

Tourism

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Introduction

In 2019, the global travel and tourism sector accounted for 1.5 billion jobs. In South Africa (SA) in 2018 there were just over 739 000 jobs in tourism, or 4.5% of total employment in that year. This was up from 681 619 persons employed in tourism in 2017 and 705 871 persons in 2016. Most of these tourism jobs (by definition jobs created by foreign and domestic visitor consumption as measured by the national Tourism Satellite Account) fall within the road passenger transport industry (222 666), food and beverage industries (139 250), retail trade industries (113 451) and accommodation industry (128 031).

There are different kinds of employment impacts from different tourists, including by purpose of trip, whether first-time or repeat tourists, and by mode of travel. For example, cross-border land tourists who travel to SA for trade purposes are often repeat tourists who have a large impact on retail in border towns and in Johannesburg⁵², while foreign holiday tourists spend more on accommodation services and visits to attractions, and domestic tourists spend a lot on passenger transport.

The sharing economy has recently opened up participation in tourism for many home-owners who now provide short-stay accommodation services⁵³, and for drivers who provide e-hailing services. While creating jobs, these new industries present policy questions in relation to workers' rights, optimal and equitable forms of land use, access to assets, and displacement of traditional industries, amongst others.

Targets

In 2019, President Ramaphosa set a target of 21 million foreign tourists by the year 2030, up from 10.4 million in 2018. But for 2019 as a whole, SA recorded a 2% decline in foreign tourist arrivals.

This year, 2020, is likely to be tough on tourism too, with COVID-19 having a pronounced effect on global travel patterns⁵⁴ and industries: airlines closing routes (and, in some instances, filing for bankruptcy), events being cancelled, and accommodation and restaurants being impacted as people stay at home. In short, the sector is being profoundly affected across all industries.

Given this, in relation to COVID-19, big urgent questions are: how do we respond quickly to support the sector and employment in it? How soon will travel and tourism rebound, and will it be the same?

Barriers

Contagious communicable diseases/ COVID-19

Contagious communicable diseases have major travel and tourism impacts⁵⁵. Right now COVID-19 is decimating global tourism. New viruses like COVID-19, and the uncertainty associated with them, require short-term strategies to ensure the resilience of the sector.

Negative brand perceptions of the country

Negative brand perceptions exist among would-be tourists, in particular, that SA is not a safe destination given the high levels of crime and xenophobia that

⁵² As much as R10 billion in cross-border trade in 2018 in Johannesburg. See Tanya Zack in The Conversation <https://theconversation.com/johannesburgs-inner-city-the-dubai-of-southern-africa-but-all-below-the-radar-86557>

⁵³ A 2019 Genesis Analytics study for Airbnb using the SAM indicates that the economic activity from Airbnb corresponds to 22 000 jobs (not net) in South Africa.

⁵⁴ Singapore, for example, has indicated it expects a 20 to 30% decline in tourist numbers this year.

⁵⁵ The Ebola crisis in West Africa in 2014-6 affected all travel to Africa.

exist, as well as increasing instances of crime against tourists⁵⁶. Inequality also plays a role⁵⁷.

Access barriers

When considering a destination, potential tourists will look at the ease of travel to that country. The need for visas, their cost and processing times impact here, as does the availability, routing and cost of flights. Much has been done to reverse the visa regulations introduced from 2015, but more can still be done. In terms of airlift, a national carrier like South African Airways (SAA) can be powerful if it is strategically deployed as part of a broader country strategy around tourism and trade (think of Ethiopian Air and Emirates).

Developing and marketing a diverse and inclusive destination experience

Many travel packages continue to promote the same old “bucket list” - the Big 5, Cape Town, the Garden Route - while SA has many other compelling attractions and experiences to offer, particularly for repeat tourists. Many of the leisure and business events companies, which are often small or medium-sized, and sometimes family-owned, are nearly all white-owned and operated. Building new markets and new experiences requires that the industry evolves in terms of racial, gender, and geographic participation at every level.

Addressing aviation emissions

Aviation emissions associated with air travel are a fast-emerging threat to long-haul tourism everywhere. Flight shaming is a real issue in certain markets, ecotaxes on aviation are likely to increase the costs of air travel and the global travel industry is itself increasingly responding to the need to be carbon-neutral. This is not a short term issue and will likely only become more pronounced. SA is far away from many of the major global holiday and business events’ tourist markets. In addition to aviation emissions, SA’s dirty energy mix means it is already a carbon-intensive destination.

Ineffective local government

There is an important if somewhat neglected role for local government in tourism. At a minimum,

infrastructure services must work to support residents of towns and the businesses that need to operate. Without water, electricity and adequate roads, it is hard to develop a tourism economy. It is essential that effective governance is restored at the local government level to exploit tourism’s potential.

Recommendations for employment creation: innovative interventions

In our response to COVID-19, we need to safeguard the tourism sector and employment within it. This could include diverting marketing funds towards domestic travel, providing property tax rebates for accommodation establishments and event venues⁵⁸ and encouraging development finance institutions (DFIs) and commercial banks to provide bridging capital for cash flow purposes. Broader economic measures to support expenditure and infrastructure investment are also required⁵⁹.

To address safety and security concerns, in December 2019, a Tourism Monitors’ programme was launched generating an initial 1500 job opportunities. It aims to create high visibility of safety personnel in tourist hotspots in order to combat crime. It is a public-private partnership partly funded by the voluntary TOMSA levies collected from tourists by most hotel groups and other industry players, and channelled through the Tourism Business Council of SA. The programme is being driven by the National Department of Tourism in partnership with the South African Police Service (SAPS) and industry. It is likely to be expanded.

In terms of access to the destination, the new e-visa pilot in India should be fast-tracked and e-visas rapidly introduced elsewhere, as well as further visa waivers actively explored. Outside of a clear national development agenda for SAA, WESGRO and agencies of other provinces have been pursuing direct air linkages with carriers servicing major markets like New York. An air access strategy needs to be supported to ensure adequate air links exist with important tourist

⁵⁶ Other recent negative brand associations with South Africa include the water crisis in Cape Town (‘Day Zero’ messaging of 2018). These ‘once-off’ events impact tourism for a few years, given forward booking lead times and ongoing negative associations.

⁵⁷ Cape Town has in 2020 been included in the Fodor’s ‘No’ list as a tourist destination because of crime, inequality.

⁵⁸ Singapore’s government is providing property tax rebates for accommodation, airports; a specific co-funded package for taxis; rental waivers in government food markets and commercial food and beverage tenants; and a temporary bridging loan facility to provide cash flow for tourism enterprises; a leave of absence support programme for companies whose employees have to stay at home.

⁵⁹ At the time of publication, a R200 million Tourism Relief Fund had been established to provide once-off cash grants to qualifying small businesses.

markets, particularly given SAA's tenuous situation and COVID-19, which is having a pronounced impact on the aviation industry.

A deliberate programme, possibly an incentive, is required to support the development and packaging of new and existing attractions and experiences for growth markets and underserved market segments. These include Chinese, Indian, African air markets, domestic travel segments, cross-border shoppers, creative and cultural tourists, sports tourists, and adventure and activity tourists. A challenge fund could solicit and co-fund proposals and provide marketing support.

Such an incentive should also support proposals that link to local recreation experiences and assets by supporting local events, informal markets, precinct development, public art programmes⁶⁰, upgrading of green spaces and rivers, and linking and connecting corridors for non-motorised movement. Ultimately, tourists want to participate alongside residents in a set of vibrant, diverse destination experiences. Experiences which cater to local visitors and domestic tourists will be critical in a post-COVID-19 era, as international tourism will take some time to recover.

A number of opportunities exist to address the threat caused by aviation emissions:

- Biofuels fuels: there are pockets of activity and conversations taking place on using alien vegetation and agricultural waste for biofuels. Pilot projects could be expedited. This has significant employment potential and could position SA as the leading biofuels' manufacturer on the continent. There is also a substantial risk to not investing in alternative jet fuels when SA is so reliant on air traffic for tourism and trade.
- Coordinated offsetting into credible poverty alleviation projects with employment creation impacts should be considered in the short to medium term. The carbon tax supports this.
- A medium-term opportunity for overnight high(ish) speed, long-distance commuter trains between Johannesburg, Cape Town and/or Durban once rail infrastructure is fixed, but not at the expense of prioritising local rail commuter transport.

⁶⁰ The Rupert Social Impact Art prize for Graaff-Reinet is trying to do this. Tourism development should not be a parallel stream to programmes that develop public spaces, support the creative economy, or green infrastructure.