY 14***

**Government shall encourage the development of the support services and infrastructure for maintenance and repair of yachts.**

Facilities for lifting yachts out of the water, repairs of all the various components and materials and local equipment to undertake the repairs and maintenance will have to be strengthened to cope with a larger fleet of yachts envisaged.

In this light, Government shall encourage the development of such facilities.

### ***POLICY 15***

**A human resource development program shall be put in place to train staff for the industry**

To maximise the participation of Seychellois in this business, it is necessary to have 400 Seychellois trained to take charge of a yacht and the crew shall be certified by the Seychelles Maritime Safety Administration.

Trained human resources will also be required for the related support facilities.

The Maritime Training Centre can provide the training required in the field of seamanship, navigation and other skills required to crew a yacht. Another important aspect of the training which the MTC does not provide is training in the hospitality trade. As a large number of yachts are generally crewed, the crews need to be not only sailors but must also be able to receive and look after guests as they **would in a small hotel**, having culinary skills, housekeeping skills, and generally be able to look after all the needs of their clients in the restricted confines of a small yacht for periods of a week at a time.

Such training in the hospitality field could be provided for by the STA and it may be necessary that a special course of study be put in place for this particular industry.

The yachting companies should take advantage of the tax incentives and concessions under the TIA regarding the training of students and apprentices so that more Seychellois can benefit directly.

***POLICY 16***

**Environmental actions shall be undertaken to minimise the impact of an increased level of yachting tourism activity**

The exercise to install mooring buoys in designated and highly frequented areas shall be accelerated.

The issue of the inexpensive on-board treatment of sewage from yachts should also be taken up.

Government through the Department of Environment shall explore the possibilities and measures for the mitigation of environmental impacts of the yachting industry.

Related facilities and legislations shall be developed thereof.

***POLICY 17***

**While maintaining the need to preserve the exclusivity of the island resorts, appropriate access to the islands shall be retained.**

The yachting tourism industry depends on accessibility to islands to survive, let alone develop. However, some resorts have developed and market themselves as exclusive, private islands.

A happy medium must therefore be found where controlled access by a limited number of yachting tourists at any one time, even if it is at a reasonable cost, must be permitted.

***POLICY 18***

**Government shall facilitate the participation of the private sector in the development of the yachting industry.**

Government shall act as the facilitator for the development of this sector and shall provide the necessary guidance, incentives and legislation for the sustainable development of the same.

***POLICY 19***

**A yacht charter operator is allowed to let the boat for hire for fishing as a sport or for pleasure purposes.**

A licensed operator is allowed under to offer to big game fishing, pleasure activities and other maritime leisure activities including island hopping. It may also offer diving services if it is part of an overall yacht charter package.

### ***POLICY 20***

**All yacht charter operators shall be fined in cases of non-compliance to the set requirements.**

All operators need a valid license to operate. In order to be licensed all operators should comply with the criteria and conditions of all regulatory agencies. Should an establishment not meet the criteria and conditions a warning shall be issued, and if after being given sufficient time to rectify such deficiencies, the problem persists, a fine shall be imposed. For continued offences the suspension or revocation of licence shall be applied.

### ***Conclusion***

This policy document is expected to be the guide to assist in the development of the yachting industry in Seychelles so that maximum benefits can be derived from the potential of Seychelles in this niche market.

Whilst every effort has been made through appropriate consultation to try and cover all the critical aspects of the industry, there will obviously be situations that arise that are not covered under these policies. In such instances, it is proposed that the guiding spirit of this document be used to make appropriate decisions and give relevant guidance to government and the industry. Finally, changing circumstances may dictate that certain aspects of this present policy may need to be periodically reviewed.