

Tourism and Leisure Chapter 6.3 of Covid-19 Country Report

Presentation at the Validation Workshop

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Introduction

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(compiled initial draft)

Focus:

- Examines South Africa's tourism industry under the Covid-19, the impact of restrictions, government fiscal measures, and role of non-fiscal measures.
- Draws from various local and international research, research by Department of Tourism, SA Tourism and the UJ research of Dec 2020 to Feb 2021 on the impact of the pandemic on tourism businesses and their adaptation strategies.

Contextual issues

- Travel restrictions due to Covid-19 halted tourism globally. Other previous disruptions, e.g. terrorism, financial crises, SARS, natural disasters (tsunamis, earthquakes, etc.) had limited impacts compared to the Covid-19 pandemic, whose impact was on a truly global scale.
- Restrictions on movement and social distancing requirements strikes at the very DNA of hospitality. By its nature, tourism involves direct contact between and among consumers and service providers.
- Pre-Covid (2018 or 2019), South Africa welcomed 10,2 million foreign tourists; recorded 28,2 million overnight domestic trips; tourism contributed R130 billion (about 2,7%) of GDP; and supported about 740 000 direct jobs and another 740 000 indirect jobs.
- **March 2021 report by SA Tourism reports a downturns of more than 70% in global tourism arrival data for all source regions.**
- Two emergent schools of thought:
 - Resilience school of thought: Emphasises the sector's capacity to return to pre-crisis growth paths due to its ability to adapt to shocks. Actors in the tourism industry and the majority of national governments including by South Africa's Department of Tourism.
 - Readjustment school of thought: Emphasises the need to re-think of the growth model considering that the COVID-19 impacts are irreversible and will shift the future nature of tourism and human mobility.

Travel and operating restrictions in South Africa

- In March 2020, SA closed its borders. South Africa acted in sync with the rest of the world.
- Interprovincial leisure travel was also restricted.
- There were operating restrictions on accommodation establishments, restaurants (except takeaways), visitor attractions, which could not trade under alert level 4, and for some this extended into alert level 3.
- Late July 2020: Domestic tourism was allowed to resume, and total overnight trips recovered to levels approximately 50% lower than in 2019.
- September 2020: Most restrictions on domestic travel were lifted. Prospects improved between September and November 2020 (driven largely by visits to friends and family, holiday and business travel).
 - However, travel from red-listed countries and sale of alcohol remained restricted until November 2020.
- Early December 2020: The 2nd wave of Covid-19 infections took hold, dampening the prospects for summer tourism. Restrictions included beach closures in the Eastern Cape and Garden Route, and later extended to all beaches in KwaZulu-Natal and the Western Cape; and also access to rivers, dams and lakes as well as alcohol sales.

Impacts

- The March 2021 report by South African Tourism presented detailed statistics on the pandemic’s impact on tourism flows in South Africa.
 - A downturns of more than 70% in **global tourism arrival into SA** was reported for all source regions. Key source regions, SSA, UK, Germany, USA remained low.
- **Impact on tourism spending.** Statistics South Africa measures tourism through a consumption-based approach that identifies industries in which visitors spend money, such as transport, accommodation, restaurants, entertainment, recreation, travel agencies, and culture and sports (Stats SA, 2019):
 - Households spent 99,9% less on restaurants and hotels in the second quarter of 2020 than in the first quarter.
 - Accommodation establishments’ income dropped by about 98% year-on-year April 2021; Restaurants, takeaways, catering and fast-food outlets dropped by 86%, while bars recorded no activity at all.
 - August 2020 data show some improvements on these figures, well in line with easing of restrictions.

Income from tourism, current prices, (% change year-on-year)		
	Year-on year to May 2020	Year-on year to August 2020
Income from accommodation	-98,1%	-82.4%
Total income, including restaurant and bar sales and other income	-97,9%	-81.2%
Selected sub-components:		
Food sales Sub-component	-86.2%	-41.2%
Bar sales sub-component	-100.0%	-86.4%
Source: Stats SA Total Accommodation Income (Aug 2020); Stats SA Food and Beverages (Aug 2020)		

Impacts

Geographical impact:

- There has been uneven geographical effects.
- The 20 most tourism-dependent local municipalities in South Africa are identified on basis of their relative share of tourism in the local economy (GDP).
 - Small towns dominate the list, e.g. Bela-Bela, Plettenberg Bay (Bitou), Knysna, Overstrand, the Drakensberg mountain resorts, and small towns around the Kruger National Park.
 - A finer-grained analysis also highlight other localities. Most of the severely affected local communities are in Limpopo and Mpumalanga, followed by the Eastern Cape, the North West, KwaZulu-Natal, the Northern Cape and even the Western Cape.

Impact on Jobs:

- Jobs impacts have been severe in the localities around major tourist attractions. Knock-on effect of regulations/ decisions.
- Chapter 6.1 (Macroeconomy): Job losses in tourism, one the sectors hit the hardest by restrictions. The majority of people who lost their jobs were informal sector workers and those in sectors hit hardest by the restrictions, such as construction and tourism.

Interventions: Fiscal measures

Fiscal measures	Capitalisation	Nature of assistance and update
Tourism Relief Fund	March 2020. R200 million.	Providing R50,000 max per firm. 4000 applications were successful out of the total of 7288 received. Media reports suggested that this programme was over-subscribed; and a notion of “drop in the ocean” at a firm level.
Tourism Guides Fund	July 2020. R30 million	Providing R1,500 per tourist guide for a 3 months period. 9380 guides assisted. Not clear what the extent of coverage is due to poor information in this sector. The fund assisted the segment that could not access the TRF.
Temporary Employee Relief Scheme	April 2020. Unspecified	Dept of Tourism collaboration with the UIF and Department of Labour to alleviate impact on jobs and livelihoods. Reportedly the most impactful support for tourism sector. Precise data on uptake (i.e. applications and beneficiaries) from tourism sector are not publicly available
Tourism Equity Fund	January 2021. R1.2 billion	Part of the ERRP aid the recovery of the sector by fostering large capital investments.
Fiscal Transfers to Heritage and Protected Area Institutions	R961 million to SANParks R39 million to Isimangaliso Wetland Park Authority	To alleviate for the lost tourist income. Funding transfers by Department of Environment, Forestry and Fisheries recently to these two institutions

Non-Fiscal measures

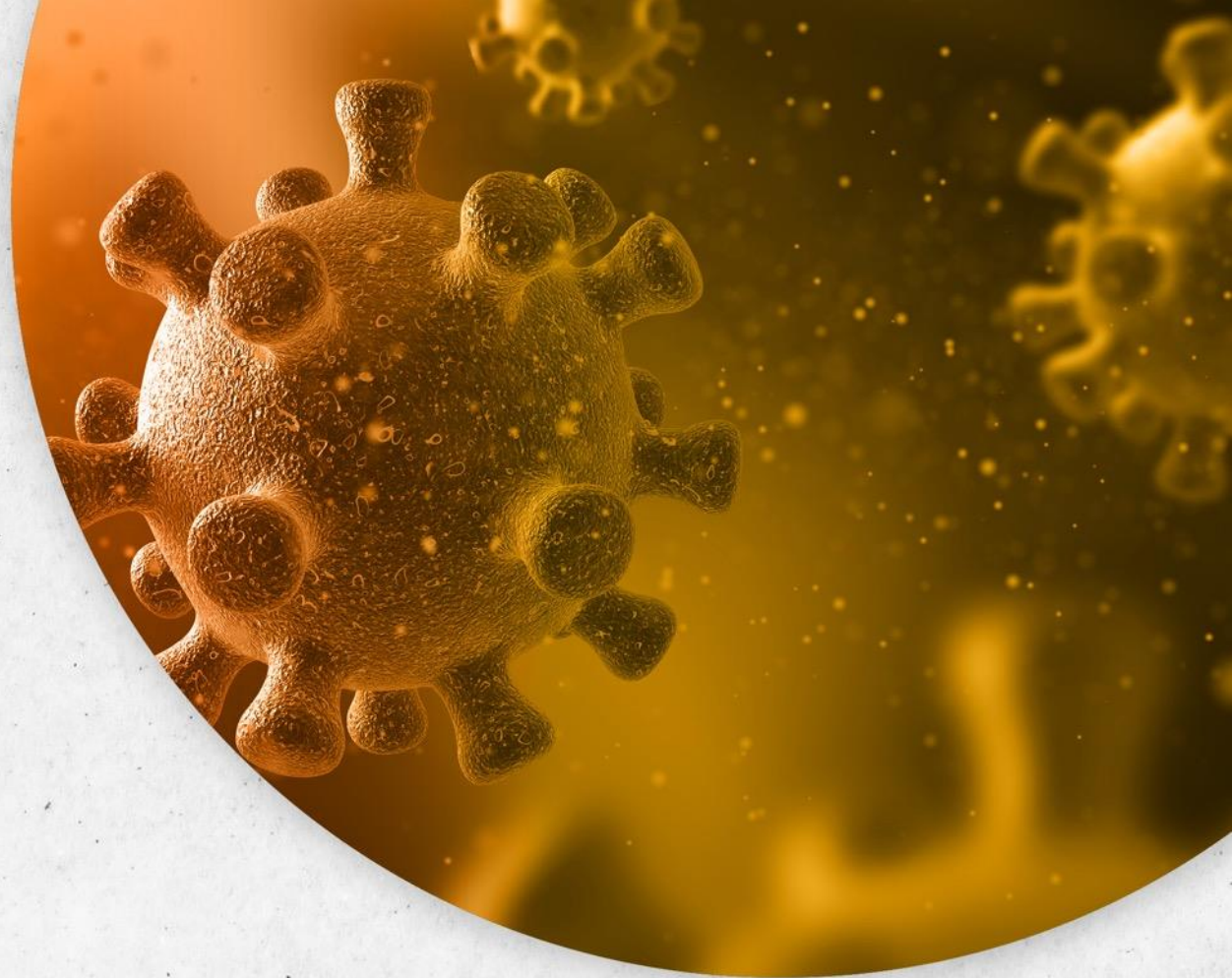
Non-fiscal measures included:

- Tourism sector recovery plan, introduced in August 2020. Demand, supply and capacity
- Standard protocols for managing the covid-19 health risks. May 2020. To promote safety and hygiene
- Insurance pay-outs – Santam. The western cape high court found that Santam was liable to pay business interruption losses related to the covid-19 lockdown to about 750 establishments.
- Industry support schemes, e.g. Stellenbosch Reward Scheme; industry PR exercises

Lessons

- **Sector will continue to undergo changes as it adapts to the new normal, both at a global scale and in the local spheres, e.g. sector contribution to the economy, international travel restrictions, demand and supply patterns, recovery of specific tourism establishments.**
- Fiscal support was crucial but the scale insufficient. TRF allocated funds were depleted fast and at the level of a firm, inadequate. TGF was useful in addressing the informal industries but difficult to estimate coverage due to poor information.
- Specific recommendation drawn from the survey of tourism firm and adaptation strategies:
 - **Igniting domestic drive tourism**, tourism route promotions, promotion of less crowded destinations. Prioritise the road infrastructure projects linked to existing tourism nodes as part of the presidential infrastructure programme.
 - Explore opportunities for **develop new tourism offerings**, e.g. creative tourism, off-the-beaten track tours, cities routes, tourism flows into protected areas.
 - Investigation into the impacts of tourism establishment closures on local communities, and plan **exit strategies and reskilling into non-tourism livelihoods**.
 - **Building new cruise ship terminals**, including revisit its coastal and marine tourism strategy as part of the Oceans Phakisa
 - **Marketing campaign about the safety of tourism establishments** and commitments to high standards of Covid-19 hygiene and personal safety compliance.

Thank You



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