



TBCSA
TOURISM BUSINESS COUNCIL OF SOUTH AFRICA

THE LEADING VOICE IN TOURISM

SOUTH AFRICA'S TOURISM INDUSTRY COVID-19 IMPACTS

Status in February 2021

THE TOTAL VALUE OF TOURISM TO SOUTH AFRICA



8.6%

Total GDP contribution



1,5m

Total Jobs supported



±49 000

High numbers of SMMEs



R273,2bn

Total spend 2018



R120bn forex

8,7% of total exports - 2nd/3rd largest export Industry

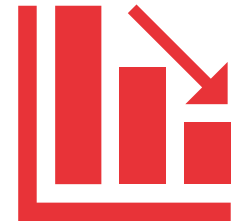
GREATER ECONOMIC IMPACT!

- **206,5b** in Capital and supply chain
- **>12.5%** of locally manufactured vehicles (Car Rentals +)
- **8% direct impact** to retail sector
- **Major impact on**
 - Manufacturing
 - Services
 - Fuel
 - Construction
 - Agriculture

IFC SURVEY – OCTOBER 2020 - BEFORE 2ND WAVE

Tourism Businesses

- 28% closed – of these 5% (of total) had closed permanently
- Optimism was less than in May 2020 – 85% felt pessimistic or very pessimistic about the future for their business – up 6 percentage points
- Revenues:
 - 92% - down 50% or more, with 36% reporting 100% lower revenue
- Forward Bookings
 - 78% - down 50% or more, with 23 % reporting 100% lower forward bookings
- 58% of businesses unable to service debts
- 61% unable to cover fixed costs
- 90% of businesses have reduced wages - 58% for more than 50% of their staff and 40% have reduced for all staff
- 77% have furloughed staff – 28% more than 50% of staff
- 11% have made more than 50% of their staff redundant and 7% have made all their staff redundant
- To survive – 55% indicate they will need financial support



The Industry was in crisis, but the outlook was better
Now the outlook is worse

THE DOMESTIC SUMMER SEASON

Initially the season looked reasonable for domestic leisure – particularly for out-of-city destinations

THEN

- 15th December - full beach closures for Eastern Cape and Garden Route
 - massive swathes of cancellations
 - normal season - 2,1 million trips and >R2,9bn of destination expenditure
- Plett Tourism's quarterly survey of tourism businesses – up to 70% cancellations
 - R674 million lost October to December (mainly December) - >50% of revenue
 - accommodation and tour operators - 271 permanent staff losses & 433 temporary staff lay-offs
 - 97% of businesses operated at a loss for the quarter (after already disastrous prior 6 months)



THEN

- 28th December - KZN and all Western Cape beaches, rivers, dams, lakes and parks closed
- Alcohol sales and restaurant and bar consumption banned
- 20h00 closing time
- Same impact repeated for New Year and half of January – now across all but Northern Cape beach destinations
- Sit-down restaurants lost all but some lunch-time trade – also impacts on domestic holiday – people want to enjoy restaurants and alcohol on holiday
- NB – foreign tourists also not interested in a holiday here if they cannot enjoy alcohol



THE DOMESTIC SUMMER SEASON

AND ITS NOT JUST THE “TOURISM INDUSTRY”

Reduced Tourism – the entire local economy suffers

- 76% of domestic spend is on food and beverage, shopping, and recreation
- Only 24% of spend is on accommodation.

The entire economies of all these cities, towns, and rural areas, which depend on the year-end holiday season were badly impacted



- supermarkets - food and drinks for self-catering
- petrol stations - fuel for cars
- restaurants and fast-food outlets
- shops selling souvenirs, clothes, gifts and beach goods
- street hawkers and craft markets
- provincial and national parks
- activities and attractions (zip lines and bungee jumps, golf courses, boat trips, fishing, scuba diving, canoeing and other water sports, museums and many more).
- airports and airlines
- artists
- trip operators, taxis, shuttle and transfer services
- car hire

INTERNATIONAL TOURISM -EFFECTS OF THE “SOUTH AFRICAN” VARIANT

USA – 30 Jan 2021 Presidential proclamation

“immigrant and non-immigrant entry into the United States will be suspended for individuals who were physically present within the Republic of South Africa during the 14-day period preceding their entry”

USA citizens can return from South Africa – but perceptions affected and current travel advisory:

“Reconsider travel to South Africa due to COVID-19. Exercise increased caution in South Africa due to crime, civil unrest, health, and drought.”

UK – flight ban – UK nationals no holidays permitted – SA on list of 33 countries (17 in Africa, plus UAE and rest in South America) requiring compulsory quarantine at travellers’ cost (R35 000) in an hotel – based on presence of “variants”

- Some countries borders totally (or almost) closed – Norway, Portugal
- Some special requirements for South Africa eg Ireland, Croatia, Czech – quarantine/longer quarantine or more tests
- Airlines not flying to South Africa: Emirates & Virgin, - rest significantly reduced schedules (except Qatar)
- Countries closed to travellers from South Africa:

- Australia
- Algeria
- Belgium
- Croatia
- France
- The Gambia

- Germany
- Hong Kong
- Laos
- Mauritius
- The Netherlands – plus flight ban
- New Zealand

- Peru
- Saudi Arabia
- Spain – plus flight ban
- Switzerland
- Turkey
- UAE



Its impossible or arduous - expensive and inconvenient - for foreigners to return home if they holiday In South Africa

HOW SOUTH AFRICA'S 2ND WAVE & COVID RATES COMPARE

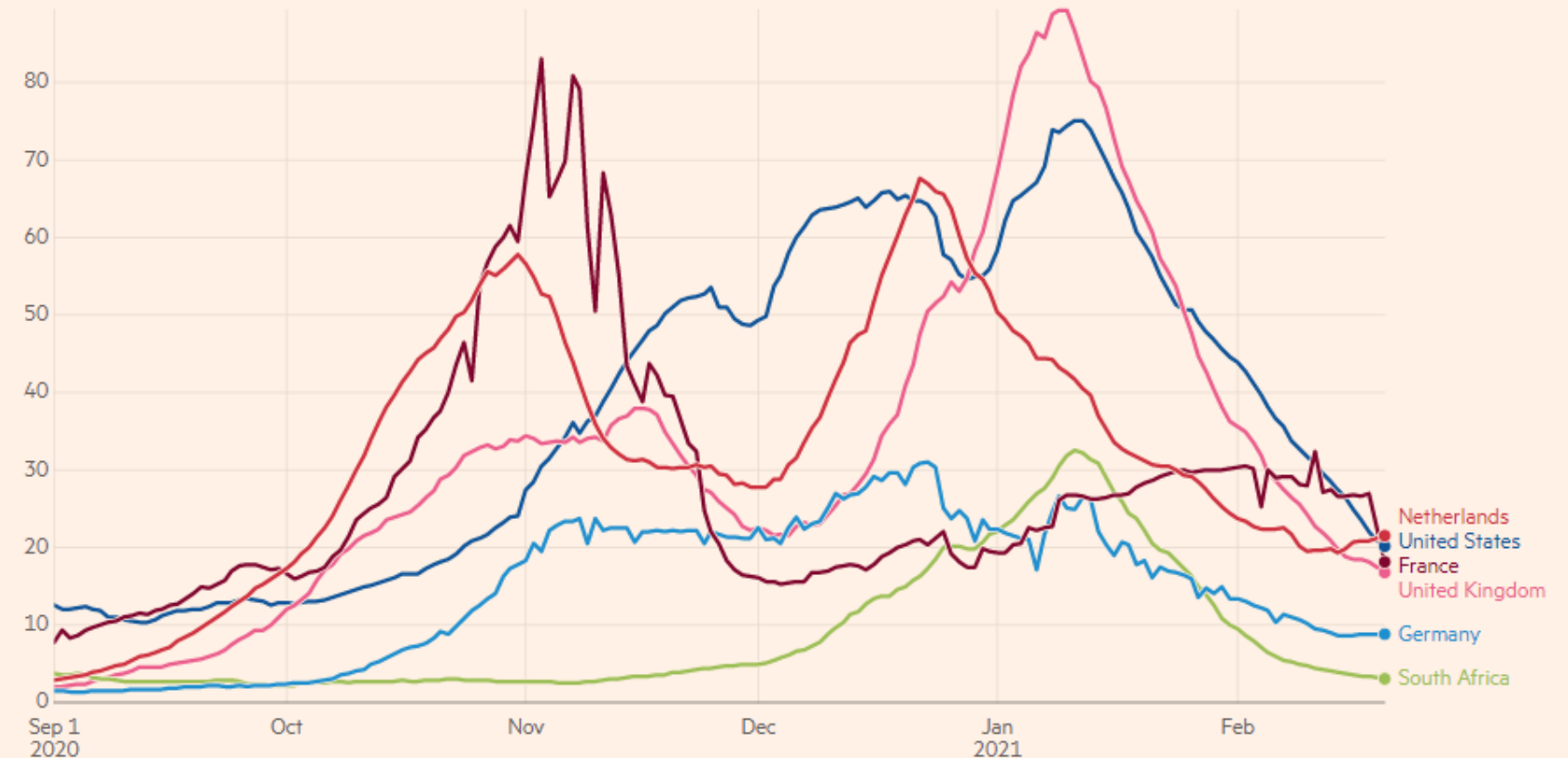
Selected major generators who have closed borders to South Africa

- South Africa's 2nd wave small – only Germany marginally smaller
- South Africa's current infection rates lower than most
- South Africa's upward curve gradient less steep than most

AND

- South Africa's 2nd wave did not spread more rapidly than the first – Alex van der Heerden stated - "slope was the same"
- South Africa's 2nd wave was bigger than the first – but nearly all contained in two provinces KZN and Western Cape

New confirmed cases of Covid-19 in United States, United Kingdom, South Africa, Germany, France and Netherlands
Seven-day rolling average of new cases (per 100k)



Source: Financial Times analysis of data from the Johns Hopkins CSSE, the Covid Tracking Project, the World Health Organization, the UK Government coronavirus dashboard and the Swedish Public Health Agency. Data updated February 21 2021 10.35am GMT. Interactive version: [ft.com/covid19](https://www.ft.com/covid19)

DOMESTIC TOURISM IS SUBDUED

Domestic corporate travel is subdued due to:

- Economic contraction – lower levels of corporate activity result in reduced travel budgets to contain costs
- Internal corporate advisories for no or minimal travel as part of COVID risk policies
- No Government travel due to similar approaches to COVID Risk & budget constraints
- No meetings, exhibition, congress/conference or incentive travel – the 50-person meeting limit and general approaches to COVID risk mean this major sector of the industry is still effectively closed



Domestic leisure travel is still subdued due to:

- Less discretionary income for travel and leisure as far more people are unemployed or on significantly reduced salaries
- General fears and concerns about the risk of travel during the COVID pandemic
- No events, festivals, sports spectator events, mass participation sporting events, concerts and the like which support significant levels of domestic leisure travel.

WHERE WE ARE – THE SITUATION IS DIRE

- A trickle of foreign tourists – mainly work and family related travel (less use of hotels and tourism businesses) and a handful of hardy leisure tourists
- Since travel bans and 2nd wave narrative
 - Cancellations happening for second half of 2021 – through to December
 - British Lions tour likely to be cancelled or postponed or with limited/no spectators – UK & Ireland fan bookings for travel are already being cancelled - this is a major tourism event & would be a great profile raiser and inspire confidence in destination South Africa – just when it's needed
- Highly subdued domestic industry
 - And from mid-January to March – very limited domestic leisure tourism
- TOMSA levy collections indicate
 - December – tourism industry at 30% of prior December levels
- Expect that January and February are worse
- British Lion Tour at risk - 27 000 potential visitors and over R1.1b in value.



WHERE WE ARE – THE SITUATION IS DIRE

- STR Hotel data
 - December hotel occupancies 2020 - **37% vs 60%** December 2019 - across fewer operating hotels and at **15% lower rates**
 - January hotel occupancies 2021 - **20% vs 57%** January 2020 – also across fewer operating hotels and **23% lower rates**
 - These are loss making operating levels – hotel break-even points vary – but usually >40%
 - Garden Route December 2020 - **38% vs 67%** December 2019, rates **17% lower**
 - Port Elizabeth December 2020 – **33% vs 71%** December 2019, rates **21% lower**
- Cape Town Air passengers – December 2020 vs December 2019 (January expected to be worse)
 - Domestic - 51%
 - International - 19%
 - Total – 42,5%
- TERS till mid March – details still to be confirmed – is not enough
- Businesses with strong balance sheets rode out 2020 – but now running out of cash



- Businesses continue to close
- Jobs continue to be lost
- Recovering our destination's positive profile is receding

How can the committee assist the tourism industry

- The Government Loan Guarantee Scheme should take into consideration the travel and tourism landscape – Special rules for the industry
- Vaccination of tourism frontline staff is a critical part of recovery – Lobby of phase two
- The country message has to be managed to counter the “SA Covid-19 variant” narrative
- Early communications on potential lockdowns, i.e. are there any discussion on Easter Lockdown
- Be better prepared for the 3rd wave which is expected to hit us during May/June/ July
- The need to adopt different lockdown approach to avoid “start and stop” scenario
- There is a need to give confidence to both domestic and international potential tourist on regulations



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Thank you

