



SHORT TERM TOURISM RECOVERY PLAN

**TO SAVE THE TRAVEL, HOSPITALITY
AND TOURISM SECTOR AND MINIMISE
MORE JOB LOSSES**

EXECUTIVE SUMMARY

June 2020

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Abbreviations

CC	-	Closed Corporation
CTT	-	Cape Town Tourism
NDT	-	National Department of Tourism
OECD	-	Organisation for Economic Co-operation and Development
PPE	-	Personal Protection Equipment
SA	-	South Africa
SANParks	-	South African National Parks
SAT	-	South African Tourism
SMMEs	-	Small, Medium and Micro-sized Enterprises
TBCSA	-	Tourism Business Council of South Africa
UNWTO	-	United Nations World Tourism Organisation

Tourism

Executive Summary

1. Introduction

The results of many surveys, including those undertaken by the National Department of Tourism (NDT) shows that the overwhelming majority of the tourism sector has been severely negatively affected by Covid-19 and the lockdown, causing thousands of job losses.¹

The surveys conducted to inform this plan confirms that this sector must restart immediately² and cannot wait for it to restart only in December 2020 (by which time the sector will be decimated), as proposed by government.³ Tourism accounted for over 1.2 million jobs in SA and contributed more than 8% to economic activity⁴. Those most exposed to losing jobs in the sector are people from most vulnerable communities.⁵

2. Government's Tourism Recovery Plan

Government's response to addressing this pandemic has been most disappointing.⁶ It retains unfair criteria for the Tourism Relief Fund that cuts off many businesses under extreme pressure,⁷ does not take realities on the ground into account, was not informed by proper data and research, and does not consider a phased approach to opening up the sector.

3. Main stumbling blocks for tourism in South Africa

¹ TBCSA. (April 2020). *Tourism Industry Survey of South Africa: COVID-19 – Impact, Mitigation and the Future. April 2020 Survey 1*. Retrieved from: <https://www.satsa.com/wp-content/uploads/South-Africa-Tourism-Survey-1-on-C-19-April-2020-Results.pdf>

² #Covid19 and the current state of tourism in SA. (11 May 2020). *Bizcommunity.com*. Retrieved from: <https://www.bizcommunity.com/Article/196/373/203716.html>

³ Smith, C. (30 April 2020). Domestic tourism season likely only to start in December, says minister. *Fin24*. Retrieved from: <https://www.fin24.com/Economy/South-Africa/domestic-tourism-season-likely-only-to-start-in-december-says-minister-20200430>

⁴ Smith, C. (26 April 2020). Coronavirus SA's hotel industry decimated 'decimated'. *Fin24*. Retrieved from: <https://m.fin24.com/Companies/TravelAndLeisure/coronavirus-sas-hotel-industry-decimated-20200426-2>

⁵ Covid-19: UNWTO calls on tourism to be part of recovery plans. (5 March 2020). UNWTO. Retrieved from: <https://www.unwto.org/news/covid-19-unwto-calls-on-tourism-to-be-part-of-recovery-plans>

⁶ Kubayi-Ngubane, M. (28 April 2020). Post Covid-19 recovery plan as travel, tourism have changed forever. *IOL*. Retrieved from: <https://www.iol.co.za/business-report/opinion/opinion-post-covid-19-recovery-plan-as-travel-tourism-have-changed-forever-47285519>

⁷ Khumalo, J. (30 April 2020). High court in favour of tourism department using race as a criteria when providing Covid-19 relief. *City Press*. Retrieved from: <https://city-press.news24.com/News/high-court-in-favour-of-tourism-department-using-race-as-a-criterion-when-providing-covid-19-relief-20200430>

The lack of communication, coordination and collaboration between government and the way that the NDT and South African Tourism (SAT) is dependent on other departments and spheres of government is the greatest stumbling block to achieving the full potential of tourism. Even where there is communication and coordination, government must actually be able to implement what is required; the collapse of government capacity is therefore another threat.

4. A properly researched Tourism Recovery Plan

The Covid-19 related travel restrictions worldwide will cause international arrivals to be down *“by 20% to 30% in 2020 when compared with 2019 figures”*.⁸ When one takes past global trends into account, this would mean between 5 and 7 years of growth that will be lost due to the Covid-19 pandemic.

The Democratic Alliance is therefore presenting this Tourism Recovery Plan which takes realities into account, and is supported by research and data. A short-term or immediate recovery plan is needed that will save businesses and reduce job losses.

The DA’s plan consulted widely within the sector, used international successes and data from international tourism organisations. Local successes and best practices were also studied.

5. Data obtained from studies undertaken

We found that there are many sub-sectors not recognised by government, these include (amongst many others), the Events and Conferencing sub-sector, tour guides and tour drivers. As a result they are unable to apply for any financial relief.

Our data revealed that over 30 event and management companies have made a loss of **R255 646 416,00** as a result of cancelled or postponed previously-booked business between February 2020 and November 2020.

Route 24 is a group of 25 lodges that stretches a maximum of 120km across Gauteng (Magaliesburg) and the North West (towards Rustenburg) Provinces. An extrapolation of the data obtained found that over **R 12 600 000,00** was lost between April and June 2020 in accommodation alone in Route 24. If these businesses do not reopen in the first week of June, they will be forced to embark on staff retrenchment processes, or will be forced to shut their doors. On average the staff employed are sole bread

⁸ Newsroom, (27 March 2020). International Tourism arrivals could fall by 20% and 30% in 2020. *Newsroom*. Retrieved from: <https://moderndiplomacy.eu/2020/03/27/international-tourism-arrivals-could-fall-by-20-30-in-2020/>

winner for no less than 10 people each amounting to 1630 people. The impact on job losses would be catastrophic for these families!

There are many accommodation sub-sectors, such as the self-catering accommodation, country lodges and boutique hotels that, by their nature and design already practice social distancing. As a result, these sub-sectors are able to start trading immediately without putting anyone's health in danger. Starting immediately would mean that these businesses would be in a better position to revive and prevent job losses.

A survey amongst 44 Franschhoek accommodation establishments conducted in May 2020 shows that should the hard lockdown continue until the end of August 2020, 70% of accommodation businesses will be unable to pay staff salaries and 85% will be unable to pay salaries by November. By the end of the year, 92% of all accommodation establishments face insolvency.

The Franschhoek survey also studied 403 units, which included hotels, guest houses, lodges and self-catering units, and revealed that should a hard lockdown continue by 31 May 2020, there would be 396 retrenchments (25% of all jobs), 1 131 retrenchments (71% of all jobs) by August 2020 and 1 373 retrenchments (87% of all jobs) by December 2020.

Another survey which included 27 684 accommodation establishments (hotels, guest houses, self-catering establishments and lodges) in Cape Town, Stellenbosch and Knysna revealed similar job loss percentages to that reflected in the Franschhoek survey. The projection is that by 31 December 2020 at least **112 980** jobs will be lost in the accommodation sector amongst these establishments alone.

These job losses above exclude other businesses in the value chain, such as dry cleaners and laundry services, gardening services and food suppliers, to name but a few.

6. Regulations need to accommodate some tourism sub-sectors

As lighter lockdown levels are declared, more business will take place. This will mean that business people will be more economically active and may require to travel and away from their homes. Accommodation to cater for this market therefore needs to be open and available for them. Cross-border travel and at the very least business aviation travel needs to re-open.

Tourism as a sector can therefore not be classified the same right across the board. The sector and sub-sectors would need to start opening up always with the objective of keeping the risk of transmission as low as possible. Large accommodation establishments, such as large hotels, and places that have high congregation areas,

such as restaurants, would be permitted to gradually open within limitations. All of these approaches would require strict social distancing adherence and the wearing of Personal Protection Equipment (PPE) for staff.

7. Hospitality

The goal is to ensure that as much social physical distancing takes places even as lighter lockdown levels are declared. This prepares the ground-work for SA to become a 'smart tourism' destination, which is based on the well-being of tourists and employees in the sector.

Venues such as large hotels, must be designed and equipped to ensure that social distancing is practiced and that staff are trained on and equipped with PPEs.

Before establishments such as restaurants are in a position to operate their sit-down areas (in softer lockdown levels), they should be permitted to continue selling packaged food which must be delivered to the client, or collected by the client. This has already been successfully done by restaurants.⁹

Restaurants need to prepare their sit-down areas so that they are ready when lighter lockdown levels are introduced, ensuring that these areas will practices social distancing protocols and that masks and other PPEs are used.

8. Domestic Tourism focus

The immediate focus, as light lockdown levels are introduced, should be domestic tourism, until we are ready to receive international tourists and guests. Provincial borders therefore need to be opened up as the economy starts reigniting and accelerating. Regulations need to be amended to allow South Africans the freedom to unfetteredly travel between provinces focusing on South Africans being tourists in their own country.

Statistics produced by StatsSA¹⁰ indicate that before the pandemic local tourism was very active and was growing despite economic downturn during that period. Tourism in SA is primarily driven by 64% leisure travellers and 36% are business travellers, whilst 44% of the tourism spend came from international travellers, 56% from domestic travel.¹¹ The potential is high for domestic tourism to be very lucrative for all parties.

⁹ Maxwell, K. (22 May 2020). Balancing the books on food to go. *Daily Maverick*. Retrieved from: <https://www.dailymaverick.co.za/article/2020-05-22-balancing-the-books-on-food-to-go>

¹⁰ *Domestic Tourism Survey 2018 Report: January – December 2018* (30 September 2019). StatsSA & *Domestic Tourism Bi-Annual Report 2019: January – June 2019* (12 December 2019). StatsSA

¹¹ JT Steinmetz, (2018) WTTC revealed why South Africa is the largest tourism economy on the continent. *Travel Wire News*, <https://travelwirenews.com/wttc-revealed-why-south-africa-is-the-largest-tourism-economy-on-the-continent-1311600/>

Based on this data and the various surveys undertaken, a smart lockdown phased approach should be followed for travel.

Stage 1 (Open): Domestic and international air travel resumes with hygiene protocols and social distancing practices followed.
Stage 2 (Soft Open): Domestic air travel resumes, but not international travel, with hygiene protocols and social distancing practices followed.
Stage 3 (Soft Lockdown): Inter-province road travel may take place. Hygiene protocols and social distancing practices are followed.
Stage 4 (Hard Lockdown): No travel takes place, minimum travel takes place confined to one's province.

9. What factors should be included in a recovery plan

The recommendations are compiled with the following points in mind:

The NDT is reliant on other government departments to fulfil many functions required to make tourism work. The following recommendations therefore would need to be addressed by other departments that impact them as well. More than ever an *inter-ministerial coordinating committee*, that we called for last year, is needed as these *recommendations are possible only if there is coordination and cooperation from all departments concerned.*

Tourism has a capacity to bounce back and assist in the recovery of other sectors, thus creating jobs and assisting in the recovery of the economy. In addition, tourism can facilitate cultural exchange and understanding, countering discrimination and prejudice and tourism is a key employer of vulnerable groups.

10. Summary of recommendations

Our research and data shows that the following recommendations should be included in a tourism recovery plan for the immediate term, are aimed at providing a framework to help mitigate the further impact of the crisis; prevent further job losses, provide stimulus for economic recovery and guide the development and resilience of the sector.

A. Managing the crises and mitigate the impact

Hundreds of thousands of livelihoods are directly dependent on the tourism, hospitality and travel sector. Supporting businesses by softening the lockdown, focusing on specific sub-sectors, will restore confidence and will ensure that more jobs are not lost, the plan should cover the following;

1. Incentivise job retention, sustain the self-employed and protect the most vulnerable
2. Support companies' liquidity
3. Review taxes, charges, levies and regulations impacting travel and tourism
4. Include tourism in national, provincial and municipal economic emergency packages
5. Create crisis management mechanism and strategies

B. Providing stimulus and accelerating recovery

Due to the unmatched fall in demand sparked by the Covid-19 pandemic, the travel, hospitality and tourism sector, and all related sub-sectors, will require financial stimulus, the opening up of the market and the softening of the lockdown to support an immediate recovery. This opportunity should also be taken to place tourism at the centre of national policies where tourism contributes to the much-needed growth in the economy as this sector recovers and grows, this can be done by addressing the following;

6. Provide financial and infrastructure development for tourism investment and operations
7. Advance travel facilitation
8. Understand the market and act quickly to restore confidence and stimulate demand
9. Boost marketing, events and meetings

C. Preparing for the future

Tourism has the potential to recover and again establish itself as a key part of the local, provincial and the national economy. This crisis may also offer a unique opportunity to shape the sector to ensure it not only grows but it grows better. In addition, to build for the future, special attention must be placed on building resilience and on promoting sustainability, by;

10. Investing in partnerships
11. Diversifying markets, products and services
12. Reinforcing tourism governance at all levels
13. Preparing for crisis, build resilience and ensure tourism is part of national emergency mechanism and systems
14. Placing sustainable tourism firmly on the national agenda