



*Inspiring new ways*

# **TOURISM SECTOR RECOVERY PLAN**

**COVID-19 Response**

**MARCH 2021**

## **ABBREVIATIONS/ACRONYMS**

<b>ACSA</b>	- Airports Company South Africa
<b>AU</b>	- African Union
<b>DFI</b>	- Development Finance Institutions
<b>DHA</b>	- Department of Home Affairs
<b>DIRCO</b>	- Department of International Relations and Cooperation
<b>DOT</b>	- Department of Transport
<b>DT</b>	- Department of Tourism
<b>EPWP</b>	- Expanded Public Works Programme
<b>ERRP</b>	- Economic Reconstruction and Recovery Plan
<b>GDP</b>	- Gross Domestic Product
<b>IATA</b>	- International Air Transport Association
<b>IMF</b>	- International Monetary Fund
<b>SA Tourism</b>	- South African Tourism
<b>SADC</b>	- Southern African Development Community
<b>SAPS</b>	- South African Police Service
<b>SEFA</b>	- Small Enterprise Finance Agency
<b>SMMEs</b>	- Small Micro-Medium Enterprises
<b>Stats SA</b>	- Statistics South Africa
<b>TBCSA</b>	- Tourism Business Council of South Africa
<b>TDZ</b>	- Tourism Development Zone
<b>TEF</b>	- Tourism Equity Fund
<b>UNWTO</b>	- World Tourism Organisation
<b>WTTC</b>	- World Travel and Tourism Council

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## **1. INTRODUCTION**

Tourism is a vital contributor to the South African economy. With its extensive value chain and labour absorption capacity, it is acknowledged as a tool for economic development, playing a significant role in responding to the country's socio-economic challenges. Among these, is the provision of employment to individuals of varying skills levels, the employment of women including in rural areas and ensuring the geographic spread of tourism benefits. The sector is also a significant foreign exchange earner. It further impacts on the wider economy through its significant forward and backward linkages with other economic sectors.

The COVID-19 pandemic introduced an unprecedented crisis to the global economy. Tourism was one of the first economic sectors to be deeply impacted by the pandemic with measures to contain its spread, including restrictions on movement. Operations were halted under various phases of lockdown and tourism revenues were severely diminished. The sector is thus facing profound and simultaneous demand and supply shocks.

Historically, the tourism sector has demonstrated resilience through global financial meltdowns and health pandemics. However, the scale and depth of the disruption caused by the COVID-19 health and economic crisis suggest that the road to tourism recovery will be long and highly uncertain. The United Nations World Tourism Organisation (UNWTO) expects the sector to return to pre-crisis levels only in 2023. Until then, the sector will largely be in survival mode. Many tourism jobs remain at risk, while some businesses within the sector face the possibility of a permanent closure.

Destinations globally are grappling with the challenge of reigniting their tourism economies. Key source markets have placed travel restrictions to and from South Africa as the South African brand continue to be under pressure due the country's association with the 501Y.v2 variant of the COVID-19 virus.

The Tourism Sector Recovery Plan (TSRP) is a response by the sector and its constituent partners to the multiple challenges brought on by the pandemic. Among other things, the pandemic has had the following impact on the tourism sector;

- Closure of businesses;

- Businesses operating at drastically reduced capacity;
- Massive job losses;
- Collapse of supply and demand on the domestic and international markets;
- Persistent pressure on the South African tourism brand due the country's association with the 501.v2 variant of the COVID-19 virus; and
- Regression of transformation in the tourism sector

The Plan acknowledges the need for targeted, coordinated action to mitigate the impacts of the crisis and sets the sector on the most optimal path to recovery, transformation and long-term sustainability. In the words of the Secretary-General of the UNWTO, Zurab Pololikashvili; “This (COVID-19) crisis is an opportunity to rethink the tourism sector and its contribution to the people and planet; an opportunity to build back better towards a more sustainable, inclusive and resilient tourism sector that ensures the benefits of tourism are enjoyed widely and fairly.”

Working through multilateral institutions and platforms such as the African Union's (AU) Specialised Technical Committee on Transport, Transcontinental and Interregional Infrastructure, Energy and Tourism; the World Travel and Tourism Council (WTTC) the United Nations World Tourism Organisation (UNWTO); and the G20 Tourism Agenda, South Africa will pursue an integrated global approach to tourism recovery as well as draw lessons from global best practices. The Plan outlines a set of interventions to ignite the recovery anchored in three strategic themes namely: *protecting and rejuvenating supply*, *re-igniting demand* and *strengthening enabling capability for long term sustainability*. Guided by these themes, the following seven strategic interventions will be implemented in order to support the revival of the sector:

1. Implement norms and standards for safe operation across the tourism value chain to enable safe travel and rebuild traveller confidence;
2. Stimulate domestic demand through targeted initiatives and campaigns;
3. Strengthening the supply-side through resource mobilisation and investment facilitation;
4. Support for the protection of core tourism infrastructure and assets;
5. Execute a global marketing programme to reignite international demand;
6. Tourism regional integration; and
7. Review the tourism policy to provide enhanced support for sector growth and development.

A further set of key enablers have been identified namely: forming targeted, strategic partnerships between government and industry; partnering with relevant departments to ensure improved travel facilitation through the implementation of e-visas, tourist safety, airlift capacity and quicker turnaround times in the processing of tour operator licences; deployment of the vaccine to frontline workers, attainment of population immunity and participating in global efforts to facilitate safe travel; and stimulating domestic demand through government consumption expenditure. The implementation of enablers will be led by other government departments working closely with the Department of Tourism and its sector partners.

It is expected that together, the interventions and enablers outlined in this Plan will facilitate the preservation of R189 billion of value, help the sector to recover to its 2019 output and employment levels by 2023, as well as position the sector for long-term sustainable growth. Furthermore, the implementation of the Plan can reduce the impact of the COVID -19 crisis on employment by 125 000 jobs.

The Plan is aligned to the Economic Reconstruction and Recovery Plan (ERRP), the country's plan for overall economic recovery published in late 2020. The ERRP re-affirms tourism's position as a major contributor to the South African economy and its envisaged role in the broader economic reconstruction and recovery effort.

The pace and scale of the COVID-19 vaccine deployment is identified as a major risk to tourism recovery as it affects consumer confidence. Guided by South Africa's three-phased approach to the roll-out of the vaccination programme, the Plan's key assumption is that the country will reach population immunity (vaccination of 67% of the population) by the end of 2021. Risks linked to the emergence of further waves and new variants of the virus and their impact on travel patterns and preferences, were also considered. South Africa's brand positioning, the easing and removal of travel restrictions, especially from key inbound source markets, are also identified as risks.

## **2. CONTEXT AND BACKGROUND**

South Africa is geopolitically distinctive and possesses natural and cultural diversity that supports a globally compelling tourism proposition. Being amongst the top six most biodiverse countries in the world (African Wild Life Foundation, 2018) and by far the most diverse for its size, South Africa has outstanding ecological richness. Seven distinct biomes occur within the country's borders and these are showcased within five world heritage sites, twenty-two national parks and hundreds of game and nature reserves. The diversity of attractions make South Africa a preferred tourist destination. The sector was also on a growth trajectory pre-COVID-19.

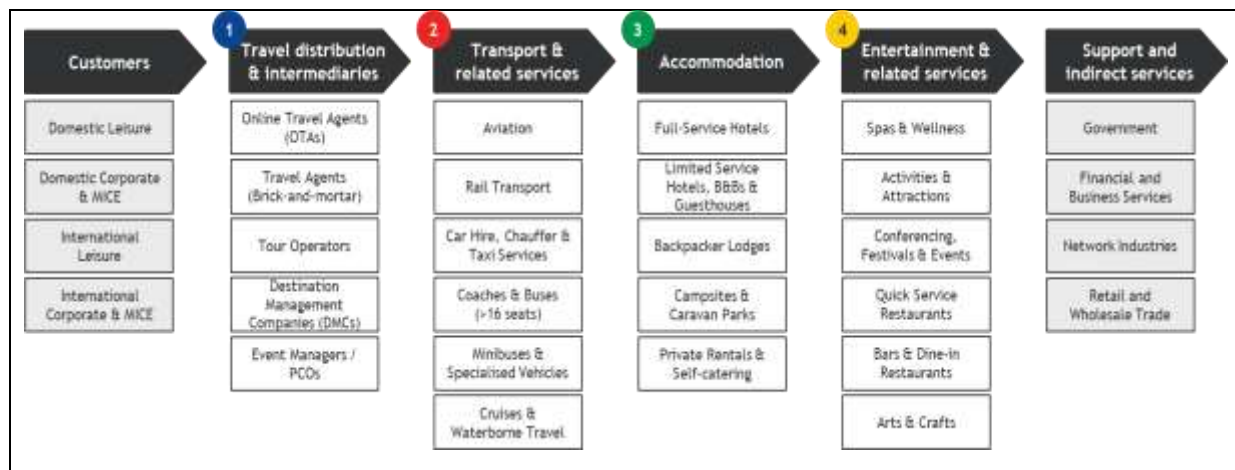
### **2.1. ECONOMIC CONTRIBUTION OF THE TOURISM SECTOR**

Tourism plays a critical role in the broader South African economy. As a tertiary sector with strong linkages to transportation, consumer retail, financial services and other network industries, tourism's indirect economic contribution is substantial. 2018 data from both Statistics South Africa (Stats SA) and the WTTC, indicate that the sector directly accounted for 2.9% of the gross domestic product (GDP) (8.6% indirect), supported over 725 000 jobs directly (1.49 million indirect) and accounted for 8.2% of total investment activity.

Inbound tourism generated approximately R82.5 billion in direct foreign spend (R126.7 billion total), contributing an equivalent of 9.2% of total national exports. This made tourism the second most important export sector in the economy in 2018. Domestic tourist activity contributed a further R9.49 billion in direct expenditure.

Tourism supports a vibrant and complex value chain and is a sector not characterised by significant market concentration or deep vertical integration like many other sectors in South Africa. Activity occurs across five sub-sectors: 'Travel Distribution and Intermediaries', 'Transport and Related Services', 'Accommodation', 'Entertainment and Related Services' and 'Support and Indirect Services'. Within each sub-sector, a number of industries support a diverse range of visitor services and experiences. This taxonomy of industry structure has been applied throughout this plan and is shown in Figure 1. Table 1 shows the respective contributions to output and employment of each of the tourism sub-sectors (Statistics South Africa, 2019).

**Figure 1: Tourism Value Chain**



**Table 1: Contribution of each sub-sector to Tourism output and employment in South Africa**

	Travel Distribution & Intermediaries	Transport & Related Services	Accommodation	Entertainment & Related Services	Support & Indirect Services
Contribution to Tourism Industry Output	3%	27%	16%	16%	37%
Contribution to Tourism Industry Employment	4%	34%	19%	20%	23%

While reliable measures of business size, number and market concentration are limited, the intensive series of industry surveys completed in support of this recovery plan, provide some indication<sup>1</sup>. For example, three online surveys conducted by the Tourism Business Council of South Africa (TBCSA) during the course of May, July and November 2020 received responses from 1 570 and 3 500 businesses operating within the tourism sector respectively. These responses indicated the significant role and contribution of Small, Medium to Macro Enterprises (SMMEs) in the sector, particularly in the accommodation and hospitality sub-sectors.

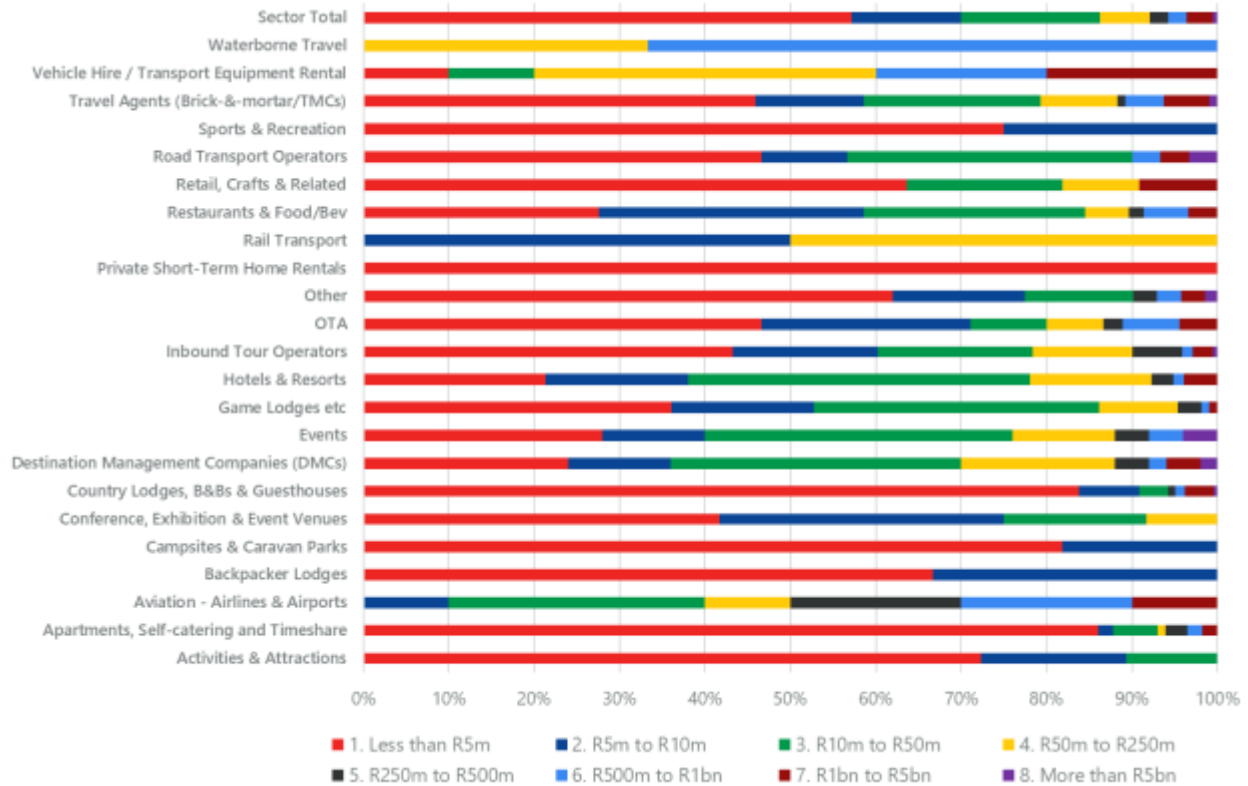
According to the survey results, approximately 58% of companies in the tourism industry generate less than R5 million in annual revenue, with about 70% of accommodation and hospitality

<sup>1</sup> The aggregate data generated through these crisis-related interventions are an important new resource that should enable further research on specific topics to be pursued.



businesses falling into this revenue bracket. The tourism revenue distribution per sub-sector is illustrated by the Figure 2.

**Figure 2: Revenue distribution across the sector**



Source: TBCSA, 2020

The implementation of interventions outlined in the Tourism Sector Recovery Plan are aimed at not only returning the tourism sector’s performance to levels it reached before the outbreak of COVID-19, but to place it on a long-term sustainable growth trajectory that fully realises South Africa’s vast and diverse tourism potential.

## **2.2. ALIGNMENT OF THE TOURISM SECTOR RECOVERY PLAN WITH THE ECONOMIC RECONSTRUCTION AND RECOVERY PLAN**

The Economic Reconstruction and Recovery Plan (ERRP) identifies the following eight priority interventions to drive the reconstruction and recovery of the South African economy:

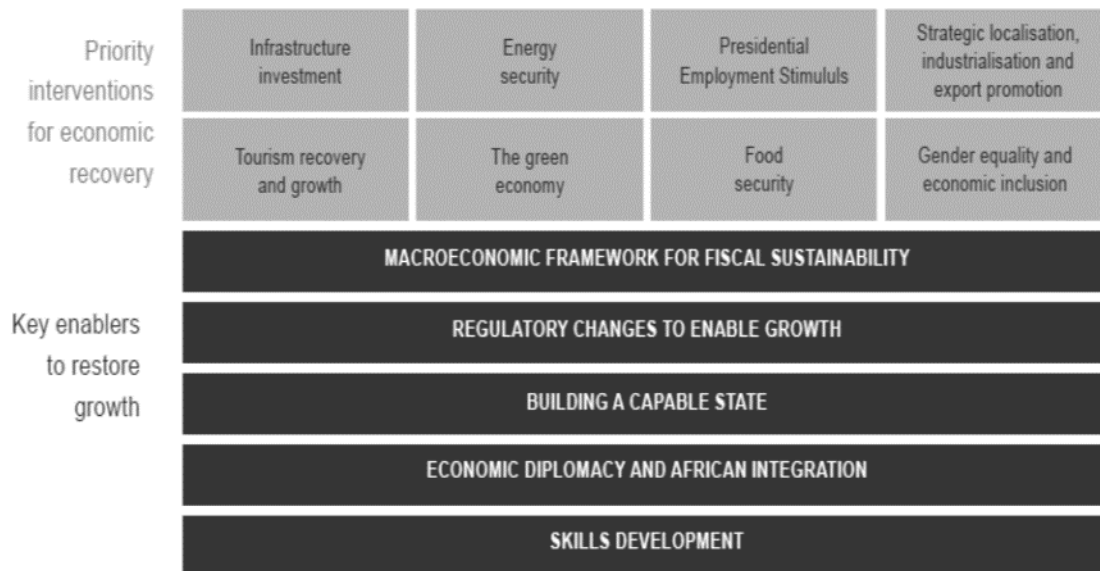
1. Ensuring energy security;
2. Growing the productive economy;
3. Mass public employment interventions;
4. Infrastructure investment;
5. Green economy interventions;
6. Strengthening food security;
7. Support for tourism recovery and growth; and
8. Gender equality and the inclusion of women and youth.

The ERRP also identifies key enablers to support the reconstruction and recovery effort namely:

- Macro-economic interventions towards fiscal sustainability;
- Regulatory changes to enable growth;
- Building a capable state;
- Economic diplomacy and African integration; and
- Skills development.

Figure 3 illustrates the ERRP's priority areas of intervention and the key enablers to support the economic reconstruction and recovery effort.

**Figure 3: Priority interventions of the ERRP and key growth enablers**



In addition to tourism having been identified as one of the priority areas of intervention in the ERRP, the tourism sector has a contribution to make on the following priorities of the ERRP:

- Infrastructure development;
- Mass public employment;
- Green economy interventions;
- Gender equality and the inclusion of women and youth; and
- Skills development.

***Infrastructure and protecting the supply side***

One of the strategic recommendations of the Tourism Sector Recovery Plan is the implementation of the Tourism Equity Fund (TEF) as part of strengthening the sector’s supply side in a manner that addresses the reconstruction of the sector and advancement of transformation through enabling expanded participation of black people, women, youth and people with disabilities in the sector. This initiative brings together government, Development Finance Institutions (DFIs) and Commercial Banks to pool resources for ease of access to capital and operational funding. Its success will see increased inclusivity in the sector that will emerge after full recovery.

Over the next three years, the development and maintenance of a hundred (100) state-owned and community-based tourism assets will be completed at an estimated spend of R573 million. State-owned assets are often the core of tourism supply that provides an impetus for private sector developments. The infrastructure programme for state-owned and community-based tourism assets is being rolled out as part of both protecting tourism assets and core infrastructure as well as supporting inclusive economic participation through creating diverse community-owned products.

### **3. FRAMING THE PROBLEM**

South Africa enjoys a positive tourism trade balance with the rest of the world. This means that non-resident visitors to South Africa spend more money in South Africa than South Africans travelling abroad. A positive tourism trade balance has a positive impact on South Africa's overall trade balance. It also brings much needed foreign currency into the country.

Since 2016 however, South Africa's tourism trade balance while it remained positive, it had been declining. This is attributed to relatively flat tourist arrival numbers. In 2015, 13.9 million foreign visitors arrived at South Africa's ports of entry. This number rose by 8.4% to 15.1 million in 2016. In 2017, 14.9 million foreign visitors visited South Africa, while 15 million visited in 2018. With regards to domestic travel, in 2016 domestic tourism expenditure stood at R143.8 million. It reached R153.1 million in 2018.

While the full impact of the COVID-19 crisis on tourism is yet to be determined, what is clear is the scars will be long term as full recovery is only expected after 2023.

While destinations globally also face the challenge of reigniting their tourism economies, key source markets have also placed travel restrictions to and from South Africa and the South African tourism brand continues to be under pressure due the association with the 501Y.v2 variant. Weak global and domestic economies also do not bode well for tourism's prospects.

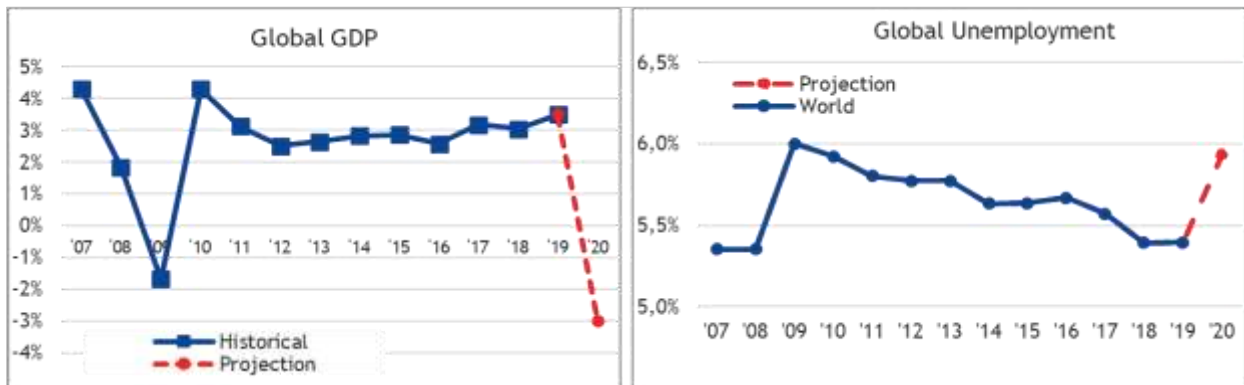
### 3.1 IMPACT ON THE GLOBAL ECONOMY

The COVID-19 pandemic has plunged the world economy into its most serious challenge in the post-war era. Global output, employment, trade and investment have been impacted negatively.

The IMF expects global recovery from the 2020 “severe collapse” to vary significantly across countries. The recovery will depend, on among others, access to medical interventions aimed at containing the COVID-19 pandemic. This indicates the significance of the vaccine deployment in the global recovery.

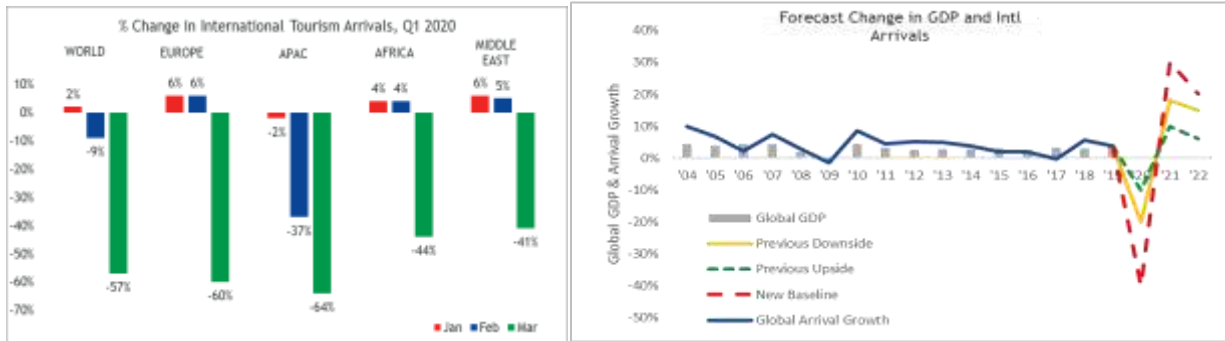
China is expected to lead the global recovery, followed by Emerging and Developing Economies and the Advanced Economies. Figure 4 illustrates the impact of COVID-19 on global output and employment. Figure 3 illustrates the impact of COVID-19 on international tourist arrivals and on global GDP.

**Figure 4: Impact of COVID-19 on global GDP and Unemployment**



Source: The World Bank, 2020

**Figure 5: Impact of COVID-19 on international tourist arrivals and global GDP**



Source: UNWTO, 2020, Tourism Economics, 2020

### 3.2 IMPACT ON THE SOUTH AFRICAN ECONOMY

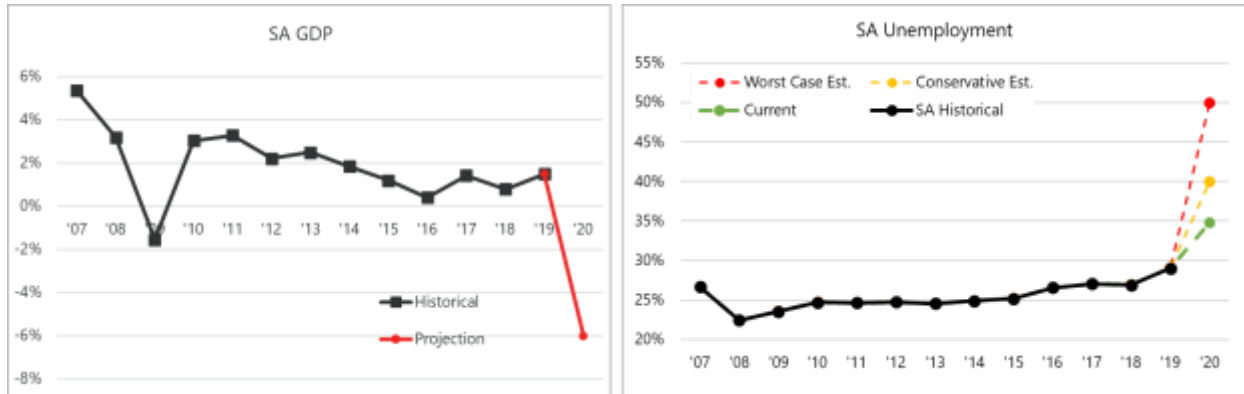
South Africa’s first official case of COVID-19 was recorded on 5 March 2020. Since then, a rising infection count prompted government to implement a five-level Risk-Adjusted Strategy aimed at saving lives and preserving livelihoods. The impact of the pandemic has placed many businesses and households in distress and jobs have been lost, ultimately resulting in an “unprecedented contraction”<sup>2</sup> in output in the second quarter of 2020.

The economy rebounded significantly in the third quarter of 2020, however real GDP was only at a level similar to that in the first quarter of 2013<sup>3</sup>. Although stronger than initially anticipated, the recovery of the South African economy is expected to lag behind that of other emerging and developing economies. Figure 4 illustrates the impact of COVID-19 on South Africa’s output and unemployment.

<sup>2</sup> Quoted from the SARB Quarterly Bulletin – December 2020

<sup>3</sup> SARB Quarterly Bulletin – December 2020

**Figure 6: Impact of COVID-19 on South Africa’s output and unemployment**



Source: National Treasury, 2020; SARB, 2020

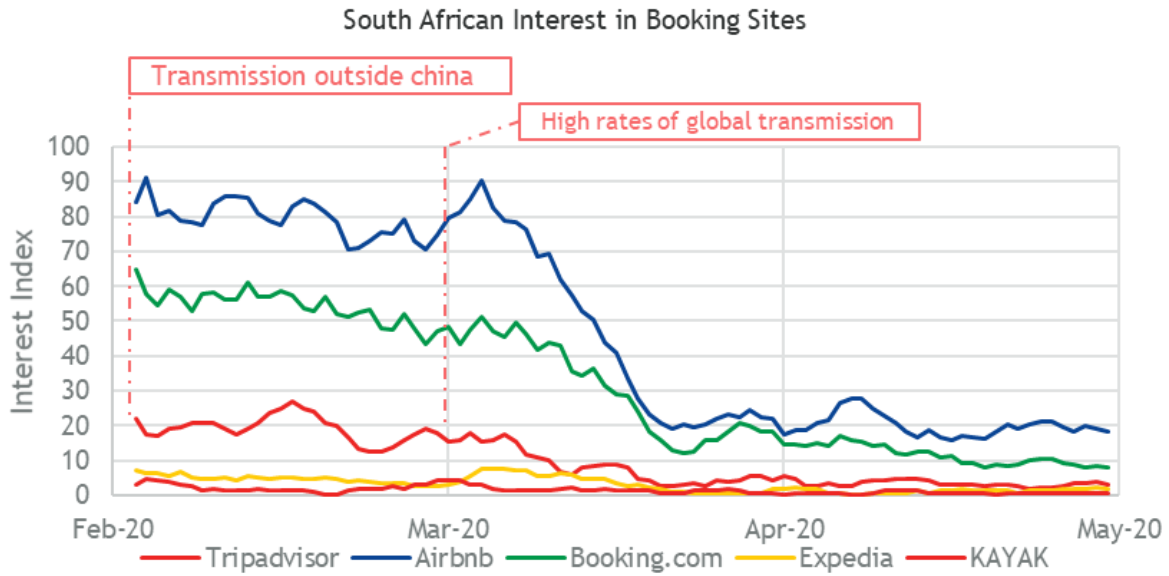
### 3.3 IMPACT ON THE LOCAL TOURISM SECTOR

South Africa has not been spared from the near collapse in international tourist arrivals. Hotel occupancies have declined significantly, leading to some small and large hoteliers being forced to close down. Airlines have significantly curtailed operations and many tourism attractions are either closed or operating below capacity.

On the other hand, the weak state of the domestic economy and the job losses triggered by COVID-19 is impacting negatively on household disposable income, limiting both the ability to and affordability of travel.

Figure 5 shows the decline in South African interest in booking sites after March 2020. Domestic interest in booking sites can be used as an indicator of the intention to travel.

**Figure 7: Local Interest in booking sites**



Source: Google Trends, 2020

Table 2 indicates that the total income of the food and beverages industry from January 2020 to December 2020 was about R33 706,6 million, which was a decrease of -40,5% when compared to R56 626,6 million in January to December 2019. All of the food and beverages industries showed a decline in income with restaurants and coffee shops having the highest decrease of 50,2% followed by catering services with -47,8% and take-away and fast food outlets with -21,4%. Table 3 shows the year on year change in total income for the food and beverage industry at current prices.



**Table 2: Total income by type of food and beverage industry: January-December 2020 compared to January-December 2019**

Categories of Food and Beverages	Jan-Dec 20	Jan-Dec 19	% Change
Catering services (R million)	4 426,4	8 473,5	-47,8%
Take-away and fast food outlets (R million)	14 477,9	18 411,1	-21,4%
Restaurants and coffee shops (R million)	14 802,3	29 742	-50,2%
Total Industry (R million)	33 706,6	56 626,6	-40,5%

*Source: Stats SA: Food and beverages data cuts, 22 February 2021*

**Table 3: Year on Year Change in income total food and beverage industry income at current prices**

MONTH	2019	2020
January	9,9%	6,9%
February	10,5%	5,2%
March	14,8%	-27,9%
April	5,2%	-95,6%
May	10,5%	-86,3%
June	8,8%	-58,5%
July	1,5%	-49,6%
August	5,1%	-42,8%
September	4,1%	-38,1%
October	2,4%	-30,0%
November	4,9%	-26,3%
December	5,8%	-27,5%
<b>TOTAL</b>	<b>6,8%</b>	<b>-38,9%</b>

*Source: Stats SA: Food and Beverage Report December 2020*

According to International Air Transport Association (IATA), job losses in Africa’s aviation and related industries could reach 3.5 million. This is more than half of the region’s 6.2 million aviation-related employment. Full-year 2020 traffic is expected to plummet by 54% (more than 80 million passenger journeys) compared to 2019. GDP supported by aviation in the region, could decrease by up to \$35 billion.

An online survey conducted in October 2020 showed that 92% of tourism businesses surveyed reported a more than 50% decline in revenues compared to October 2019, and 36% of businesses indicated a total loss of revenue.

With regards to forward bookings, 78% of businesses reported forward bookings held in October 2020 are at least 50% less than bookings held in October 2019, and 23% have no bookings.

On occupancy/customer use, 88% of businesses surveyed indicated that occupancy in October 2020 was down more than 50% compared to October 2019, and 38% indicated no occupancy. With regards to costs, 58% of businesses were unable to service their debts; 61% were unable to cover fixed costs, 58% have reduced wages for more than 50% of staff, with 40% of businesses having reduced wages for all staff; 28% of businesses have furloughed more than 50% of staff, and 12% of businesses have furloughed all staff with 33% of businesses only having furloughed less than 10% of staff; 18% of businesses had made more than 50% of staff redundant, 7% had made all staff redundant, with 33% not making any redundancies.

The survey also found that in 23% of responding businesses were not operating in October 2020, but plan to reopen with 5% of businesses indicating they are closed and will not reopen.

### **3.4 PROSPECTS FOR THE SECTOR AND THE NEW NORMAL**

Forecasting the effects of the pandemic on the tourism economy is impacted by the uncertain environment and has often been overtaken by changes and adjustments to containment measures. Accordingly, the full consequences of the pandemic on the sector is not yet clear. This requires policy responses that are fluid and can enable constant adaptations to changing circumstances.

While forecasting the full extent of the impact the pandemic on the tourism sector remains a challenge, it is clear that a return to business as usual is not possible. The sector has to operate within a “new normal” context, which includes finding ways for the tourism economy to coexist

with the virus, at least in the short to medium term. This is exacerbated by the continued possibility of the emergence of different variants of the virus coupled with the occurrence of new “waves” almost imposing seasonality of their own.

Developments around the global deployment of COVID-19 vaccines are likely to boost tourism consumer and business confidence. However, the distribution of the vaccines is likely to be uneven. It will also take time to achieve population immunity in many parts of the world. The International Monetary Fund (IMF) expects that with growing vaccine availability, improved therapies, testing, and tracing, local transmission of the virus is expected to be brought to low levels across the world only by the end of 2022. The situation is further compounded by the uncertainties around the efficacy of the vaccines against new variants.

The conclusion to be drawn, is that the tourism sector will, for some time, have to exist alongside the virus. In addition, the sector is potentially facing numerous stop/start cycles as restrictions are changed and adjusted in line with the evolution of the virus. These stop/start cycles will continue to affect traveller confidence and place jobs and the survival of tourism enterprises at risk. This will further make the recovery highly uncertain.

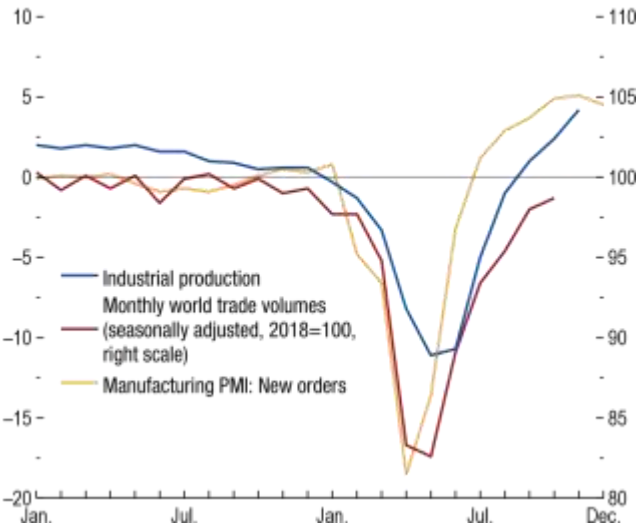
According to the UNWTO, the promotion of domestic tourism is, in many cases, the first step in reigniting the tourism economy. In particular, domestic tourism can act as an indicator of the health and security in travel destinations in preparation for the arrival of international visitors. The challenge however is that the stop/start cycles the industry may be dealing with for some time, are also impacting negatively on domestic travel. The domestic travel market is also impacted negatively by a weak economy which puts pressure on disposable incomes. This has contributed to a situation where as the broader economy picks up following the lifting of some restrictions, the tourism sector tends to lag behind.

In its January 2021 World Economic Outlook Update, the IMF revised global growth forecasts for 2021 upwards by 0.3% points to 5.5%. However, the IMF pointed out that tourism-based economies, especially in emerging and developing economies, face particularly difficult prospects considering the expected slow normalisation of cross-border travel.

Figure 8 illustrates Global Activity indicators from January 2021 to December 2021. It shows that industrial production and trade volumes are forecast to rise globally, while trade activity will lag

behind industrial production. This is because of slower expected growth in services trade as a result of subdued cross border tourism and business travel until transmission declines in many parts of the world.

**Figure 8: IMF Forecasts of global trade activity**



Source: IMF January 2021 World Economic Outlook Update

A further challenge requiring an immediate response, is the South African brand continues to be under pressure due the association with the 501Y.v2 variant of the COVID-19 virus. Some countries have issued travel advisories and even travel bans to and from South Africa. This will further hamper efforts to drive the recovery of the sector and requires greater public education and awareness creation by the scientific community.

Preparations for future global travel may include significant changes in the requirements for cross boarder movements and ground-breaking decisions are still to be made in this regard, including but not limited to, the role of vaccines in travel, the role of tests for COVID-19 where individuals have been vaccinated and whether there will be future mapping of areas where population immunity has been reached. In all these decisions, a unified multilateral approach is highly recommended.

#### **4. OPPORTUNITY STATEMENT**

Efforts to revive the tourism sector present a unique opportunity to not only return the sector to levels it reached before the outbreak of COVID-19, but to position it for long-term sustainable growth as well as to unlock its full potential. This is particularly important given that the performance of the sector in terms of contribution to output and employment has on average been flat since the 2008 financial crisis and that global tourism growth has outstripped local growth performance over the past decade. The Tourism Sector Recovery Plan, therefore, will allow for a “reset” of the sector.

The COVID-19 crisis is also an opportunity to focus on the environmental sustainability of the tourism sector, promote structural transformation, and ensure greater use of technology; all of which are necessary ingredients towards a more sustainable, inclusive and resilient tourism sector.

#### **6. KEY TRENDS IN GLOBAL TRAVEL**

The COVID-19 pandemic, its related health and safety concerns, as well as restrictions to curb the spread of the pandemic, are forcing a profound change in traveller preferences and choices of destinations to visit. Travel restrictions will remain the main barrier weighing on the recovery of international tourism and it might take a little longer than expected to get back to pre-pandemic levels. Domestic travel, however, offers a glimmer of hope, provided safety concerns are adequately addressed coupled with aggressive marketing and promotional campaigns.

As the world prepares for the resumption of global travel and tourism, the following key global consumer trends will have to be taken into consideration:

- The demand for unique, sustainable and exclusive experiences will rise;
- Travellers of overseas holidays will insist on refund guarantees;
- Travellers want the flexibility to change dates and/or destinations;
- The demand for open spaces or rural holidays and outdoor activities will rise to avoid congestion;
- Road travel as opposed to air travel appears to be the preferred mode of holiday travellers where possible;
- More likelihood of avoidance of “busy destinations”;

- Technology will be at the forefront of addressing consumer needs. An example is contactless technology which can be used to address health and safety concerns;
- Remote workers are becoming potential holiday travellers and can stay longer and work from destinations such as lodges, hotels and restaurants; and
- Travellers are increasingly concerned about their own safety, environmental safety and the effects of tourism on the destinations being visited.

## **7. THE APPROACH**

The Tourism Sector Recovery Plan is anchored in three interlinked pillars or strategic themes: protecting and rejuvenating supply, re-igniting demand and strengthening enabling capability for long term sustainability.

### **7.1 STRATEGIC INTERVENTIONS**

In terms of the Plan, the following strategic interventions will be implemented:

- Implement norms and standards for safe operations across the value chain to enable safe travel and rebuild traveller confidence;
- Stimulate domestic demand through targeted initiatives and campaigns;
- Strengthen the supply-side through resource mobilisation and investment facilitation;
- Support for the protection of core tourism infrastructure and assets;
- Execute a global marketing programme to reignite international demand;
- Tourism regional integration; and
- Review the tourism policy to provide enhanced support for sector growth and development.

1These interventions will be implemented simultaneously, considering the effects of the stop and start cycles that the sector will be expected to contend with at least in the short to medium term as the virus evolves, bringing with its possible new waves and strains. The impact of the interventions will cut across the three strategic themes of the Plan.

Simultaneous implementation of the Plan's strategic interventions means, for instance, that efforts to strengthen the supply side will be undertaken at the same time with efforts to ignite demand - locally, regionally and across the globe. Equally, while international travel will remain subdued

for some time, work will begin in line with recommendations in the ERRP to build a bidding pipeline for the hosting of future conferences and mega events.

In addition, considerable work will be done to position the South African brand and reignite the international demand in the face of challenges emanating from the scientific discovery of the 501Y.V2 COVID-19 variant. This will entail further driving the message that South Africa is a brand that provides a safe tourist experience and is ready to deliver on expected quality for international and domestic tourists through the implementation of norms and standards for safe operations in the sector and higher quality certification of products through the grading system.

## **7.2 ENABLERS**

The Plan also identifies enablers to support tourism recovery. These are:

- Form targeted, strategic partnerships between government and industry;
- Partner with relevant departments to ensure improved travel facilitation through implementation of e-visas, tourist safety, airlift capacity and quicker turnaround times in the processing of tour operator licences;
- Deployment of the vaccine to frontline workers, attainment of population immunity and participating in global efforts to facilitate safe travel; and
- Stimulate domestic demand through Government Consumption expenditure.

## **7.3 IDENTIFIED RISKS**

The Plan identifies the rapid deployment of the vaccine as one of the key enablers which will boost consumer and business confidence on the sector. The early and rapid deployment of the vaccine, including to frontline tourism workers as proposed in the Plan, will help in ensuring that travellers feel it is safe to travel again.

Linked to this, is the assumption that as South Africa reaches population immunity, this will relieve the pressure on the tourism brand and boost efforts to position South Africa as a safe tourism destination.

Another assumption is that domestic travel will pick up in the short to medium term; serving as a leading indicator of South Africa's readiness to safely receive inbound visitors. This may not be the case considering the weak state of the economy and diminishing household disposable income.

The stop and start cycles the sector will experience, also pose a risk to the recovery of the sector. The reduced capacity of airlines and routes especially from major source markets could also pose a risk for the tourism recovery effort.

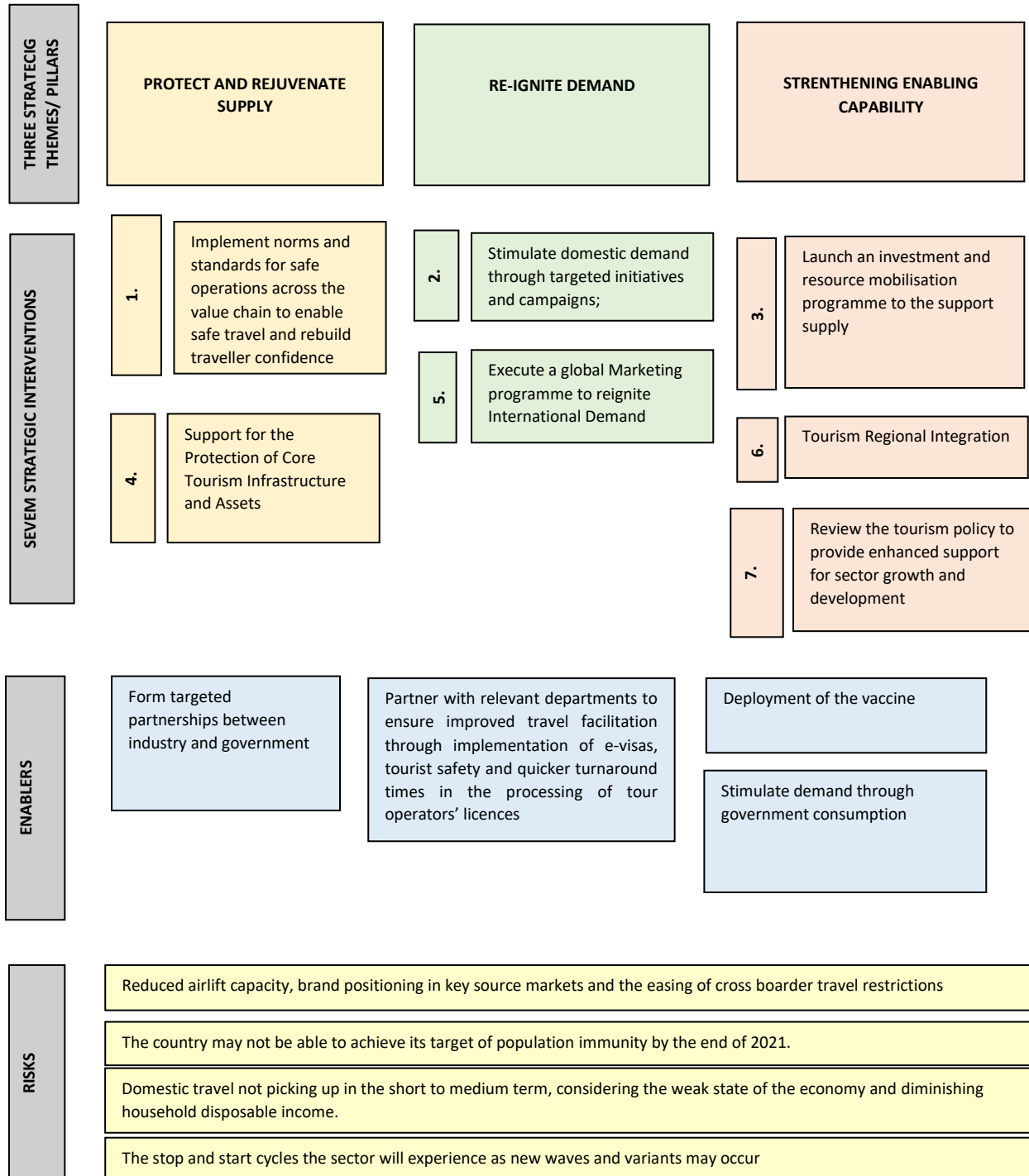
Project packaging is a key enabler for successful investment promotion efforts. The key risk at present is that there is high global demand for investors and this may hamper resource and investment mobilisation efforts.

There are also additional risks related to the initiative to achieve the correct product-pricing mix to address domestic demand which are the lack of stakeholder buy-in, resourcing and institutional arrangements. If the risks are addressed, stakeholder buy-in, adequate resourcing and institutional arrangements become key enablers for the budget resort concept and brand pilot.

The key risks for the infrastructure programme relate to third party reliance and operational models. However, effective stakeholder compacts, contract management and early operator involvement in mobilising operational expertise and funding are key enablers to mitigate these risks. Figure 9 illustrates the approach adopted by the TSRP, its strategic pillars, interventions, enablers and risks.



**Figure 9: Tourism Sector Recovery Plan – The Approach**



## **8. IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK**

The effective implementation of the Plan will be anchored in seven Strategic Interventions (SI) supported by catalytic programmes through the enablers. The key focus in respect of each strategic intervention is summarised hereunder. This is followed by a work programme and specific actions for each strategic intervention, time-frames and an indication of those responsible for the implementation of each strategic intervention.

### **SI 1: Implement norms and standards for safe operations across the value chain to enable safe travel and to rebuild traveller confidence;**

Central to the ability to travel again, is the need for operational measures that minimise transmission risk across the tourism value chain. In this regard, working with the industry, tourism norms and standards for safe operations across the value chain will be adopted, implemented and integrated into various training programmes, targeting unemployed and retrenched youth.

A national training programme targeting SMMEs in rural areas, townships and small towns to facilitate the implementation of norms and standards including the COVID-19 protocols in the sector, will also be rolled out. In addition to the norms and standards for safe operations, the tourism industry led by the TBCSA, has developed a comprehensive set of protocols covering customers, staff, operations and facilities. These protocols will provide an additional layer of assurance to travellers that it is safe to travel again.

### **SI 2: Stimulate domestic demand through targeted initiatives and campaigns;**

Domestic travel is a key driver of the tourism recovery effort. Stimulating domestic demand will entail the roll out of domestic deal-driven campaigns coinciding with the various tourism peak periods. A domestic business events campaign will also be launched and implemented. Measures will be put in place to support villages, townships and small towns in hosting national events as part of ensuring an inclusive recovery. Furthermore, the Budget Resort concept and brand – to encourage expanded use of underutilized tourism facilities – will be piloted.

### SI 3: Strengthen the supply-side through resource mobilisation and investment facilitation

Strengthening the supply side, including through attracting new investment into the sector, is important not only for the recovery effort, but also for the long-term sustainability and resilience of the sector. As part of strengthening supply, the following specific interventions will be undertaken:

- Establishment of a Support Hub to provide non-financial support to tourism business;
- Investment promotion to attract new investments into the sector;
- Implementing the Tourism Equity Fund to strengthen transformation and thus the sustainability and resilience of the sector;
- Implementing the Green Tourism Incentive Fund to ensure a green recovery and growth; and
- Accelerating the grading of establishments as part of facilitating their expanded utilisation.

### SI 4: Support for the Protection of Core Tourism Infrastructure and Assets

A key intervention to protect tourism supply, is the implementation of a tourism infrastructure maintenance programme of state-owned assets. Destination enhancement work is critical to improving the quality of product offerings, through upgrades, refurbishment and maintenance.

Another key intervention in this area of work, is the investment in the development of community-owned tourism assets, to support an inclusive tourism recovery, product diversification and geographic spread.

### SI 5: Execute a global Marketing programme to reignite International Demand

While noting that international travel may only return in any large scale in 2023 or later, work will be undertaken to re-ignite international demand, targeted mainly at highest potential source markets and to reposition the destination brand.

This will include the launch and implementation of regional and international tourism marketing campaigns as well as a global business events campaigns. Among others, these campaigns will seek to counter the negative association of the South African brand with the 501Y.V2 COVID19 variant that is considered to be aggressive with a much higher rate of transmission. These will

drive the message that South Africa is a brand that provides a safe tourist experience that can deliver on the expected quality for international and domestic tourists. Furthermore, work will continue to build a bidding pipeline for the hosting of future local and international conferences and mega events.

#### SI 6: Tourism Regional Integration

South Africa and its neighbours are seen as a highly desirable must visit destination in a number of source markets. A significant portion of overseas arrivals in South Africa, include onward visits to neighbouring countries. Accordingly, regional travel will form an integral interim phase of recovery between domestic activity and full international re-opening.

To strengthen tourism regional integration, the implementation of the SADC Tourism Programme will be prioritised. This will facilitate inter-industry collaboration on marketing within the region. It will also help with the synchronisation of industry norms and standards for safe operation with a view to promote safe and seamless travel within the region.

#### SI 7: Review the tourism policy to provide enhanced support for sector growth and development

A tourism policy review process will be undertaken to create an enabling environment for the sector's growth and development. A key focus of this policy review process will be on the broader instruments that support tourism investment. Amongst others, the feasibility of Tourism Development Zones (TDZ) and investment incentive packages for large tourism investments will be investigated. These measures must address the risk factors in tourism developments, especially when new destinations and new markets are involved.

## 8.1 WORK PROGRAMME AND SPECIFICATIONS

**SI 1: Implement Norms and Standards for safe operations across the value chain to enable safe travel and rebuild consumer confidence**

Activity	Target	Objective	Tasks	Time Frame	Responsibility
Publication of norms and standards for safe operations across the sector	Norms and Standards for safe operations in the sector approved and implemented	Improved health and safety in tourism establishments  Improved consumer confidence	Norms and Standard Gazetted and Published and compliance monitored	2021/2022	Department of Tourism (DT)  Provincial Tourism Departments  Municipalities  Tourism establishments  Tourism associations
Integration of norms and standards for safe operations into training programmes.	Four training programmes integrating norms and standards for safe operations targeting unemployed and retrenched youth	To build the capacity for implementing norms and standards for safe operation in the tourism sector.  Increase the adoption of the norms and standards across the tourism value chain.	Integrate norms and standards for safe operations into the following programmes: 1.Chef’s Programme 2.Wine Service Programme 3.Food Safety Quality Assurer’s 4.Hospitality Youth Programme (HYP) Food and Beverage Programme	2021/22-2023/24	Department of Tourism (DT)  Tourism Associations
Training of SMMEs on norms and standards for safe operations	225 SMMEs trained annually to comply with norms and standards for safe operations including COVID-19 Protocols.	Enhance ability of SMMEs to comply with norms and standards for safe operation including COVID -19 Protocols.	Roll out of a national training programme targeting SMMEs in rural, township and small towns to facilitate implementation of norms and standards including the	2021/22 - 2022/23	DT  Tourism Associations

			COVID-19 Protocols in the sector.		
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## SI 2: Stimulate Domestic Demand through Targeted Initiatives and Campaigns

Activity	Target	Objective	Tasks	Time Frame	Responsibility
Implement domestic deal-driven marketing campaigns annually	Implement 4 domestic deal driven marketing campaigns	To stimulate domestic travel and tourism	1 campaign rolled out per quarter	2021/2022 – 2023/2024	SA Tourism Provincial Tourism Authorities Trade Partners
Run a Campaign to encourage business events	Implement 1 domestic business events campaign	Encourage the hosting of business events  To rejuvenate MICE	Launching and implementing the Campaign	2021/2022 – 2023/2024	SA Tourism Provincial Tourism Authorities
National events hosted in villages, townships and small towns	1 national business event hosted in Q2, Q3 and Q4	Build an inclusive tourism sector	Implement support mechanisms for the hosting of national events in villages, townships and small towns	2021/2022 – 2023/2024	SA Tourism Provincial Tourism Authorities Associations
Pilot the budget resort concept and brand	Introduce and popularise budget resort brand	Stimulate utilisation of under-utilised tourism facilities.  Strengthen the supply side of the tourism market	Launch the budget resort brand  Identify and complete assessments of properties for the pilot  Finalise stakeholder compacts	2021/2022 – 2023/2024	DT SA Tourism Tourism Product Owners National, Provincial and local public and private stakeholders and local communities.

**SI 3: Strengthen the supply-side through resource mobilisation and investment facilitation**

Activity	Target	Objective	Tasks	Time Frame	Responsibility
Establish a Support Hub to provide non-financial support to tourism business	Facility for non-financial support established.	To increase the resilience of SMMEs during the pandemic and beyond.	Launch the Support Hub	2021/2022 – 2023/2024	DT Product Owners Investors/Funders Provinces
Implementing the Tourism Equity Fund	Quarterly Fund adjudication meetings held	To deepen transformation in the tourism sector  To crowd in private sector investment	Roll out the Fund	2021/2022 – 2023/2024	SEFA DT Banks/private sector Department of Small Business Development
Implement the Green Tourism Incentive Fund	Quarterly Fund adjudication meetings held	To reduce greenhouse gas emissions  To achieve sustainable tourism	Roll out the Fund	2021/2022 – 2023/2024	DT IDC Tourism establishments
Accelerate the grading of establishments	To include verification of establishments into the National Grading system	To improve the quality of service in the tourism sector  To increase the number of quality assured establishment.  To improve the marketability of tourism attractions	Train graders  Roll-out grading	2021/2022 – 2023/2024	DT Tourism Grading Council



**SI 4: Support for the Protection of core Tourism Infrastructure and Assets**

Activity	Target	Objective	Tasks	Time Frame	Responsibility
<p>Infrastructure maintenance and development in state owned and community-based tourism sites.</p>	<p>Development and maintenance of state-owned and community-based tourism assets in 100 sites countrywide</p> <p>Infrastructure maintenance programme implemented in state owned provincial tourism assets.</p> <p>Infrastructure development in 30 community-based tourism projects</p>	<p>Improve the quality of tourist attractions.</p> <p>Protect the supply side of the market.</p> <p>Increase the diversity of tourist attractions.</p> <p>Job Creation.</p>	<p>Implementation of infrastructure maintenance in National Parks and Provincial State-Owned Attractions.</p> <p>Support and monitor the implementation of infrastructure maintenance programme for state owned tourism assets in each Province and in municipalities.</p> <p>Support the Implementation of Community-based Tourism Projects.</p>	<p>2021/2022 – 2022/2023</p>	<p>DT</p> <p>Management Authorities National, Provincial and local public and private stakeholders including local communities</p>

**SI 5: Execute a Targeted Global Marketing Programme to re-ignite International Demand**

<b>Activity</b>	<b>Target</b>	<b>Objective</b>	<b>Tasks</b>	<b>Time Frame</b>	<b>Responsibility</b>
Implement a new regional marketing campaign	1 Regional marketing campaign implemented	To increase the number of tourists from the SADC region	Design, launch and implement the campaign  Monitor and evaluate the campaign	2021/2022 – 2023/2024	SA Tourism  Provincial Tourism Agencies
Implement a global marketing campaign targeted at high value source markets	1 Annual campaign launched and rolled-out globally	To increase the number of international tourists	Design, launch and implement the campaign	2021/2022 – 2023/2024	SA Tourism  Provincial Tourism Authorities
Global business events campaign implemented	1 global business events campaign launched and rolled-out	To increase the number of business events hosted in South Africa	Global business events campaign launched  Global business events campaign rolled out	2021/2022 – 2023/2024	SA Tourism  Provincial Tourism Authorities
Bids to support international business events	77 international bid submissions	To increase the number of events hosted in South Africa.	Bids developed and implemented	2021/2022 – 2023/2024	SA Tourism  Provincial Tourism Authorities

<b>SI 6: Tourism Regional Integration</b>					
<b>Activity</b>	<b>Target</b>	<b>Objective</b>	<b>Tasks</b>	<b>Time Frame</b>	<b>Responsibility</b>
Implementation of SADC Tourism Programme	Two initiatives implemented to support regional integration:  (a) Industry Marketing collaboration with regional counterparts.  (b) Harmonisation of industry biosafety protocols.	Deepen regional collaboration in tourism  Increase regional inter-country travel and tourism	Support finalisation of the Programme  Finalise and implement the Programme  Inter-industry collaboration on marketing within the region  Harmonisation of industry biosafety protocols within the region to promote safe and seamless travel	2021/2022 – 2023/2024	DT  TBCSA
<b>SI 7: Review the Tourism Policy to Provide Enhanced Support for Sector Growth and Development</b>					
<b>Activity</b>	<b>Target</b>	<b>Objective</b>	<b>Tasks</b>	<b>Time Frame</b>	<b>Responsibility</b>
Create an enabling policy for tourism growth and development	Reviewed Tourism Policy Framework	To have an enabling policy framework for the growth of the sector	Review of tourism policy  Draft a new White Paper  Gazette and publish the New White Paper	2021/2022 – 2022/2023	DT

## 8.2 ENABLERS

The successful implementation of the Plan will, in part, depend on a set of enablers whose implementation is beyond the Department of Tourism and the tourism industry in general. The Department of Tourism will work in collaboration with entities responsible for the enablers to ensure the implementation of the Plan. Hereunder are specific enablers identified in the Plan as well as the activities linked to them, their timeframes for implementation and the lines of accountability.

<b>Form targeted, strategic partnerships between government and industry</b>				
<b>Activity</b>	<b>Objective</b>	<b>Tasks</b>	<b>Time Frame</b>	<b>Responsibility</b>
Partnerships on norms and standards and protocols for safe operations in the sector.	Conclude Social Compact to facilitate industry-wide implementation.	Embed Implementation of norms and standards and protocols for safe operation in the social compact	2021/2022	DT Provinces Local Government, TBCSA and other associations SA Tourism
Joint marketing campaign	Stimulate domestic and international demand  Improve the country's brand	Design and implement joint domestic and international campaign	2021/2022 - 2023/2024	DT SA Tourism
<b>Partner with relevant departments to ensure improved travel facilitation through implementation of e-visas, tourist safety, airlift capacity and quicker turnaround times in the processing of tour operator licences</b>				
<b>Activity</b>	<b>Objective</b>	<b>Tasks</b>	<b>Time Frame</b>	<b>Responsibility</b>
Partner with SAPS to develop initiatives to support tourist safety	To build confidence on South Africa as a safe tourist destination  Improve the country's tourism brand	Accelerate tourism-supportive policing solutions  Repurposing crisis response tactics (visible,	2021/22 – 2023/24	SAPS

		targeted policing)  Develop a platform to enable visitors to monitor location-specific risks and report incidents, amplify the Tourism Safety Initiative		
Monitor and support the implementation of the E-visa system	To increase ease of travel to South Africa	Roll out of e-visas in targeted markets	2021/22	DHA
Improved turnaround times in the issuance of tour operating licenses	To enable new and support continuation of existing tour operators' activities	Systems and process improvements to ensure efficient licensing of tour operators	2021/22	DOT
Re-establish South Africa's airlift capacity	To ensure adequate airlift capacity for tourism markets	Maintain existing and regain lost capacity  Build capacity for strategic routes based on market demand, including expansions where necessary.	2021/22 – 2023/24	DOT DT SA Tourism ACSA Airlines
<b>Deployment of vaccine to frontline workers, attainment of population immunity and participating in global efforts to facilitate safe travel</b>				
<b>Activity</b>	<b>Objective</b>	<b>Tasks</b>	<b>Time frame</b>	<b>Responsibility</b>

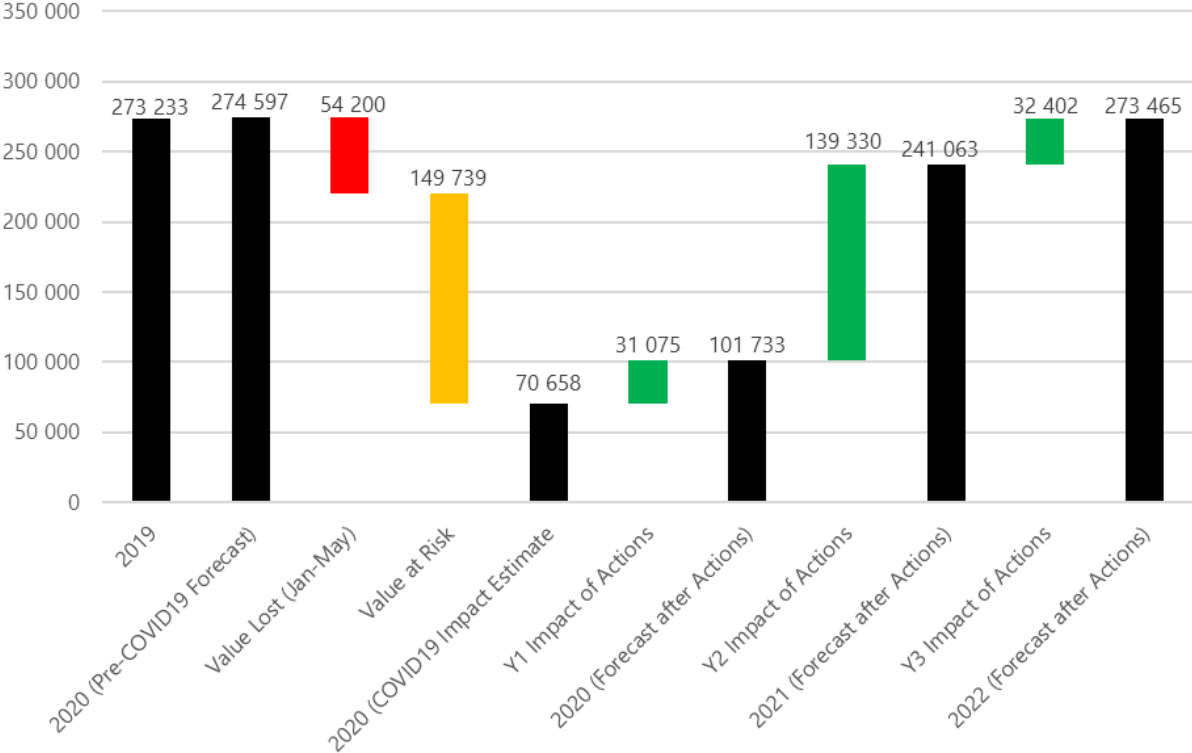
Adoption of COVID19 safe travel passport	To build traveller confidence	Participate in global efforts towards adoption of COVID-19 safe travel passport	2021/22	DOH
Implementation of technologies for ease of passenger processing at ports of entry	To improve ease of travel through South Africa's ports	Introduction of technology for ease of passenger processing at ports of entry	2021/22	DOH
<b>Stimulate domestic demand through Government Consumption expenditure</b>				
<b>Activity</b>	<b>Objective</b>	<b>Tasks</b>	<b>Time frame</b>	<b>Responsibility</b>
Government consumption to stimulate demand in business events	To rejuvenate the MICE sector	Utilization of commercial venues for conferences and meetings by organs of state	2021/22 – 2023/24	All organs of state

**9. IMPACT**

Collectively, the interventions proposed in this Tourism Sector Recovery Plan can preserve significant value and employment in the tourism sector; provide the basis for stimulating tourism supply, structurally increase both domestic and inbound tourism demand, and thus impact meaningfully on the overall economic reconstruction and recovery effort, as outlined in the ERRP.

These interventions are expected to preserve R 189 billion of value, help the sector to recover to its 2019 output and employment levels by 2023, as well as position the sector for long-term sustainable growth. Furthermore, the implementation of the Plan can reduce the impact of the COVID -19 crisis on employment by 125 000 jobs. Figure 10 illustrates the overall impact of the interventions as proposed in the Tourism Sector Recovery Plan.

**Figure 10: Overall Impact of the Tourism Sector Recovery Plan**



## **10. CONCLUSION**

The socio-economic costs of the COVID-19 pandemic will last for years to come. As a sector that facilitates mobility and human interaction, tourism has been amongst the hardest hit by the pandemic. Tourism revival in South Africa is critical, not just for the jobs and businesses that it supports, but for its interconnectedness and ability to rebound swiftly. Moreover, tourism will be a catalyst for a broader economic recovery.

It is envisaged that the implementation of this Plan will result in the preservation of a significant amount of value and employment in the sector. It will also ensure that the sector is more sustainable and more resilient going forward. The Plan will yield a recovered sector, characterised by greater inclusion.

South Africa's tourism potential is vast and is yet to be fully unlocked. While the COVID-19 crisis has been catastrophic, tourism's long-term growth potential and overall impact on the South African economy is undiminished. This Tourism Sector Recovery Plan seeks not only to elevate the sector out of the COVID-19 induced crisis, but also to unlock its long-term growth potential and expand the sector's overall contribution to the South African economy.