Inspiring new ways

TOURISM SECTOR RECOVERY PLAN

COVID-19 Response

August 2020

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

South Africa

Inspiring new ways

EXECUTIVE SUMMARY

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OVERVIEW

The COVID-19 pandemic has had a profound impact on the global tourism sector. Governments across the world had to implement necessary measures to contain the spread of the coronavirus such that the capacity of the health system is not overwhelmed by the rate of transmission. A direct impact of this was a restriction of movement globally that had an adverse impact of the global capacity utilization of the tourism sector. Different regions of the world as a result of the impact of the coronavirus experienced a fundamental disruptions in the generation of value in the sector, employment, domestic and international movements, sectoral linkages, cost servicing ability, ability to generate foreign reserves amongst other variables in the global tourism value chain.

The World Travel and Tourism Council (WTTC) in its 2020 travel and tourism recovery scenarios projects the global travel and tourism GDP to experience losses in the tune of $2,686 billion in the upside scenario, $3,435 billion in the baseline scenario and the worst case scenario of $5,543 billion for the year 2020. The WTTC further projects that global travel and tourism will experience 98.2 million job losses on the upside scenario, 121.1 million job losses for the baseline scenario and 197.5 million job losses for the worst-case scenario. In relation to International arrivals, WTTC estimates a 41% drop in global international arrivals in the upside scenario, 53% drop in the baseline scenario and 73% drop in the worst-case scenario for 2020. While for global domestic tourism it estimates a drop of 26% in the upside scenario, 34% in the baseline scenario and drop of 64% in the worst-case scenario.

Tourism in South Africa as is the case in the global economy has been thrown into crisis by the COVID-19 pandemic, putting thousands of businesses and jobs at risk. The priority for the sector is to resume operations as early as it is safe to do so, but re-opening will just be the start of a difficult recovery. The situation requires an urgent response, but also a recognition of the constraints that hamper South Africa's tourism development.

As a truly aspirational destination, combining powerful social justice history, breath-taking natural beauty, and warm, welcoming and diverse people, South Africa's tourism potential is not limited to pre-crisis performance. This recovery plan proposes a series of measures to protect and rejuvenate supply, reignite demand and strengthen enabling capability. Together, these actions can preserve some R189 billion of value, helping the sector to recover to 2019 output and employment levels in 2022 and positioning the sector for long-term sustainable growth.

SITUATION (PRE-CRISIS)

South Africa is geopolitically distinctive and possesses natural and cultural diversity that supports a globally compelling tourism proposition. The sector accounts for 2,9% of GDP (8,6% indirect), supports about 725,000 direct jobs (1,49 million direct and indirect) and accounts for 8,2% of total investment activity in 2019. Perhaps most importantly, inbound tourism generates R82,5 billion in direct foreign spend (R126,7 billion total tourism expenditure), contributing an equivalent of 9,2% of total national exports.

South Africa's tourism base is significant, and the country is one of the world's most popular long-haul destinations. However, it has not reached its full potential and has the prospects of accelerating the country's recovery in the post COVID19 environment. 2019 saw 10,23 million international arrivals and 7,11 million domestic holiday trips. The African continent accounts for nearly three quarters of arrivals. Although, the continent accounts for less than half of total spend so far, these arrivals must also be seen in the context of a growing middle class in the continent and the prospects it provides for the future. Key to growing value in tourist expenditure will be an increase in the market share from high income global source markets, such as the UK, Germany and the USA, as well as high spending, pre-Covid fastest growing markets such as China.

Tourism supports a vibrant and complex value chain that is not characterised by significant market concentration or deep vertical integration like many others in South Africa. Growth in tourism promises accessible employment opportunities, geographic diversification and increased foreign currency receipts. The sector is therefore a strategic development priority and a catalyst in growing other linked sector.

COMPLICATING FACTORS

However, tourism's contribution to economic output and employment is flat on pre-2008 levels, while global tourism growth has outstripped South Africa's performance in the past decade. Compounding these challenges is the impact of the COVID-19 pandemic. As already pointed out, the virus has devastated the global travel trade and South Africa has not been spared.

Hoteliers large and small have closed establishments, attractions are shut and airlines have ceased operations. Many businesses will not survive the shutdown. It is estimated that R54,2 billion in output may already have been lost between mid-March and the end of May. The sector now faces a potential 75% revenue reduction in 2020, putting a further R149,7 billion in output, 438,000 jobs and R80,2 billion in foreign receipts at risk.

The current global shutdown has no precedent, but history shows that tourism is resilient and can rebound strongly from periods of crisis. Several features are common to successful recoveries; market and consumer diversification, large-scale ROI-driven investment, effective messaging and product differentiation. Globally, destination marketing organisations (DMOs) and multilateral organisations have therefore focussed their COVID-19 crisis response on risk mitigation, safely restarting operations and reimagining the sector. These global approach inform South Africa's response.

OPPORTUNITY STATEMENT

<u>The priority for tourism is to resume operations as early as it is safe to do so</u>. This will minimise economic and employment impacts and position the country for broader economic recovery. Thereafter, the sector will need to develop clarity on <u>how South Africa can outcompete in a market where every destination will be chasing recovery.</u> By extension, South Africa's tourism 'recovery' cannot just mean a return to pre-crisis levels and practices, but rather a growth trajectory that realises the country's vast and diverse tourism potential.

SCENARIOS, OUTLOOK AND TRAVEL POLICY

Current estimates forecast a global re-opening between August 2020 and early 2021. This scenario assumes that the generally observed global recovery trajectory persists and that progress towards enhanced treatments for COVID-19 continues. South Africa itself looks set to emerge more slowly than many regions, although key source markets in Europe and North America are also facing a fragile recovery.

It is therefore likely that tourism recovery will experience a number of phases, from hyper-local community attractions, through broader domestic tourism, followed potentially by regional markets and then the resumption of world-wide international travel. Strong domestic demand will be critical to performance in the second half of 2020, while East Asian, Australasian and some markets in the African continent currently show the most attractive combination of readiness and favourable seasonality to contribute to early demand. All these, dependent on continued stability in transmissions from such markets.

To facilitate gradual re-opening, the tourism sector, guided by the country's Risk Adjusted Strategy, has been pro-active in establishing biosecurity protocols that reduce transmission risk across all sub-sectors and can adapt to changing requirements and best practice. These will be rolled out under a self-regulation framework in conjunction with the government's risk-adjusted strategy and will determine when and how various industries within the tourism value chain are able to resume operations. Further, to ensure that there is a consistent approach between affiliates and non-affiliates of the various business representative groups, Norms and Standards for safe tourism operations will be developed to serve as the minimum safety requirements for operations across the various sub-sectors.

As the world heads towards a new equilibrium, enduring restrictions on global mobility, such as reduced air access, immigration stringency and complex port of entry procedures, are expected to soften travel demand into 2021. While consumer sentiment indicates an enduring desire to travel, education and transparency will be required to underwrite confidence and rebuild trust. Traveller behaviours and the propensity of older segments to travel are certain to shift as a result of heightened health risks. Reduced disposable income resulting from recessionary factors will have further downside implications for demand.

RECOMMENDATIONS

Tourism recovery depends on early, responsible resumption coupled with a compelling and carefully executed strategy for re-entry. The outlook is fluid and necessitates a balanced set of interventions that consider both supply and demand-side support in line with a gradual easing of internal restrictions, ideally timed to coincide with the traditional August-November international booking window. Opportunities to strengthen sector enablement are also apparent.

Three strategic themes are central to South Africa's recovery: Re-Igniting Demand, Rejuvenating Supply and Strengthening Enabling Capability. Underneath these themes, ten strategic recommendations are proposed along with specific actions, timeframes and accountabilities.

Strategic Recommendations

1. Conclude a comprehensive industry/government recovery partnership to collaborate on all aspects of tourism recovery guided by this recovery plan.
2. Government has R200 billion facility working together with the SARB and commercial banks that tourism businesses are encouraged to apply for in order to access liquidity to protect tourism assets, and core infrastructure
3. Introduce national Norms and Standards for safe tourism operations, inspired by globally recognised biosecurity protocols across the value chain to enable safe travel and rebuild traveller confidence
4. Enhance air access and implement an air service development programme to reconnect South Africa to the world
5. Continue to work with sister departments to build on the work already done to increase ease of access into South Africa for the purposes of stimulating the tourism, continue to intensify work on tourism safety using our safety monitors programme and partnership with the police and relevant stakeholders, finalise the introduction of e-visa programme for priority markets and ensure effectiveness in the licensing of tour operators.
6. Catalyse domestic demand through the phases of economic re-opening with informative and inspirational messaging that encourages safe tourism and domestic vacation experiences
7. Execute a global marketing and travel trade programme, targeted at highest-potential source markets (in terms of volume and value) and intrepid travel consumer segments, to reignite international demand
8. Launch an investment and market-entry facilitation programme to stimulate capital investment, sector transformation and product diversification
9. Prioritise cooperation with neighbouring destinations towards a regional value proposition and a seamless visitor experience through contributing the implementation of the SADC tourism strategy
10. Review and transform the tourism policy and institutional architecture to deliver efficient, effective and purpose-led support for sector growth and development

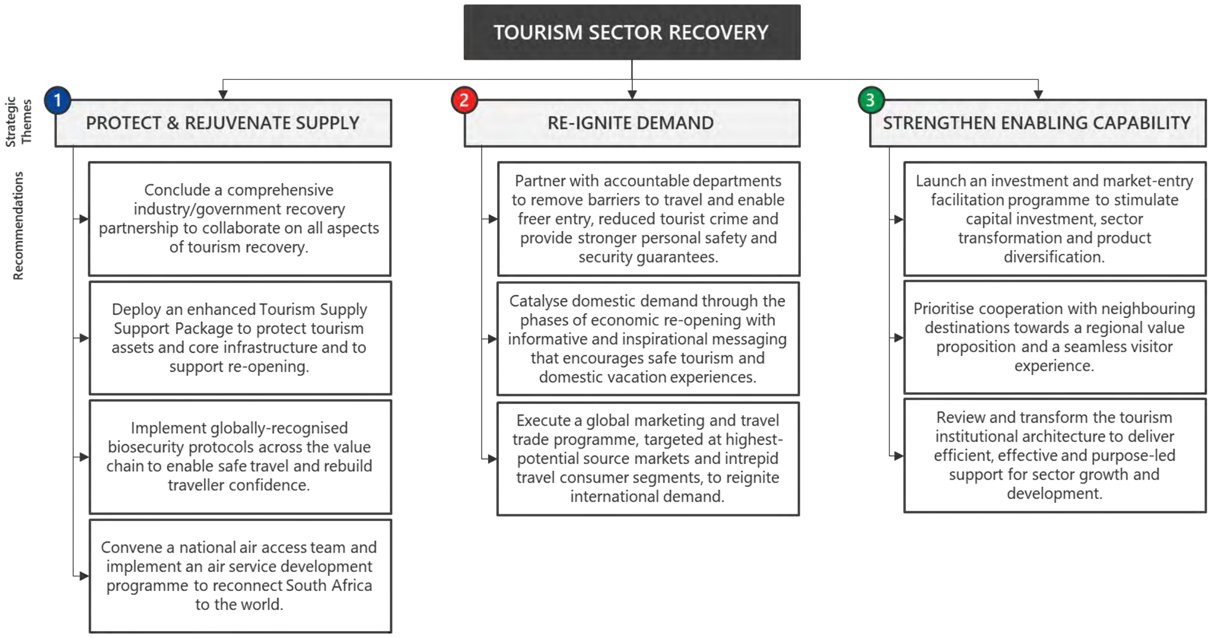


Figure 1: Strategic Recommendations

Protecting and Rejuvenating Supply

Supply-side interventions should initially focus on business continuity risks, aligning the value-chain to new biosecurity standards, preserving air access, as well as investment facilitation and market access.

A number of general business continuity support interventions already exist, while Tourism-specific measures to date include the R200 million Tourism Relief Fund, the waiver on Tourism Grading fees, and the Tourist Guide Relief package to the tune of R30 million. Furthermore, Government has created a R200 billion COVID-19 facility working together with the South African Reserve Bank and commercial banks. This facility can be accessed by businesses in different sectors of the South African economy, this facility will also benefit tourism businesses. To this end, tourism businesses are encouraged to make use of this facility.

To facilitate early and safe re-opening, government welcomes the fact that the sector has established biosecurity standards to reduce transmission risk. These standards align to global guidance, are designed to be rolled out along the value chain within a self-regulation framework and can adapt to accommodate new requirements. Several tourism sub-sectors are therefore candidates for early resumption and initial steps to allow business travel operations to be used as a proof-point for broader re-opening.

Inbound air service and domestic and regional connectivity are critical for tourism recovery. To maximise survival potential, domestic airlines need to resume commercially sustainable operations as soon as it is safe and viable to do so. It is important to point out that domestic air travel has already commenced within the context of government's risk adjusted strategy, albeit in line with the permitted inter provincial movement. The net assessment of airline and route risk suggests that for strategic and commercial reasons the current roster of international airlines operating to South Africa looks reasonably secure. However, a number of airlines and routes appear to be at risk based on 2019 data and the capacity shortfall created by SAA will be substantial in the short-term. An Air Service Development (ASD) programme should be convened to support connectivity to major source markets and develop access to new markets. Strategic partnerships with airlines within the various regions of the world will enhance efforts of recovery. The shall be explored carefully wit(the view to maximize the strategic partnership.

Many tourism businesses will not re-open or will be forced to close. This creates a risk of creating supply constraints and creates two related imperatives; to attract capital investment into the sector, and to further transformation and inclusion objectives in doing so. A concerted focus on supply rejuvenation is therefore required, formalised under a collaborative investment promotion and market-entry facilitation programme. This approach can be highly supportive of transformation objectives if it is underpinned by a focus on enhancing SMME visibility, mobilising multi-stakeholder collaboration, developing community assets and transforming spatial and ownership patterns.

Reigniting Demand

Reigniting demand requires a robust domestic marketing strategy, the agility to respond decisively through an uncertain global re-opening phase and responsiveness to changes in consumer preference that require a focus on intrepid, experiential traveller segments.

Leisure travel appetite post-crisis will be weighted towards the VFR and FIT segments, where authentic, lower-density itineraries will be popular. Higher net-worth, experiential travel consumers, the 'Intrepid Traveller', represent the highest potential segment and one that is common to most priority markets. Consumers will place greater focus on their health and wellbeing and value for money, will avoid crowded places and will plan thoroughly when making travel decisions. The trend towards independent, digital distribution and booking will accelerate. Corporate domestic travel can be expected to revive relatively early, however conventions and exhibitions, which rely on trust and certainty will be amongst the last to recover.

Domestic tourism will initially be oriented towards hyper-local and local experiences, specifically day trips and weekend retreats as well as business travel to critical customers, sites and suppliers. Visitor attractions and experiences will play a crucial role in this early phase, helping to build confidence. The risk adjusted approach by government has started to gradually allow demand to meet supply while balancing this with managing the rate of transmission and the burden thereof on our health system. Building on this, substitution leisure tourism, where South Africans who would previously have travelled abroad choose instead to travel domestically, will represent an opportunity to capture and consolidate new demand. Successfully executing across these first two phases will create the opportunity to structurally change the domestic market as experience-based local travel becomes entrenched and aspirational across a broad base of society.

In a market of scarce resources and uncertain timing, identifying the highest-potential inbound target segments is foundational to the recovery strategy. However, the pandemic is forcing a rethink of segmentation and more than ever, traveller psychology will be driven by universal factors. This presents an opportunity for South Africa to shift to a psychographic-based segmentation to drive differentiation since many competitors will revert to pre-crisis segmentation. 'Intrepid Travellers' are among the highest spending global travellers for whom travel is a significant part of their lives. They are also the segment that is most resilient to perceived issues around security. Recovery marketing should position the tourism brand around the travel values of these segments and align them with the country's exceptional cultural, adventure and natural experiences.

The return of global tourism will see varying rates of recovery in source markets and marketing investment must be carefully conserved to achieve maximum impact through the recovery cycle. This can be best achieved by refining focus to nine overseas priority markets (Germany, the UK, France, China, India, Netherlands, Australia, the USA and Canada) and high-potential regional markets (Tanzania, Kenya, Nigeria and the DRC). A selection of other markets,[1] can also deliver incremental growth, and will need to be carefully considered in the emerging environment.

This targeting strategy, overlaid with re-opening timeframes in each market and a focus on multi-year investment budgeting, discretionary travel and priority consumer segments can optimise resources and fundamentally increase return on investment for destination marketing activities. In conjunction, high-intensity barrier messaging can leverage South Africa's responsible management of the crisis, the health-oriented shift in safety and security concerns and favourable price/value for money conditions to communicate a compelling proposition to potential travellers.

Strengthening Enabling Capability

While not a function of the pandemic, the piloting and roll-out of the proposed e-visa system to simplify the visa and entry process, continuing clarification of birth certificate requirements for minors and the expansion of visa-free entry agreements to cover more source markets remain critical. To this end, we will continue to intensify our efforts in this regard.

From a tourism safety perspective, we will continue to work with the police to continue to deal with hotspots and continue to roll out our comprehensive programme on tourist safety.

[1] Suggested: Uganda, Ghana, Angola, Ethiopia, Botswana, Namibia, Sweden, Italy, Brazil

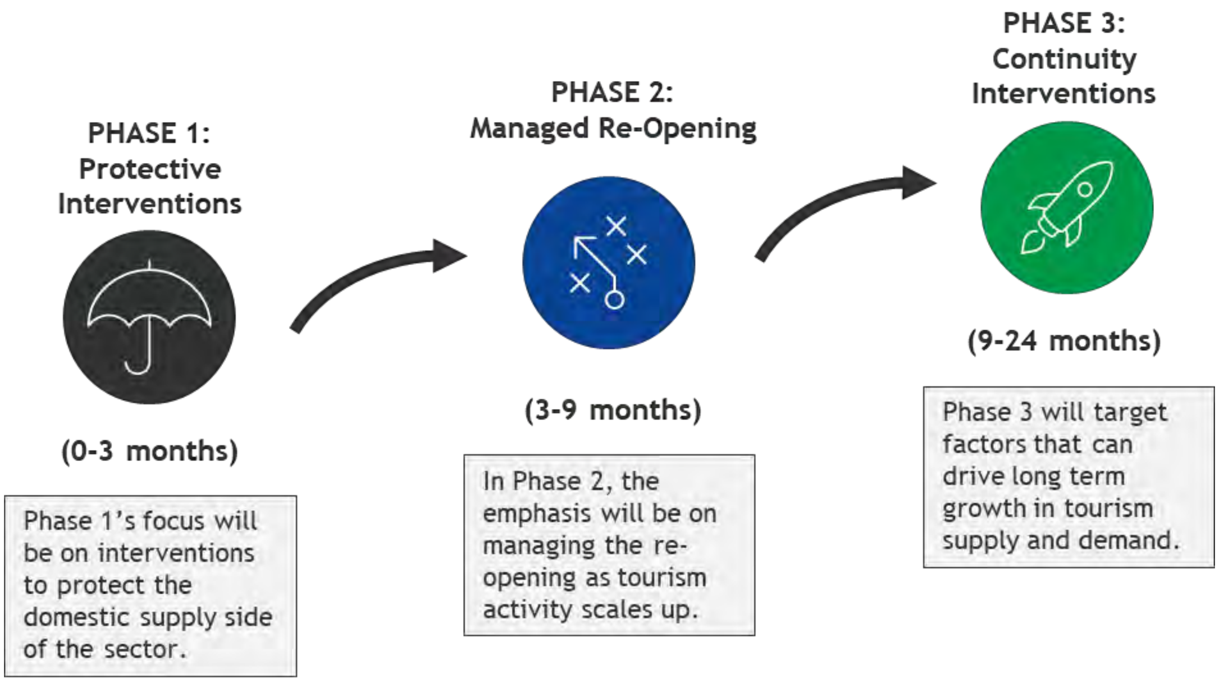


Figure 2: Recovery phases

In combination, these interventions can preserve significant value in the tourism sector and save may thousands of associated jobs. The recommendations also provide the basis for stimulating tourism supply and structurally increasing both domestic and inbound tourism demand. This can preserve some R189 billion of value to 2022, helping the sector to recover to 2019 output levels and, while job losses through the cycle will be unavoidable, employment would be expected to rebound in a similar fashion. In all, it is estimated that the proposed measures can reduce the impact of the crisis on employment by 125,000 jobs. The net impact of the pandemic effects and proposed mitigation measures are summarised in the figure that follows.

It is also important to recognise that growth in tourism promises accessible employment opportunities, geographic diversification and increased foreign currency receipts. The sector has also proven to be resilient through past crises and is therefore a strong contender for investment through the recovery period. To outcompete in a soft and recovering market will require all means available, especially considering the Rand's recent deterioration in value.

Net Impact of Pandemic and Recommendations on Sector Output (R millions)

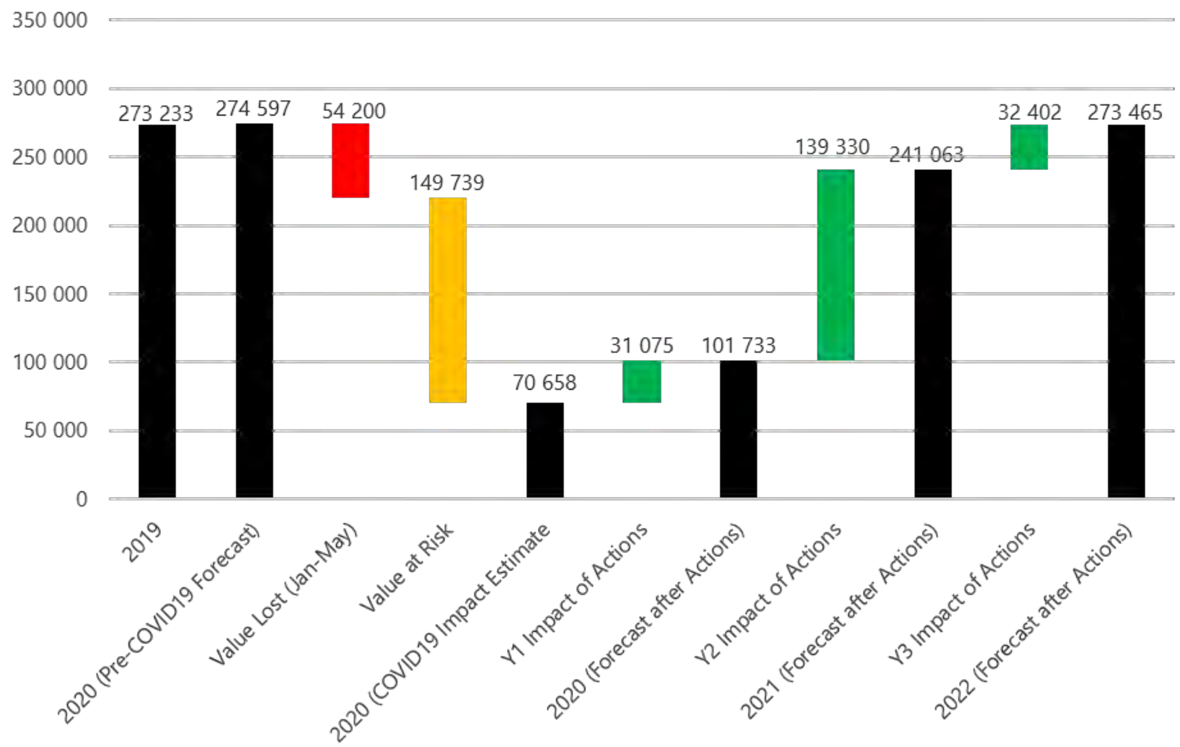


Figure 3: Impact of recovery plan recommendations on sector output (R millions)

CONCLUSION

The socio-economic costs of the pandemic will be a visible scar on the world and South Africa for years to come. As a sector that facilitates mobility and human interaction, tourism has been amongst the hardest hit. Tourism revival in South Africa is critical, not just because of the jobs that it supports, but because, in its resilience and its ability to rebound quickly, tourism can be a catalyst for a broader economic recovery.

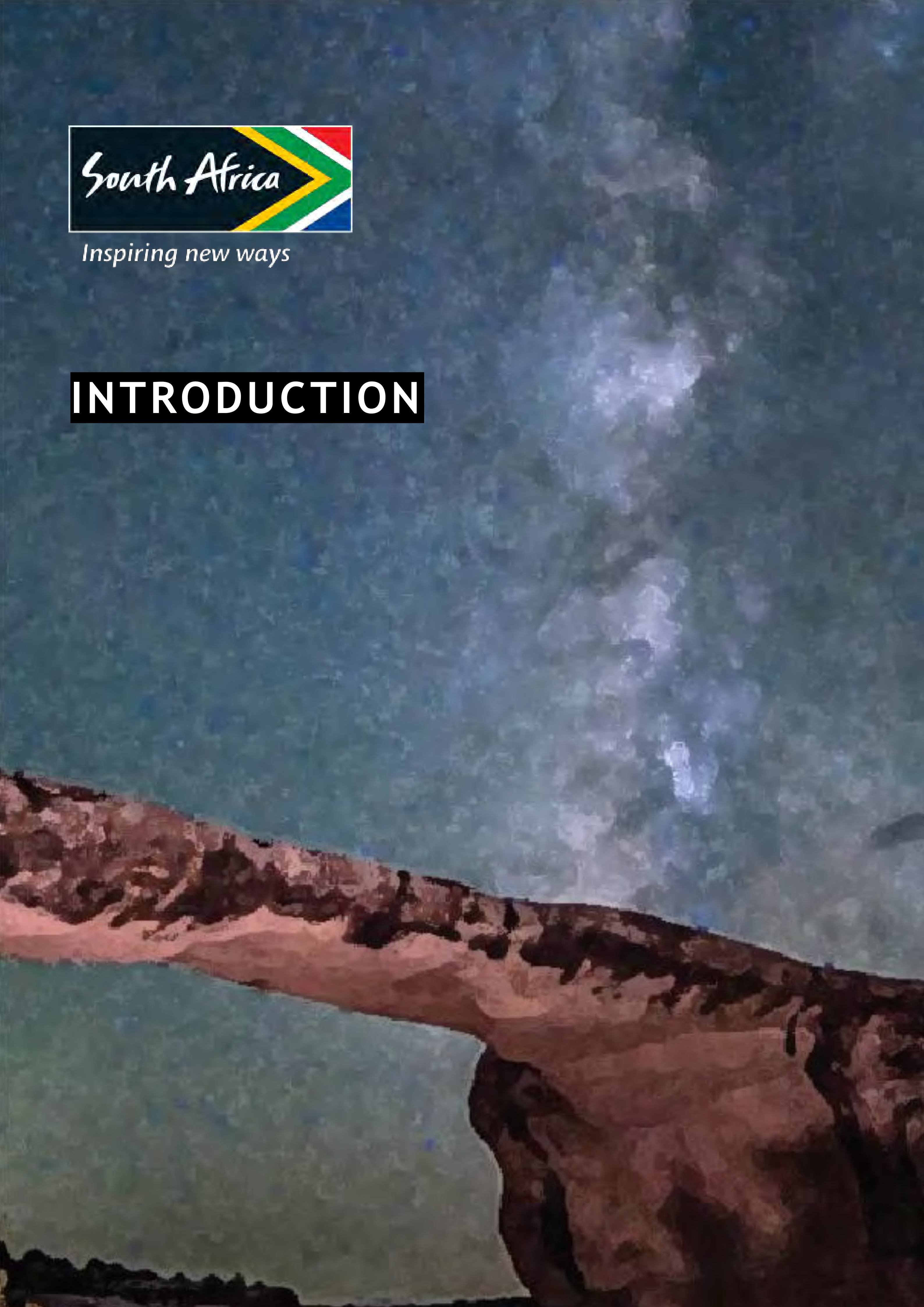
However, the COVID-19 pandemic is global in nature and tourism in South Africa will need to recover while many others are simultaneously attempting to do so. The industry is hyper-competitive and international travellers have a wide range of choice. Outperforming the competitor set will require clear strategic planning and coordinated execution. Above all, success will require trust. The COVID-19 experience has reinforced the mutual interdependence amongst a diverse range of stakeholders. It is now important to capitalise on this momentum.

South Africa can aspire to a tourism proposition that drives growth and development. The sector's potential far exceeds pre-crisis levels and, while the pandemic will have a catastrophic effect on the sector and the broader economy, long-term growth prospects remain undiminished.

South Africa

Inspiring new ways

INTRODUCTION



INTRODUCTION

SCOPE, OBJECTIVES AND ACKNOWLEDGEMENTS

The COVID-19 pandemic of 2020 has had a profound impact on societies and economies across the world. As an industry that facilitates mobility and human interaction, the travel and tourism sector has been amongst the hardest hit. Ubiquitous national-level restrictions have sharply curtailed tourism activity everywhere and the local industry has not been spared. While a gradual re-opening of society is underway, the pandemic in the country has not yet reached its peak and the long process towards recovery is just beginning.

As tourism crises elsewhere have demonstrated, tourism is capable of bouncing back strongly. A rebound is not guaranteed, however, and in the current pandemic every other global tourism destination will be attempting to recover simultaneously. The opportunity presented by this global reset should also not be underestimated; forward bookings have been cleared out, air routes will have to be renegotiated and traveller priorities will change. There may never be a bigger opportunity to fundamentally reposition South Africa as a tourism destination in the eyes of the world.

A clear and differentiated strategy is therefore essential. To capture the opportunity requires an urgent response to the current crisis, but also a recognition of the structural factors that have acted as a drag on tourism growth. By developing plausible recovery scenarios for the return of travel, this report informs the timing, shape and geography of recovery potential. Alongside this, measures to address the structural performance gap combine to direct implementation and the prioritisation of effort and resources.

This document is the product of a collaborative, broad-based and high-intensity effort over April and May 2020 by key tourism stakeholders from both government and the private sector. The approach taken was modular and iterative, allowing for near-continuous development and review throughout the period.

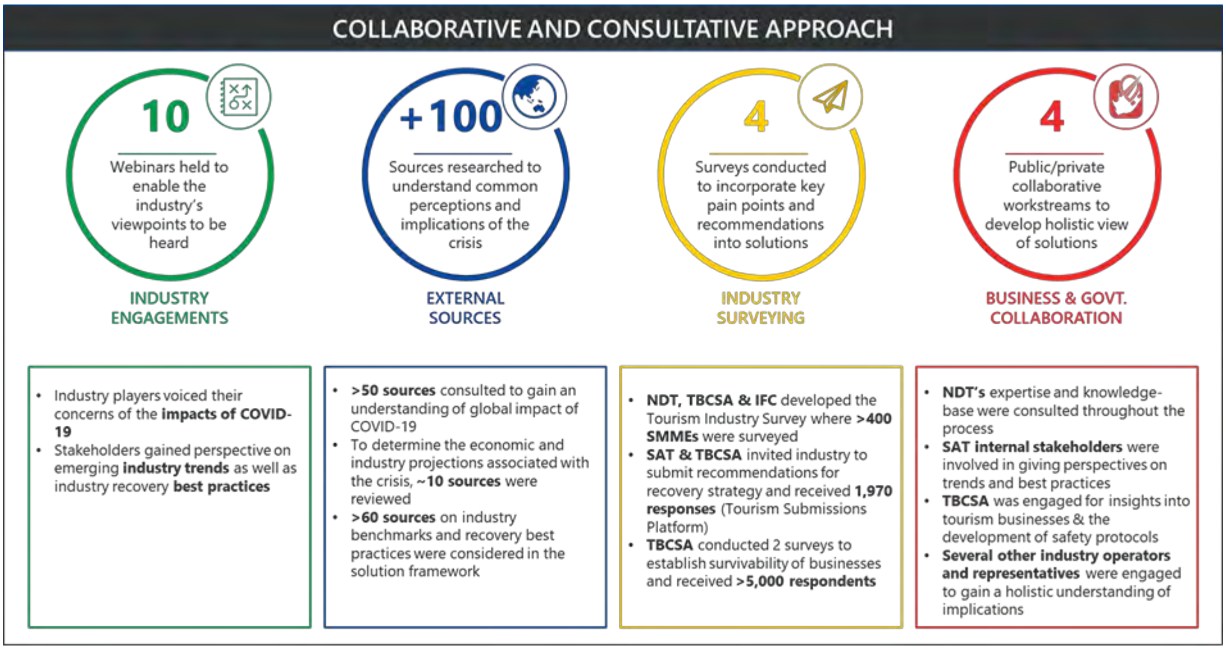


Figure 4: Illustration of the collaborative process

TOURISM IN SOUTH AFRICA

Overview and Economic Contribution

South Africa is geopolitically distinctive and possesses natural and cultural diversity that supports a globally compelling tourism proposition. As the sixth most biodiverse country in the world (African Wild Life Foundation, 2018) and by far the most diverse for its size, South Africa is blessed with 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.

Natural riches are mirrored by a demographic diversity whose ancient roots, deep and varied cultures and complex history combine to create a rich tapestry of human experience. The country's recent liberation from Apartheid and the construction of a multi-racial democratic dispensation is a touchstone for universal aspirations of peace, freedom, equality and dignity. These core differentiators are reflected in a tourism value proposition that offers high-quality, value-for-money experiences spanning wildlife and safari, the scenic outdoors, beaches, adventure tourism, cultural and city lifestyles.

2019 saw 10,23 million international arrivals and 7,11 million domestic holiday trips. The country has two distinct international markets; a land and short-haul regional market characterised by high market share and lower spend per arrival[2]; and a long-haul market where spend tracks source GDP per capita and market shares range from 1 to 3%. African markets account for nearly three quarters of arrivals but less than half of spend. Key global source markets, such as the UK, Germany and the USA, contribute just 1,2 million arrivals annually, but a quarter of total spend.

	SPEND	ARRIVALS
AFRICA	R 34 431 514 535	6,602,000
AMERICAS	R 11 780 832 483	533,000
APAC	R 4 733 653 697	237,000
AUSTRALASIA	R 2 490 378 950	128,000
EUROPE	R 30 465 971 781	2,400,000
MIDDLE EAST	R 51 134 036	3,000
GRAND TOTAL	R 83 953 485 482	9,903,000

Table 1: South African Spend and Arrivals (2019)

Tourism also plays a critical role in the broader South African economy. As a tertiary sector with strong linkages to transportation, other network industries, consumer retail and financial services, tourism's indirect economic contribution is substantial. The sector accounts for 2,9% of GDP (8,6% indirect), supports over 725,000 jobs directly (1,49 million indirect) and accounts for 8,2% of total investment activity (South African Tourism, 2018). Perhaps most importantly, inbound tourism generates some R82,5 billion in direct foreign spend (R126,7 billion total), contributing an equivalent of 9,2% of total national exports. This makes tourism the second most important export sector in the economy. Domestic tourist activity contributes 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 others 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

[2] Short-haul markets, Angola and Nigeria, typically have high spend per arrival, however the regional average is substantially lower than overseas markets.

sub-sector, a number of industries support a diverse range of visitor services and experience. This taxonomy of industry structure has been applied throughout this report and is shown in the figure below along with the respective contributions to output and employment of each sub-sector (Statistics South Africa, 2019).

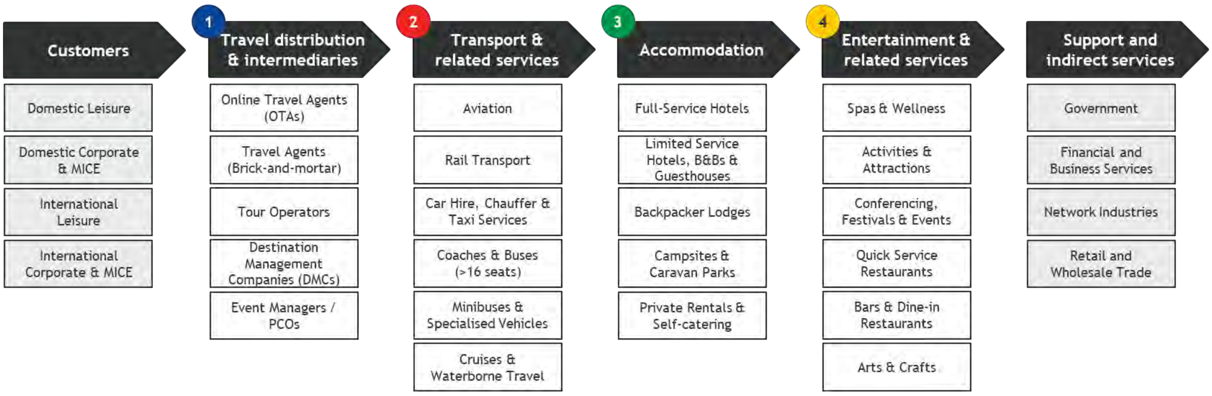


Figure 5: Tourism Value Chain

	Travel Distribution & Intermediaries	Transport & Related Services	Accommo-dation	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%

Table 2: Contribution of each sub-sector to Tourism output and employment in South Africa

While reliable measures of firm size, number and market concentration are limited, the intensive series of industry surveys completed in support of this recovery plan provide some indication[3]. For example, two online surveys run by TBCSA during the course of May 2020 received responses from 1,570 and 3,500 businesses operating within the tourism sector respectively. These responses indicate the significant role and contribution of 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 businesses falling into this revenue bracket.

[3] 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.

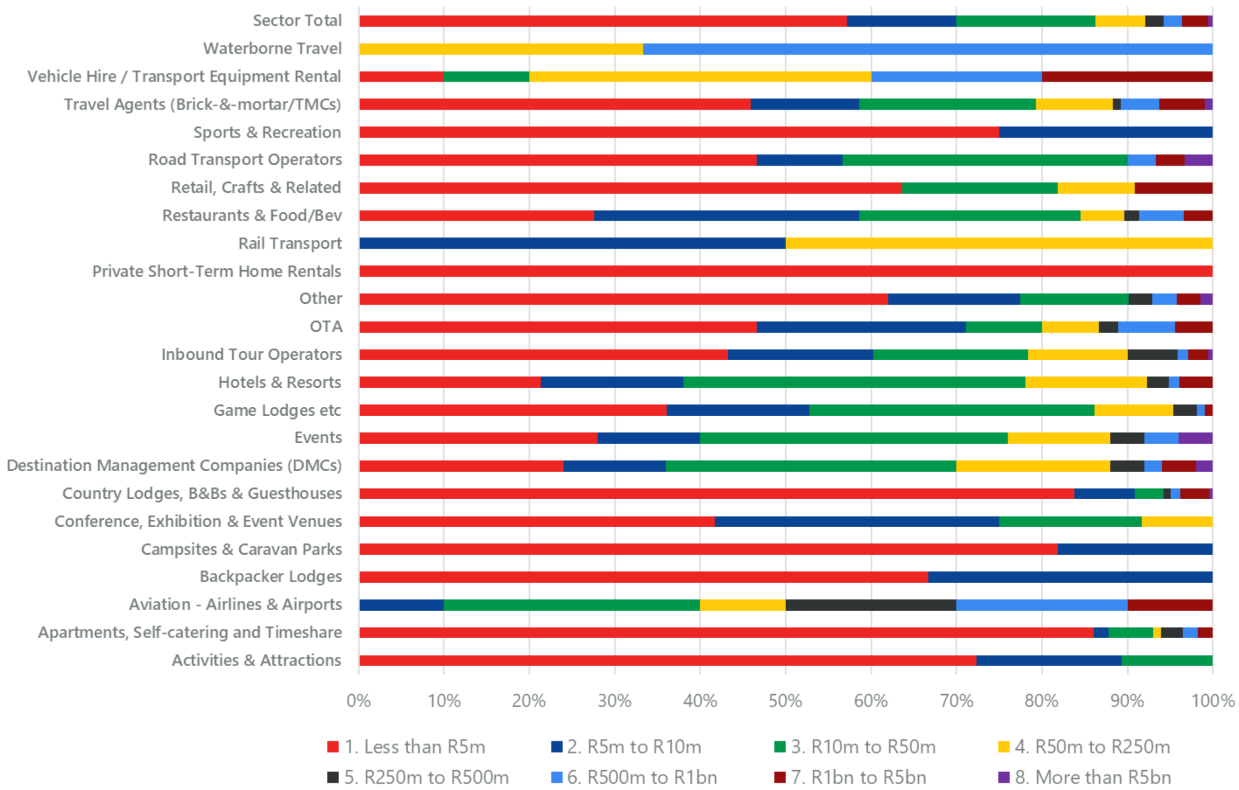


Figure 6: Revenue distribution across the sector (TBCSA, 2020)

Pre-Pandemic Structural Challenges

It is important to recognise that South Africa's tourism base is significant, and the country is already one of the world's most popular long-haul destinations. However, tourism's contribution to economic output and employment is flat on pre-2008/9 levels and global tourism growth has outstripped South Africa's performance in the past decade.

(Arrivals)	CAGR (2008-2019)	CAGR (2013-2019)
Chile	30,0%	27,3%
Thailand	14,4%	7,1%
Australia (pre-wild fires)	8,8%	4,3%
New Zealand	8,1%	7,4%
United States	2,7%	5,6%
South Africa	0,4%	2,0%

Table 3: Comparison of tourism performance per country

The enablers of the tourism value proposition (South African Tourism, 2019); 'value for money', 'wildlife experience' and 'natural scenery' compare favourably against an immediate competitor set of Australia, Brazil, Thailand and Kenya. However, South Africa typically outscores on positive attributes by 5-20%, while being outscored on negative attributes ('safety and security', 'distance from source markets' and 'internal mobility') by 20-35%.

This comparative pre-crisis underperformance presents a compelling case for future growth, particularly when the significant depreciation of the Rand (down by 90% against USD and by 50% against the Euro between 2010-2019), is considered.

Closing the performance gap will demand examination of; reliance on 'traditional' products and markets, the relatively weak domestic tourism base and the global strength of South Africa's nation destination brand[4]. Underpinning these factors is the legacy of exclusion and persistent inequality, which erects barriers to entry, disincentivises innovation and creates policy complexity[5].

International inbound tourism is a sector that has, to a large extent, emerged in the post-Apartheid period and is therefore a product of the democratic new South Africa. Growth in tourism creates accessible employment opportunities, drives geographic diversification of development, and supports rural communities as well as increasing foreign currency receipts, thereby contributing significantly to the expansion of final demand. The sector is therefore a strategic development priority.

[4] Domestic trips dropped by ~13.8% from 2017 to 2018 and fell short of the 2018 target by ~23%. South Africa has, by far, the largest Travel & Tourism industry in Sub-Saharan Africa ranking second regionally and 61st globally on the index

[5] Though the tourism industry is one of the sectors with low B-BBEE non-compliance, black ownership in the tourism sector has reduced from ~41% in 2017 to ~34% in 2018 (B-BBEE Commission, 2019), further entrenching the legacy of exclusion.

THE IMPACT OF THE COVID-19 PANDEMIC

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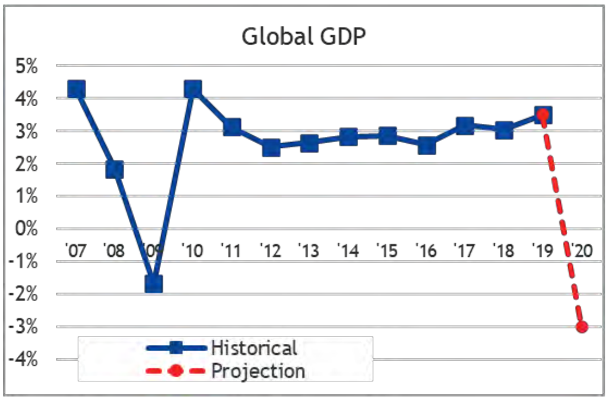
ECONOMIC IMPACT OF COVID-19

Impact on the Global Economy

In the short time from late December, when reports emerged in Wuhan, China, of a deadly pneumonia-like illness that was causing concern, to the beginning of February when the virus, now identified as SARS-COV-2, took hold in Italy and initiated a worldwide lockdown that still endures more than four months later, COVID-19 has had a rapid and far-reaching effect on global society.

There is now near-unanimous consensus that the world economy is facing the most serious challenge of the post-war era as the sudden decline in activity across both advanced and developing countries has created a backdrop of higher unemployment and significant contractions in global output. The International Monetary Fund (IMF) now projects a global GDP contraction of 4.9% in 2020, while the World Trade Organisation (WTO) has forecast negative global growth of nearly 9% for the pessimistic scenario, and a decline in merchandise trade of between 13% and 32% in the optimistic and pessimistic scenario, respectively. UNCTAD's Global Investment Trend Monitor expects foreign direct investment to fall by between 30% and 40% in 2020–2021. African growth prospects are similarly dire, with output expected to decrease by 3-8% and price inflation and food security risks widespread, as expressed by McKinsey & Co. (2020) and the World Bank (2020).

The impact of the virus has also resulted in tighter financial markets with increased credit risk aversion. This has prompted central banks to engage in liquidity injections in their respective economies so as to avert a systemic liquidity crisis. Bond and equity flows from developing countries have increased sharply and commodity prices have experienced severe downward price pressure due to collapsing global demand (BIS, 2020). Emerging markets are also projected to experience negative real growth rates for 2020, with the Latin American and Caribbean region projected to grow at -5.2%, Middle East and central Asia at -2.3% and Sub-Saharan Africa at -1.6%.



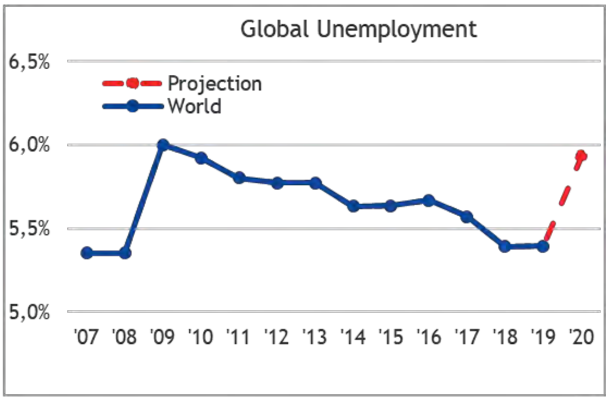


Figure 7: Impact of COVID-19 on global GDP and Unemployment (The World Bank , 2020)

The crisis has impacted both labour supply and demand efforts to contain the spread of the virus which has disrupted production flows, caused demand for non-essential goods and services to plummet, and forced enterprises to suspend or scale down operations (ILO, 2020). The International Labour Organisation (ILO) estimates that lockdown measures have affected almost 2,7 billion workers globally, around 81% of the world's workforce, and that an additional 25 million people may find themselves unemployed as a result of the crisis. The 2,5% fall in global working hours experienced in Q1 2020 translates to a fall equivalent to 130 million full time jobs. The hardest hit sectors include wholesale and retail trade, manufacturing, accommodation and food services and real estate, while entertainment, recreation and transport have also been severely impacted.

Impact on the Domestic Economy

South Africa entered 2020 with weak consumer demand, high and increasing government borrowing, one of the highest unemployment rates in the world, unstable network infrastructure and an enduring legacy of inequality and economic exclusion. GDP growth in 2019 was just 0,3%, a further contraction from the 0,8% registered in 2018, and the official unemployment rate was 29,1% in the third quarter of 2019. The pre-crisis growth outlook for 2020 was 0,9%.

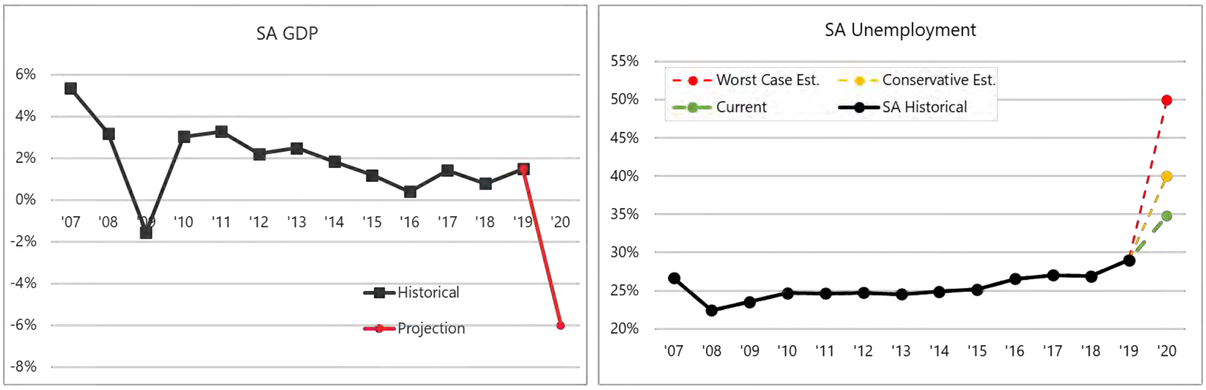


Figure 8: Impact of COVID-19 on South African GDP and Unemployment (National Treasury, 2020; South African Reserve Bank, 2020)

The country's first official case of COVID-19 was recorded on the 5th of March 2020. A rising infection count in the following days prompted the government to implement a National State of Disaster and a 21-day lockdown, which was subsequently extended by two weeks. During this period, the National Coronavirus Command Council was established by President Ramaphosa and a five-level risk-adjusted strategy adopted to coordinate the state's health and economic response to the pandemic[6]. At the time of writing, lockdown conditions have been in effect for more than 60 days, with the step-down from Level 4 to Level 3 on June 1 set to remove a number of restrictions on mobility and economic activity.

In formulating its response, South Africa was able to draw on emerging best practice from Asia and Europe. The revised World Economic outlook projects that the South African economy will contract by 8% in 2020 due to the impact of the coronavirus and be on a path to recovery with a projected growth rate of 3.5% in 2021. In April, almost 20% of businesses surveyed reported short-term layoffs, with many more likely to follow (Statistics South Africa, 2020).

The Business Impact Survey of the COVID-19 pandemic in South Africa found that 46.4% of businesses reported that they had to temporarily close or pause trading activity, 23.8% of respondents indicated that they experienced a decrease in accessing financial resources, with 28.3% reporting a decrease in working hours and 19.6% of the businesses reporting to have laid off workers in the short term. The survey also indicated that a significant percentage of business that participated in the survey cannot absorb the shock of an extended period of time without generating turnover, with 54% of businesses indicating that they could survive without turnover between one to three months. The labour market also experienced a fall in the demand for labour induced by drastic fall in capacity utilisation. Businesses have absorbed this shock through the reduction of labour time and short-term layoffs (Statistics South Africa, 2020).

To counter the economic crisis created by the pandemic, the government announced a R800 billion stimulus package including both fiscal and monetary measures. Measures included an extraordinary health budget, programmes for the relief of hunger and social distress, support for companies and

[6] See following section for further discussion

workers and a R200 billion guaranteed loan scheme to supply liquidity to distressed businesses supported by National Treasury, the SARB and the major commercial banks.

TOURISM IMPACT OF COVID-19

Impact on the Global Tourism Economy

International travel volumes began to decline as the pandemic spread in February from its initial epicentre in China. By March, global arrivals for the first quarter were down 57% year-on-year and international travel is now forecast to fall more sharply than GDP for the year. While Africa and the Middle East initially saw less of a decline, the effect of global border closures has effectively brought global tourism to a complete standstill.

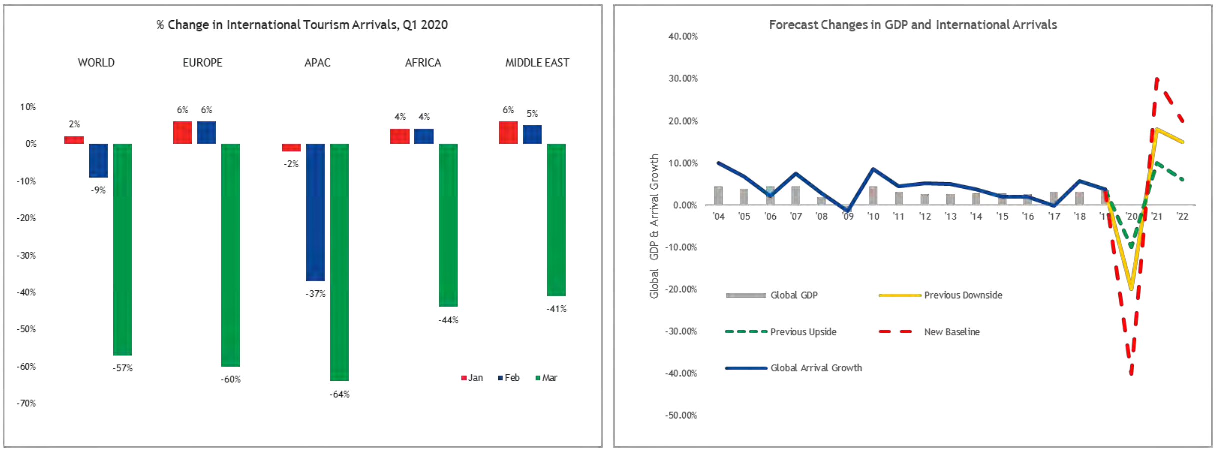
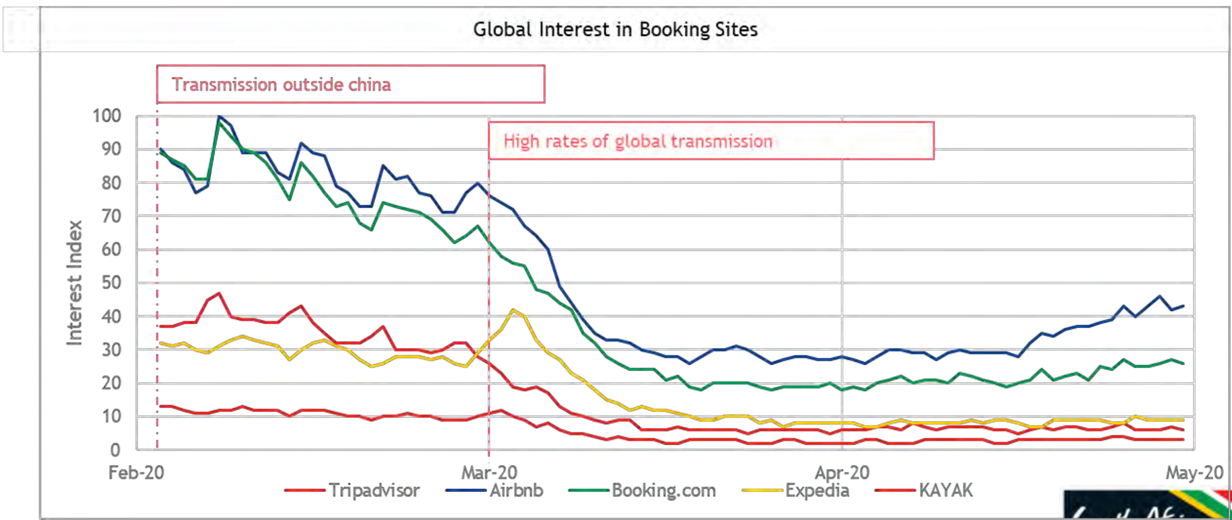


Figure 9: Impact of COVID-19 on International Tourism Arrivals and GDP (UNTWO, 2020), (Tourism Economics, 2020)

The UNWTO indicates that 100% of global destinations continue to have restrictions on travel in place, and 72% have completely closed their borders for international tourism. As a result of COVID-19, the projections released by the UNWTO on 7 May 2020 indicate that International tourism is down by 22% in quarter 1 of 2020 and could decline by 60% to 80% for 2020. The quarter 1 performance resulted in 67 million fewer international tourists, which translated into a loss of US$80 billion in exports.

These impacts have been felt across the tourism value chain. For travel distribution and intermediary businesses, the significant deterioration in the forward book has disrupted cash flows. With many cancellations now needing to be processed and very little insurance payouts coming through, all are struggling to maintain the liquidity needed to reimburse consumers. International air traffic has been reduced by more than 80%, with associated airport revenues having declined by at least 45% (Fortune, 2020). In the accommodation industry, hotels that are open are typically running at below 20%



occupancy. In the United States alone, restaurants are expected to register $255 billion in losses in just three months while the jobs of 7 million employees are at risk.

Figure 10: Global interest in Booking sites (Google Trends, 2020; WHO, 2020)

Similarly, activity on international booking sites declined gradually over the course of February, followed by a drop off of as much as 80% in March when global transmission rates accelerated. As at the end of May, some sites, specifically Airbnb and Booking.com, have been experiencing a gradual increase in interest since April. As of late April, consumers in India, China and the U.S. shared a significantly positive post-COVID economic sentiment, indicating a higher likelihood of returning to normal activity, including travel. Japan, South Korea, Italy, France, Spain and the UK all share a relatively negative sentiment which may indicate a reluctance to travel post the crisis (McKinsey & Co., 2020).

Social media analysis shows that travel is currently relatively low on the agenda for consumers, with medical breakthroughs, protocols and screening likely to increase willingness to travel. Approximately one-third of consumers indicated that they would return immediately to regular activities (including the use of hotels and airline travel) if that was a possibility, while another third is waiting for a medical breakthrough (vaccine or treatment). With assurances that it is safe to do so, 57% would go on an overnight trip within three months.

More than half (55%) of business travellers expressed that health screenings at public venues would have an extremely positive impact on their willingness to visit (compared to 42% for leisure travellers). More than half of travellers would be open to participating in medical screenings (temperature check and/or swab test) upon entering a hotel or casino, but a sizable minority would refuse or seek other locations (Engagious, 2020).

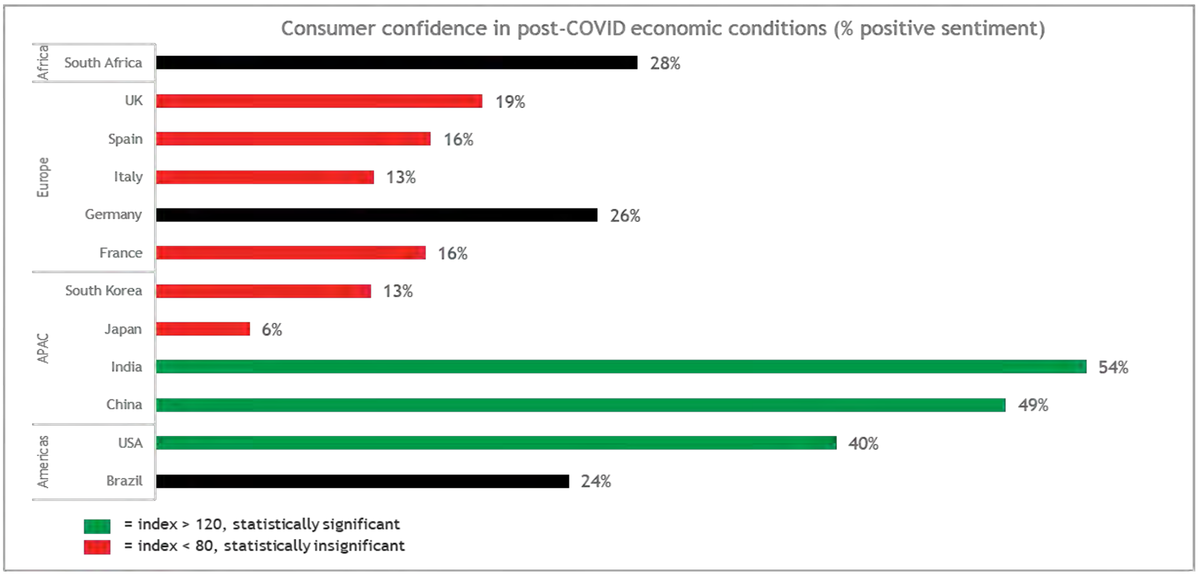


Figure 11: Consumer confidence in post-COVID economic conditions

<u>Impact on the South African Tourism Economy</u>

The pandemic has devastated the global travel trade and South Africa has not been spared. By late March, hotel occupancy which was down 50% year-on-year and, with the rest of the sector, has declined further to effectively under 5%, mainly serving as quarantine and isolation sites and providing for essential services workers at level 5 of the Risk Adjusted Approach.. Hoteliers large and small have closed establishments, airlines have ceased operations and attractions remain shut. As such, many businesses may not survive the pandemic.

Behaviour on booking sites in South Africa has largely reflected global trends; Airbnb experienced a 77% decline in traffic from a peak in March, with Booking.com seeing an 80% decline over the same period. The stage of the country's pandemic, with infection rates still increasing and tourist activity restricted, means that booking interest is yet to show noticeable signs of recovery.

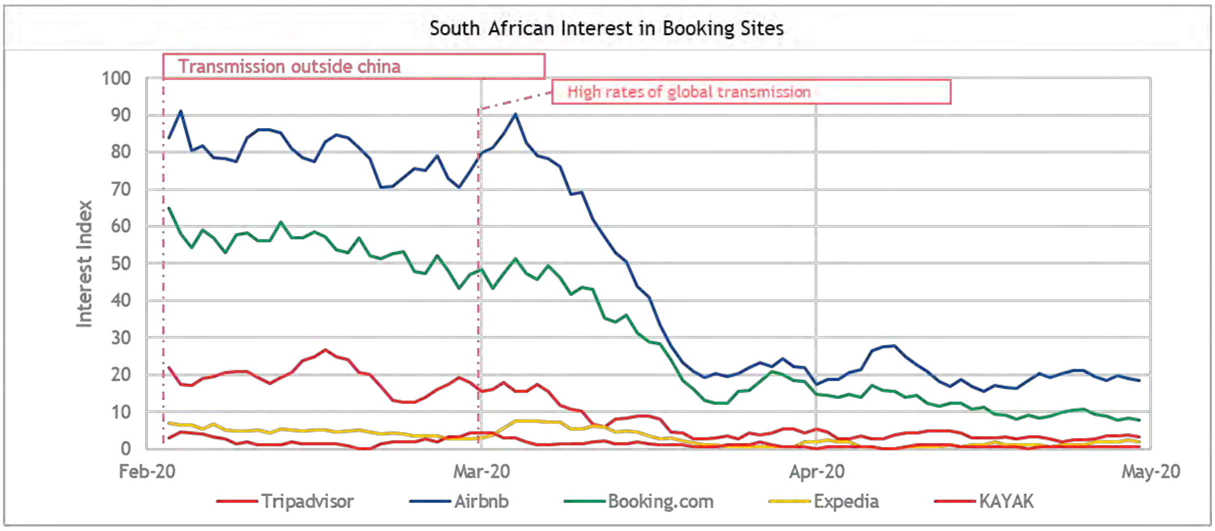


Figure 12: Local interest in booking sites (Google Trends, 2020)

With limited business-related activity now allowed from 1 June, and a gradual return of domestic leisure tourism expected through to July, the industry is facing up to five months (March-July) of highly restricted activity and a further seven months of substantially reduced demand. The implication is that tourism could operate at less than 25% of normal levels across 2020.

Some 50,000 businesses have closed temporarily with many in danger of closing permanently, putting nearly 600,000 jobs at risk. 58% of surveyed firms reported being unable to service their debt and 54% were struggling to cover fixed costs at the end of March. Initial actions have included downscaling and booking deferment, with reduced wages initially being favoured over furlough and redundancies.

About 50,000 companies with 600,000 employees benefited from the Unemployment Insurance Fund's (UIF) Temporary Employee Relief Scheme (TERS) support. It is for this reason that the announcement by the Minister of Employment and Labour of extension of TERS for August is highly welcome.

A series of industry consultations, in the form of webinars and targeted surveys have surfaced several critical risks and pain points along the value chain. For travel distribution, information and booking intermediaries, converting cancellations into postponements has preserved some value in the forward book, however, the certainty attributable to this revenue is very low and the time and cash costs of servicing high refund volumes has been significant. The shift of consumer activity online has supported online businesses at the expense of 'brick-and-mortar' organisations, while travel restrictions have altered the balance of focus between domestic, outbound and inbound travel.

In the transportation industry, aviation, road, rail and waterborne businesses are typically volume-driven operations based on low margins and high fixed costs. Significant revenue impacts therefore result in near-immediate sustainability challenges. The prospect of legally constrained demand alongside the additional costs of biosecurity compliance through the early recovery phase therefore combine to create severe business continuity risks. ForwardKeys estimates a forward-bookings decline of 49.4% from April-September 2020, with the second half of this period showing signs of slight recovery at present.

Accommodation owners have felt the effects of long-term disintermediation by agents and intermediaries. Customer deposits and pre-payments due to establishments have, in many cases, been withheld as the liquidity crisis has rippled through the value chain. The strategic imperative to regain greater control of distribution and marketing post-crisis has therefore become one of both competitiveness and strategic risk management. Like the transportation sector, accommodation establishments are faced with constrained demand and higher operating costs, while having to adjust pricing and marketing to better target the domestic consumer base. The table below summarises the collapse in demand and the intensification of cancellations experienced across the industry in March and April.

	Percent Change from April 2019					
	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold
South Africa+	-65,9	-32	-76,8	-95,5	-80,6	-93,4
South Africa 5 Stars+	-58,4	-53,5	-80,7	-94,8	-73	-88,8
South Africa 4 Stars+	-64,7	-35,4	-77,2	-94,8	-77,2	-92
South Africa 3 Stars+	-76,8	-16,2	-80,6	-96,7	-82,9	-96
	Percent Change from March 2019					
	Occ	**ADR**	**RevPAR**	**Room Rev**	**Room Avail**	**Room Sold**
South Africa+	-45	-4,2	-47,3	-47,5	-0,3	-45,2
South Africa 5 Stars+	-49,5	-5,8	-52,4	-52,1	0,6	-49,2
South Africa 4 Stars+	-44,3	-2,9	-45,9	-45,9	-0,2	-44,3
South Africa 3 Stars+	-44,5	0,7	-44,1	-44,6	-0,8	-45

Table 4: Year on Year Percentage Changes for Hotel Rooms in South Africa

Across entertainment, events and attractions, many operations that rely on large gatherings or non-mandatory business travel saw demand tail off early in the global pandemic and will be some of the last to be allowed to resume operations. Many attractions will now need to consider how they understand new potential visitor segments and how they rework budgets to accommodate the costs of compliance.

Impact Modelling

To properly baseline the pandemic's impact, a modified dynamic input-output table was used to model the effect of exogenous changes in tourism spending on final demand. The analysis approximates COVID-19 impact on tourism at the subsector level and enables estimation of income and employment levels based on proposed interventions or stimuli.

The model uses Tourism Satellite Account (TSA) for South Africa (2019) and Domestic Tourism Survey (2019) data to develop a coefficient matrix for the domestic and inbound markets, split across the 12 major Tourism sub-sectors as specified in the TSA (2019). Supply and demand input variables enable the impact on projected revenue under various scenarios to be assessed[7]. This approach enables specific answers to be developed to policy questions such as: the short, medium and long-term effects on revenue, likely associated job losses and the sub-sectors and regions that are most at risk.

To standardise input assumptions across a wide variety of variables and different scenarios, a supporting supply/demand input model was developed. This model draws on survey data gathered during the project phase (TBCSA, 2020) to simulate demand and supply inputs based on permissible demand under the risk-adjusted strategy, tourism product supply based on survival estimates given 'no revenue' conditions and potential demand suppression as a result of consumer reticence to travel. The supply/demand input model also accommodates specific assumptions developed to quantify the recommendations presented in the following section.

Before the pandemic effects became apparent, expectations were that the sector would enjoy something of a rebound year in 2020. Anecdotal accounts suggest that 2019/20 had started well, bookings for the remainder of the season were strong and operators were looking at healthy demand for the 2020/21 season to follow. SA Tourism was similarly targeting 8,7% year-on-year growth in inbound arrivals. This generates a base pre-COVID-19 scenario of total internal tourism expenditure (inbound and domestic) for 2020 of about R273 billion.

As the scale of the crisis grew in the early months of 2020 and the realities of worldwide virus transmission became apparent, global demand began to soften, and the hard travel restrictions implemented between February and March abruptly curtailed tourism activity. The impact of this hard stop in terms of value already lost between February and May is estimated at R54,2 billion.

The prevailing outlook for sector re-opening has been driven by government's risk-adjusted strategy, which initially indicated full domestic re-opening in Q4 2020 and inbound re-opening in early 2021. Under this scenario, and before President Ramaphosa's decision to take the county down to Level 3 on 1 June, the forecasted revenue loss for the remainder of the year was R149,7 billion, with as many as 438,000 jobs likely to be lost.

[7] See appendix for methodology

EPIDEMIOLOGICAL SCENARIOS

EPIDEMIOLOGICAL SCENARIOS

SCENARIO DEVELOPMENT

Three dimensions of the pandemic will determine how the tourism industry is able to recover. These are the shape of recovery, geographic variation and new equilibrium conditions. While many variables remain fluid, it is necessary to develop scenarios that enable forward planning while retaining the ability to adapt dynamically to new inputs as fresh data becomes available.

The shape of recovery will be determined by the depth and duration of the pandemic and the rate at which economic and social activities are then able to return. Until very recently, real data on pandemic recovery was limited to that available from China. In Hubei Province, a 60-day lockdown period was required to bring new reported cases down to zero. Occupancy rates across Mainland China, which dropped to 10% through the peak of the crisis, began to gradually increase once transmission slowed and have doubled in each of the months since.

South Korea, by contrast, experienced two infection waves, both of which were quickly contained through travel restrictions and robust testing. Singapore was similarly able to contain transmission relatively early but grappled with a second infection wave while attempting to re-open its economy. Australia, a destination competitor, responded quickly to developments in East Asia, was able to contain transmission and has experienced a relatively fast recovery from the pandemic, enabling the easing of restrictions.

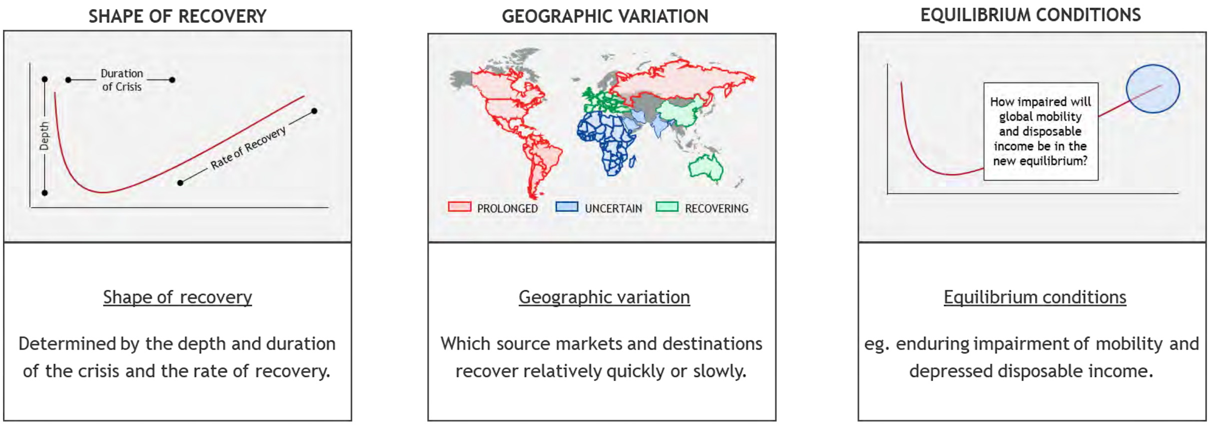


Figure 13: Three dimensions of the pandemic

It is therefore clear that the pandemic's trajectory will differ across countries and regions. How and when key source markets and competitor destinations emerge will, therefore, strongly influence the shape of South Africa's recovery. The new equilibrium conditions that result from the global pandemic will also have bearing on the tourism recovery. Enduring restrictions on global mobility can reduce aggregate travel supply and also negatively impact consumer travel appetite. Changing consumer preference may cause prospective travellers to substitute out of tourism in favour of other goods and reduced disposable income as a result of prolonged recession will have downside implications for travel demand.

As of the end of May 2020, global infections are concentrated in Europe and the Americas, with many parts of Asia showing signs of recovery. Africa is still in the early stages of the pandemic with limited and variable testing regimes in the region making it difficult to assess the real extent of infections.

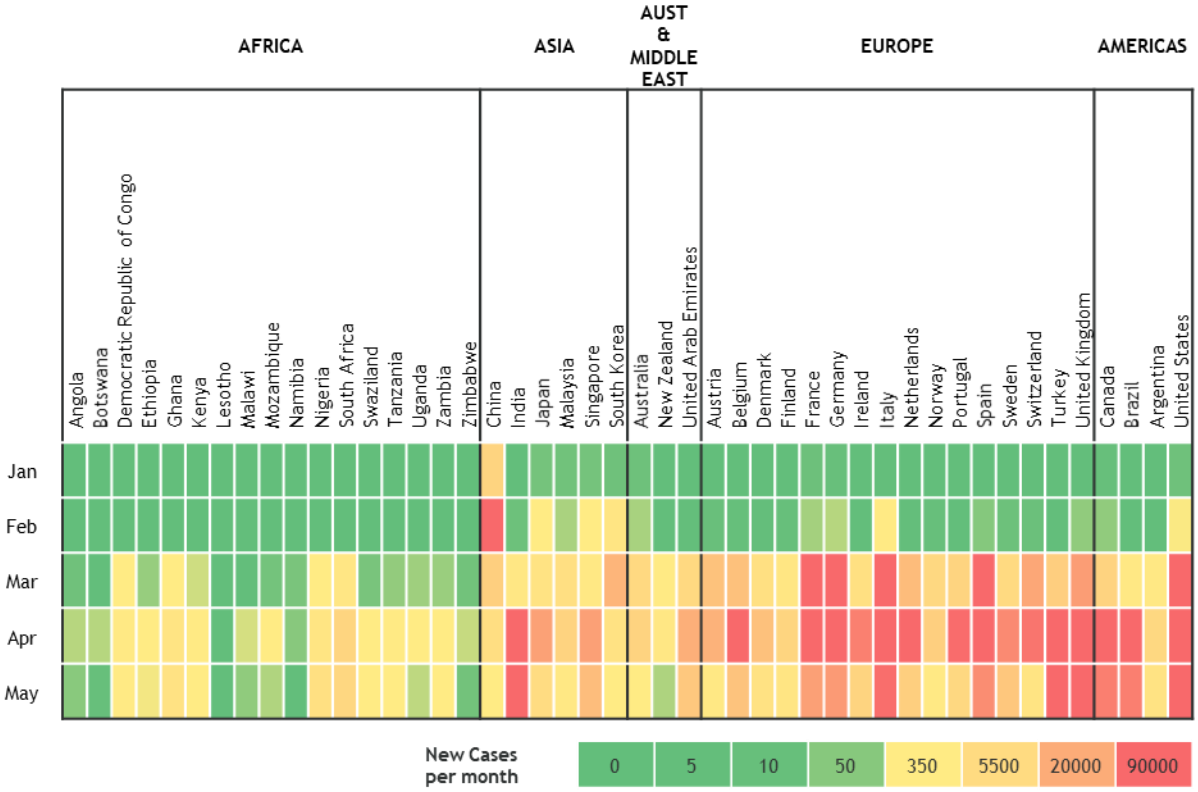


Figure 14: Heatmap of pandemic situation for South Africa's source countries

Across East Asia and Australasia, China and South Korea are well into the recovery phase, while Japan and Malaysia are approaching the tail end of their initial infection curve. Australia and New Zealand acted fast to contain the crisis and are now in recovery, while the UAE, India and Singapore continue to experience rising rates of infection[8].

In Europe, countries are beginning to recover from the crisis with a general decline in cases per day being observed. Sweden and the UK continue to see high rates of transmission and associated mortality. The Americas continue to experience high rates of infection with the general epidemiological trajectory not having made significant strides towards recovery. While the United States now appears to have reached its peak, the early stages of recovery have proven slow and fragile. In Latin America, case growth in Brazil, Ecuador and Peru is of particular concern and the region may become the next epicentre of the pandemic.

Closer to home, sparsely populated neighbours, Namibia and Botswana, have experienced limited transmission thus far and are already beginning to re-open for domestic leisure tourism. By contrast, Zambia, Angola and Nigeria are all continuing to see accelerating infection rates. Across the region, limited testing and unreliable reporting are likely to hamper attempts at uniform regional re-opening, however, selective bilateral agreements may become possible as the pandemic unfolds. A summary of the virus trajectory and phase of pandemic (recovering, near-recovery, crisis phase) for South Africa's key source markets is provided below.

[8] Graphs indicate 10-rolling case average per million therefore Y-axis not shown.

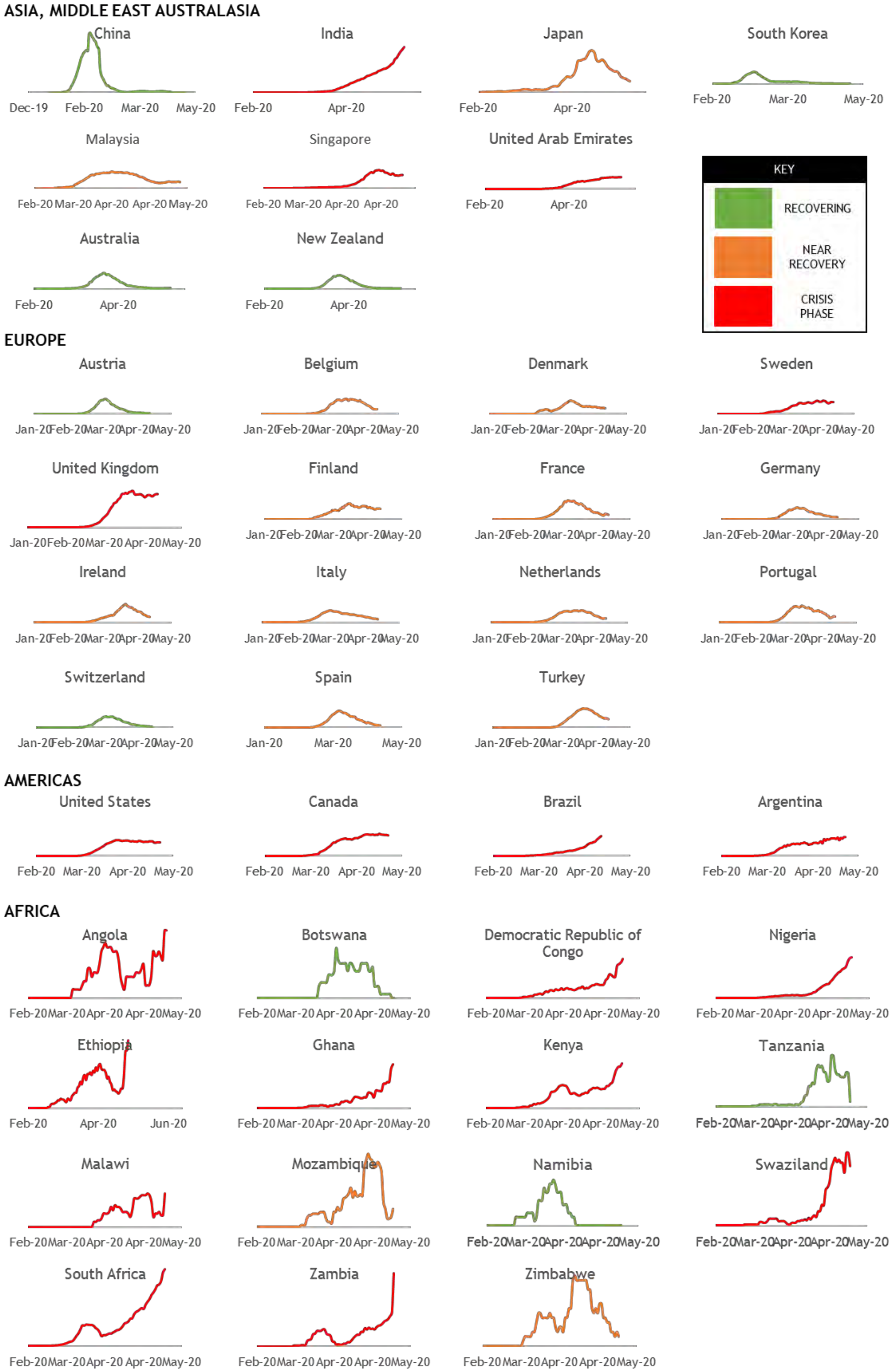


Figure 15: Pandemic shape of source countries (end-May 2020)

To simulate the likely timing and sequence of source market re-opening, forecasts were developed for South Africa and its 44 primary source markets[9].

Pandemic data for individual countries was sourced from OurWorldInData[10] and manipulated to obtain the pandemic duration, maximum number of deaths per day, date of peak daily mortality and days since peak daily mortality. Date of peak daily mortality and peak value had to be determined for each country and if a country had not yet reached its peak, these were estimated either by extrapolation or by setting a peak number and peak factor. A linear recovery equation was found for three benchmark countries; South Korea (plateau), China (steep) and the United States (very steep). Based on the shape of each country curve, the appropriate benchmark equation was applied to determine when the country could be expected to reach zero daily deaths. Gradients and limitations were adjusted to apply more optimistic or pessimistic assumptions and develop alternative scenarios. An example of the model output is included in the figure below.

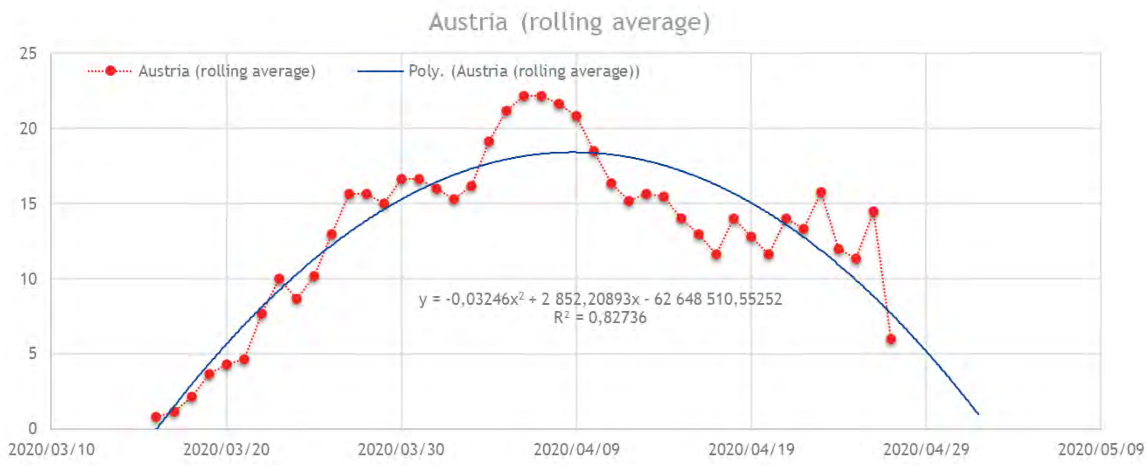


Figure 16: Example of how extrapolation was used to estimate the peak of source countries

Lastly, using China as a benchmark, where it took 60 days to open partially and a further 30 days for full domestic opening, the Oxford Lockdown Stringency Index (LSI) was used to approximate the number of days it would take from the point of recording zero daily deaths to full opening per source country. It must be noted that the risk of second-wave infections in re-opening countries currently remains the most critical unknown variable. While a lack of data makes this 'w-shaped' eventuality difficult to model, the likely extended crisis timeframes that such an outcome would entail are catered for in subsequent scenarios discussed below.

GLOBAL SOURCE MARKET SCENARIOS AND TRAVEL POLICY

The result is a forecasted global re-opening between August 2020 and early 2021. This scenario assumes that the general observed recovery trajectory persists and that progress towards enhanced treatments for COVID-19 by the end of 2020 continue, with an accessible vaccine coming to market by the end of 2021. Since indications of international border re-openings remain speculative at the time of writing, these dates represent the earliest likely date at which international travel will resume.

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[9] Note: At the time of analysis there was insufficient data to estimate the recovery for Nigeria, Angola, Ethiopia, Zambia, Uganda, Malawi, Namibia, Zimbabwe, Botswana, Mozambique and Swaziland

[10] A Harvard-based open data source platform

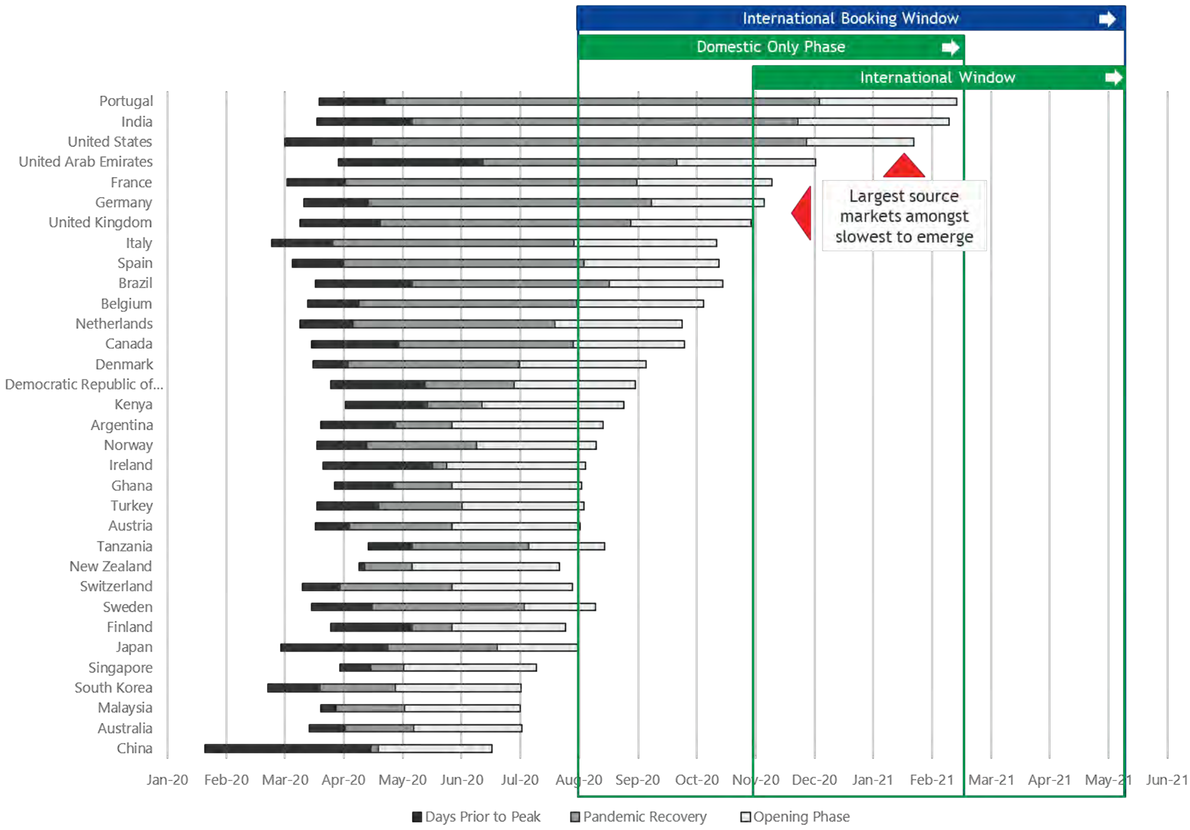

Figure 17: Core forecast of when international travel will resume for source countries

From this scenario, likely booking windows and domestic and international travel windows can be inferred and this produces two notable implications for demand generation. Firstly, South Africa's traditional overseas booking window will be critical to recovery. This period runs from August – November each year, with actual travel happening an average of four months later from the time of booking.

In 2020, the window may well correspond to the global re-opening phase and the period from when many markets will be able to travel again. Since seasonality and the societal structure of holidays and traditional leisure periods will not change much as a result of the pandemic, it can be expected that this window will remain relevant in the post-COVID-19 travel market. Successfully planning and executing marketing initiatives for the booking window should therefore be seen as a critical success factor.

	BOOKING PERIOD - SA											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Europe	Booking Peak		Media					Booking Peak				Media
Americas	Booking Peak				Media			Booking Peak				Media
South America			Booking Peak			Booking Peak				Booking Peak		
North Asia	Booking Peak			Media	Booking Peak		Media			Booking Peak		Media
South Asia	Booking Peak			Media	Booking Peak		Media			Booking Peak		Media
Australasia		Booking Peak					Booking Peak			Booking Peak		
Africa Air	Media											

Figure 18: Booking window of each Region for South Africa

Second, East Asian, Australasian and some African markets show the most attractive combination of readiness and favourable seasonality to contribute to recovery. While the outlooks for Singapore, India and parts of the Middle East remain uncertain, China, South Korea, Australia and New

Zealand will all be at the forefront of the global re-emergence. Japan and Malaysia currently appear to be on track to join this grouping. In Africa, with Namibia and Botswana having experienced very limited total infections thus far, the dilemma facing these neighbours is whether to open their borders to revive their economies and risk a far worse incidence of the pandemic. Suggestions of creating 'safe' groupings of countries to facilitate easier international travel in a shorter time frame are likely to gain momentum as the viable window draws nearer.

What is clear is that traditional core source markets in Europe, the United Kingdom and North America are likely to be some of the last to emerge from the crisis. In order to salvage the Northern Hemisphere summer season, many European countries currently in the early phases of recovery are exploring aggressive re-opening timeframes. Greece has announced that it will re-open for foreign tourists on 1 June and Spain has said it will do so on 1 July. While this policy may bear fruit, there is also a high risk attached that transmission increases once again as mobility restrictions are removed.

The risk of localised or global reinfection waves continue to threaten the global economic recovery and the strength and consistency of projected recovery profiles therefore come with low levels of certainty attached. As countries begin the process of re-opening, there remains a strong likelihood that trajectories out of lock down conditions will prove far more fragile than hoped and that contagion risk in neighbouring countries or regions will force many nations to remain closed off from the world well into 2021. For this reason, two further global scenarios bear consideration; a more fragile recovery that contains isolated setbacks and takes longer, but still reflects an extension of the current global trajectory, and a prolonged pandemic where the search for a vaccine proves elusive, herd immunity does not successfully contain transmission and multiple re-infection waves result.

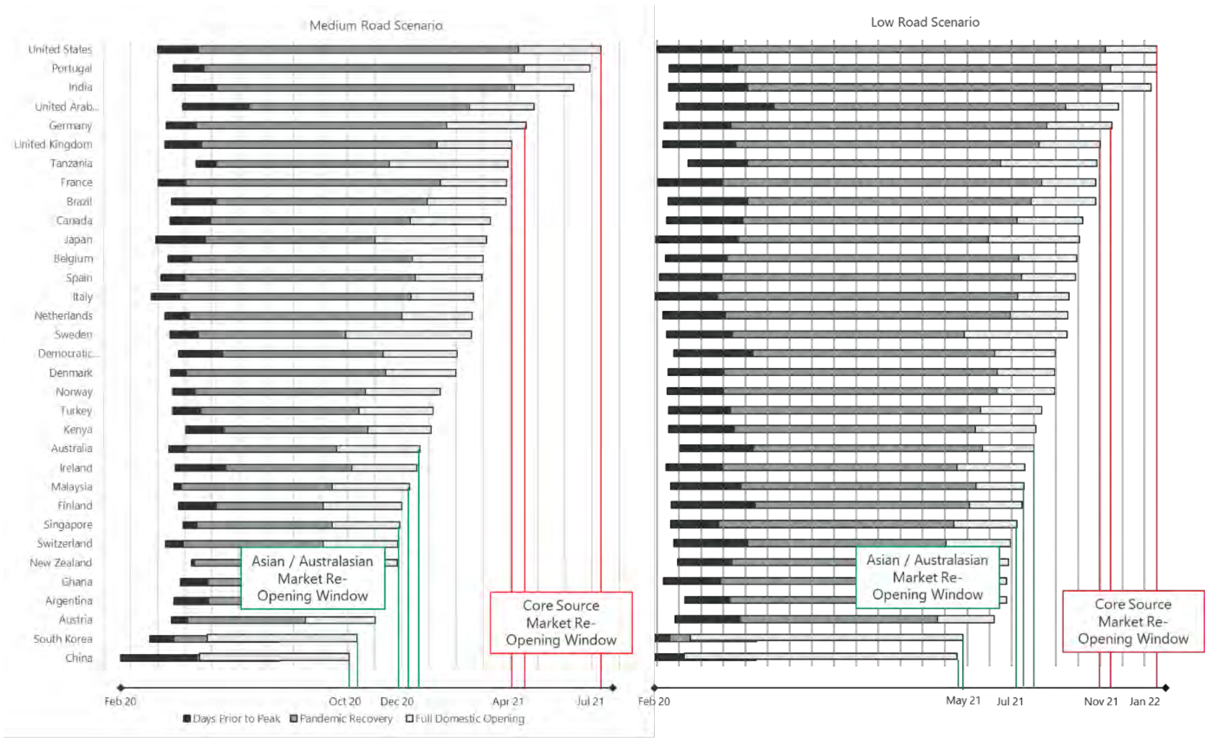

Figure 19: Medium and Low Road scenario for Domestic opening of source countries

Under the first of these scenarios, the timeframe for early Asian/Australasian re-opening moves from July/August 2020 to November 2020, while core markets (the UK, Germany and the US) can only be expected to return after April 2021. The second scenario paints an even bleaker picture, with international outbound travel from Asia picking up between May and July 2021 and travel from core markets only returning from Nov 2021.

The stronger recovery scenario in Figure 17 places greater emphasis on demand generation and short-term measures to support supply. In both of the more pessimistic scenarios, the 2020/21 summer season will be seriously affected, with even the following year's peak months being under threat. This will have grave implications for supply-side survival. Given the modelling outputs and qualitative data emerging from the market, however, the stronger international recovery scenario remains the core outlook.

Alongside pandemic recovery, the nature of source market economic recovery will impact disposable income and travel appetite. Current indications are that negative growth impacts are well correlated with lockdown stringency; however, this does not yet account for the greater risk attached to aggressive re-opening. Destinations experiencing severe currency weakness, such as South Africa, will benefit from short-term competitiveness increases, but similar effects in source markets, such as the United Kingdom, will serve to dampen demand. The relative cost of travel is likely to increase as safety measures add overheads to the tourism value chain. Higher airline ticket prices seem inevitable in order to accommodate social distancing measures and accommodation providers may also be forced to raise prices due to intensive hygiene protocols.

Containment of the virus ultimately requires effective treatment and vaccine lead times will be a key indicator of the duration of the stabilisation phase. This will inform visa policies and port of entry protocols as countries without sufficient herd immunity or access to treatment will seek to limit viral vectors. In the interim, temporary and semi-permanent restrictions on traveller mobility are inevitable and unlikely to be standardised across markets. Measures such as immunity certification, pre- and post-travel quarantine and mandatory visitor tracking will reassure travellers but also impede the visitor experience.

NATIONAL SCENARIOS AND TRAVEL POLICY

Tourism recovery will depend both on the local pandemic experience and that of global source markets. It is therefore necessary to develop a perspective on likely local opening scenarios. South Africa was exposed to the virus only after it had begun to ravage Europe after spreading from East Asia. Based on scientific guidance and available best practice, South Africa was able to act quickly to limit community transmission after an initial wave of imported infections.

South Africa's pandemic curve thus far resembles the 'plateau' shape of countries such as South Korea, Australia and Singapore more than it does the 'exponential growth' experience of China, Italy, the United Kingdom and the United States. The implication is therefore that, having successfully 'flattened the curve' in order to prevent health services from being overwhelmed, the country now faces a more prolonged, but less acute battle against the pandemic.

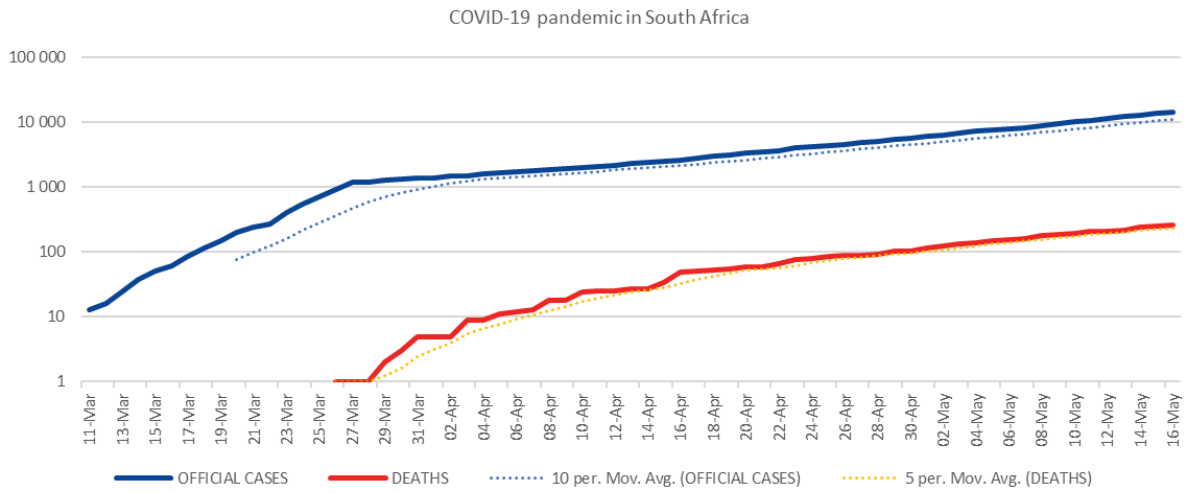

Figure 20: COVID-19 pandemic in South Africa

Until recently, the official modelling outputs of the South African COVID-19 Modelling Consortium (SAM), the team of experts tasked with forecasting possible health and financial impacts to inform government's response, were not publicly available. Applying the same modelling methodology used to forecast source market trajectory produced three scenarios; a 'Strong Recovery' scenario where South Africa is able to contemplate re-opening in August, a 'Fragile Recovery' scenario, where the horizon shifts out to November 2020 and a low-road, 'Prolonged Crisis' scenario where the pandemic rages well into 2021.

Overlaying the now public SAM forecast reveals a general correspondence between the Fragile Recovery scenario and SAM's Optimistic and Pessimistic scenarios (near-zero case load by November) with active cases are now forecast to peak between early July and early August. This therefore represents continuity with the 'Middle Road' scenario that has been adopted as the core outlook through the course of this recovery plan development process.

Under this outlook, South Africa recovers slower than many other parts of the world but does not lag far behind key source markets in Europe and North America. The scenario necessitates a balanced set of interventions that consider both supply-side support and demand-side stimulus in line with a gradual easing of internal restrictions and timed to coincide with the international booking window discussed above. These measures are discussed in the recommendations and recovery phase sections that follow.

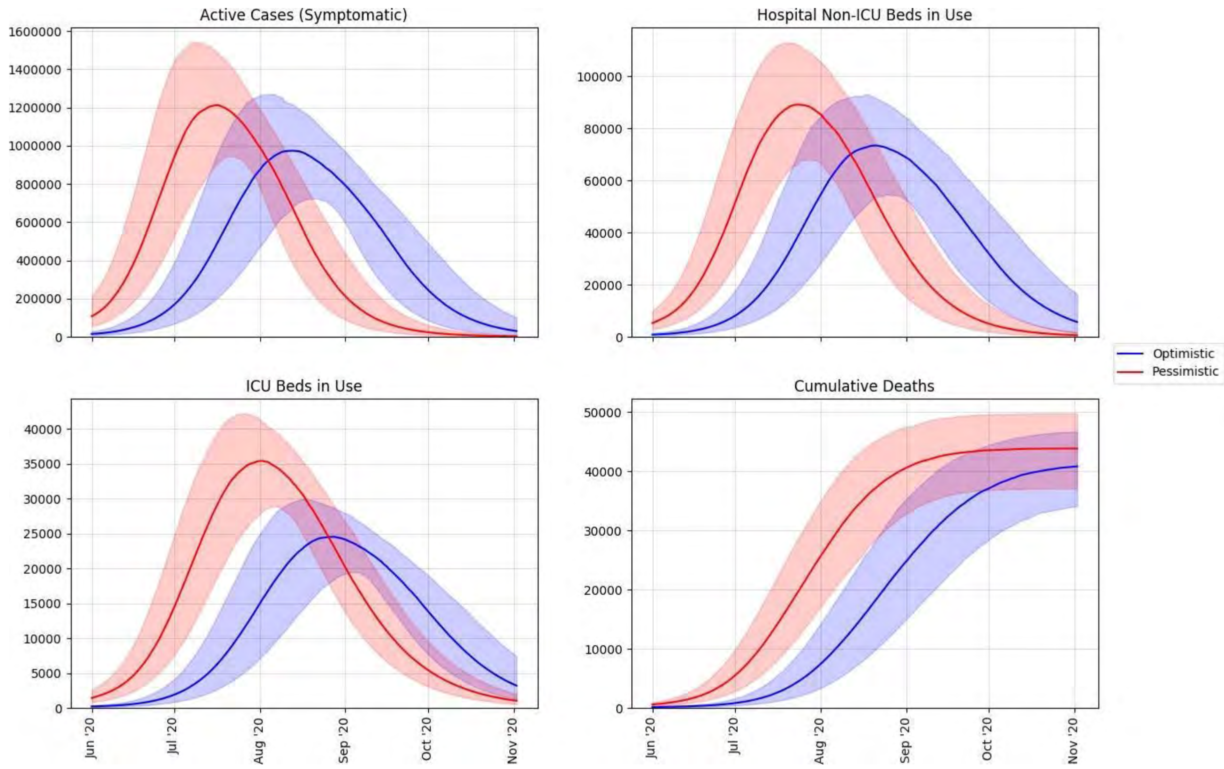

Figure 21: Optimistic and pessimistic case for key COVID-19 factors

It is therefore likely that tourism recovery will experience a number of phases, from hyper-local community attractions, through broader domestic tourism, followed potentially by regional land and air markets, and then the resumption of world-wide international travel. The implementation of the government's risk-adjusted strategy is based on sector-level risk assessments that consider transmission risk across a number of dimensions, including; age of workforce, remote working potential, ability to enforce health and safety regulations and travel considerations of employees.

	Hotels and Restaurants - Tourism	Hotels and restaurants - Retail Takeaways	Recreational, Cultural and Sporting Activities	Transport - Fleet Management	Transport - Aviation
% of employees can work remotely	2	2	2	1	2
% of workforce that is older than 50	2	2	2	2	2
% of workforce in high transmission areas	2	2	2	0	2
Ability to enforce social distancing of 2m at work	2	2	2	2	2
Ability to provide masks to employees	2	2	2	1	2
Ability to screen all employees	2	2	2	2	2
Ability to isolate all ill employees	2	2	2	1	2
% of employees who use public transport	2	2	2	1	2
% of employees who must cross provincial border to start work	2	2	2	0	2

Figure 22: Initial sector-level risk assessments

Having been assessed as a Level 1/2 activity within the country's risk-adjusted framework, the industry faces a significant period of constrained activity unless measures can be put in place to mitigate transmission risk. However, initial assessments of transmission risk were conducted on a sector level and were based on business-as-usual activities and ways of working. The sector has subsequently been pro-active in establishing biosecurity protocols to reduce transmission risk. These are aligned with WHO and DOH guidelines and are designed to be flexible as requirements and best practice changes. The protocols are designed to be rolled out to all sub-sectors and allow for the phased re-opening of certain activities along the value chain. Therefore, a number of sub-sectors within the tourism value chain can be regarded as lower risk and are therefore candidates for earlier resumption. In all cases, re-opening will take place in adherence with the agreed upon standards, and subject to appropriate monitoring and reporting. The protocol implementation is discussed further in the Phase 1 section of the document.

MOVEMENT / TRAVEL RESTRICTIONS (Pre-Level 3 Relaxation)

Lockdown level	Movement restrictions	Travel-related limitations
5	• Drastic measures to contain the spread of the virus and save lives.	• No air travel. • No domestic travel. • Tourism products unavailable. • Industry can prepare strategy.
4	• Extreme precautions to limit community transmission and outbreaks, while allowing some activity to resume.	• No air travel. • No domestic travel. • Tourism products unavailable. • Industry can prepare implementation plan.
3	• Restrictions on many activities, including work and social, to address a high risk of transmission.	• No air travel. • No domestic travel. • Tourism products unavailable. • Implementation plans can start to be put into action.
2	• Physical distancing and restrictions on leisure and social activities to prevent a resurgence of the virus.	• South Africans will be permitted to move between provinces. • Large gatherings not permitted. Some tourism products may be available.
1	• Most normal activity can resume, with precautions and health guidelines followed at all times. • Population prepared for an increase in alert levels if necessary.	• South Africans will be permitted to move between provinces. • Large gatherings permitted. Some tourism products may be available, bearing safety in mind.

Table 5: Description of movement restrictions and travel-related limitations per lockdown level (Pre-Level 3)

South Africa

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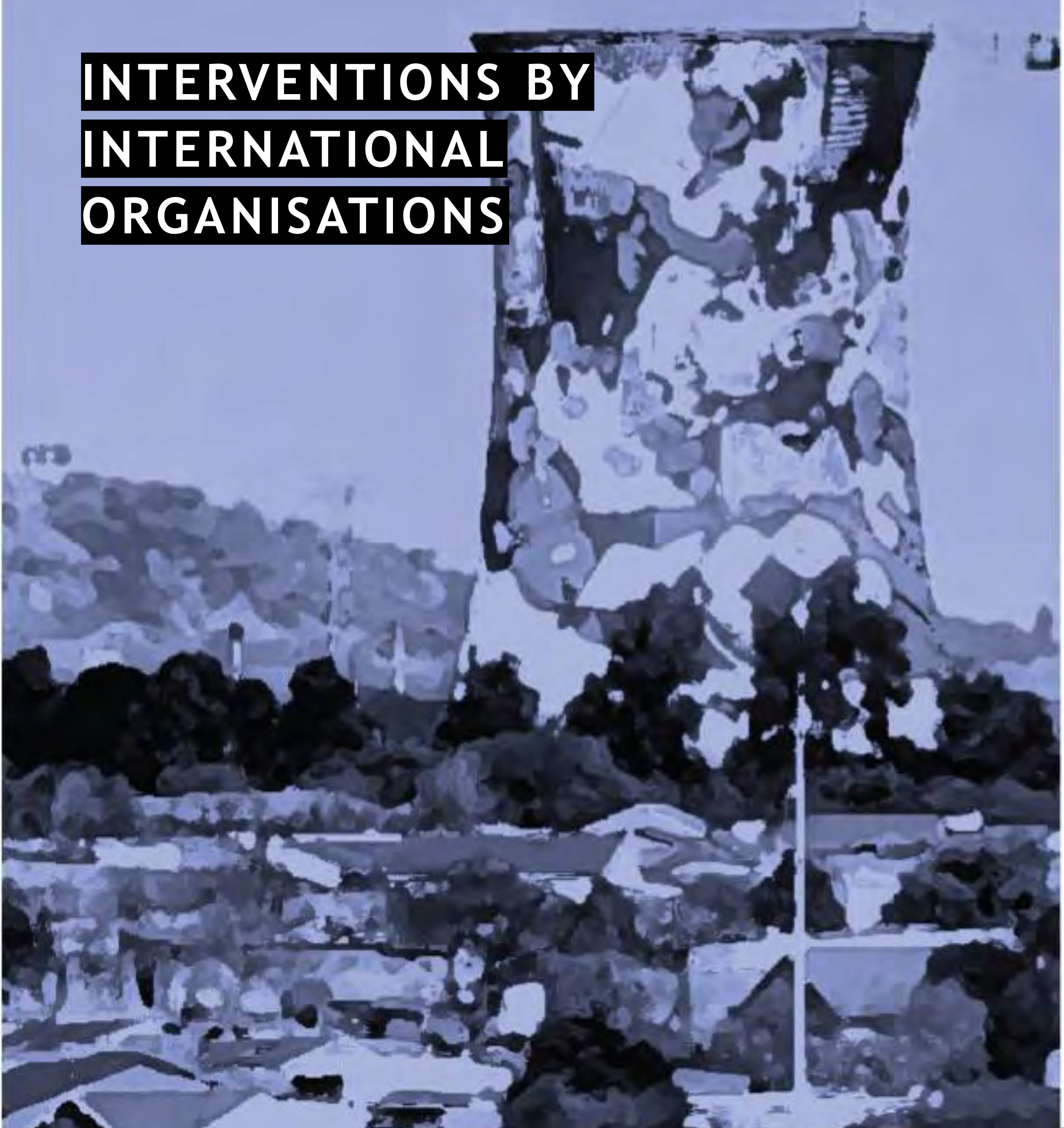
INTERVENTIONS BY INTERNATIONAL ORGANISATIONS



INTERVENTIONS BY INTERNATIONAL ORGANISATIONS

INTERNATIONAL MULTILATERAL ORGANISATIONS

Globally, DMO crisis responses have been centred around three themes: Mitigate, Restart and Reimagine. Multilateral Organisations (UNTWO, PATA, WTTC, African Union, G20) have recommended a similar framework in their guidance to the sector. Within this framework, the most important short-term action is to put people first and mitigate the impact of the virus on people, communities and businesses. This can be done through sharing reliable information, building public-private partnerships and starting to plan immediately.

The guidance then proceeds to the process of restarting through preparation, conducting risk and threat assessments and pre-COVID market assessments. Thereafter, comprehensive recovery plans to boost the industry after the pandemic are recommended and positive content aggregation prioritised. Finally, organisations are advised to reimagine. This requires focus on ensuring that tourism is resilient to future crises by continuously adapting to new innovations. This can also be done by shifting to sustainable tourism, focusing on skills development and reinforcing governance.

Figure 23: Three main themes from DMO responses

UNWTO

The United Nations World Tourism Organisation (UNWTO) provides an actionable framework to help countries mitigate the impact of the crisis, provide stimulus for recovery and guide the long-term development and resilience of the sector. To mitigate impact, the organisation advises focus on job retention, the provision of financial relief, promotion of skills development, ensuring that tourism is prioritised across all levels of a national economy and creating crisis management mechanisms.

Following these steps, the sector restart can be boosted by the provision of additional financial stimulus, public-private partnership collaboration to support re-opening, creating visitor confidence through the global harmonisation of health and safety protocols, investment in partnerships, skills and training, enhancing the use of low touch and touchless technology and incentivising the domestic travel market.

Lastly, to ensure long-term development and resilience of the sector, the UNWTO encourages diversification of markets, products and services, investments into digitalisation, building resilience by making tourism part of national emergency mechanisms and systems and incorporating sustainable tourism aligned to the Sustainable Development Goals (SDGs).

WTTC/PATA

The World Travel & Tourism Council (WTTC) and Pacific Asia Travel Association (PATA) recovery frameworks both seek to optimise sector-wide recovery efforts and provide sectors with insights and toolkits for interaction and implementation. Mitigation measures suggested include financial help to protect worker's incomes; government extension of unlimited interest-free loans to travel and tourism companies, particularly SMMEs and the waiving of government dues and financial demands on the travel sector for the next 12 months.

Emphasis is also placed on the building of a seamless traveller journey that integrates and supports health and security initiatives both before and after a vaccine is available. As a second phase, WTTC plans to work to develop a vision for the Future of Travel and Tourism, considering issues such as sustainability, the future of work, technologies and health and security.

Initiatives to restart the sector focus on mapping the signposts to recovery by means of a dashboard highlighting qualitative and quantitative travel and tourism macro and health data on a global and regional level. WTTC is developing global standards for new operational health protocols, ensuring governments take into account and integrate the needs of the private sector within these policies. Lastly, re-imagining and preparing for the future is facilitated by sharing experiences, success stories and best practices between governments and advocating on behalf of the sector to ensure enabling and supportive policies are implemented.

African Union

The African Union's current initiatives mainly focus on the mitigation and restart phases.

Mitigation focuses on uniting African countries around a common continental response and mobilising attention and resources to cushion COVID-19 impacts on the tourism industry. This includes the establishment of a COVID-19 Fund and working with multilateral financial institutions and partners, including the African Development Bank and the World Bank to raise capital. South Africa has pledged $6 million to this cause, $4 million for the COVID-19 Fund and $2 million for the Centre for Disease Control and Prevention. In the short to medium term, the African Union emphasises the need for cushioning of the African tourism industry by the provision of direct financial assistance, loans, loan guarantees and support for the micro, small and medium enterprises, tax relief, reduction, waiver or deferral of government-imposed taxes and fees.

Sector restart is supported via the setting up of a high-level task force, incorporating representation from governments, the AU, academia and other tourism stakeholders, to develop and implement a comprehensive Post-COVID-19 Continental Tourism Recovery Strategy. Sector restart includes a focus on efforts to promote and develop regional tourism on the continent and calls on all Member States who have not yet done so to join the Single African Air Transport Market. The African Union has also called on Regional Economic Communities, the African Civil Aviation Commission, the African Development Bank, UNWTO, WTTC, international development partners, to provide technical expertise, resources and support for the implementation of the above actions.

G20

The G20 emphasises collaboration and co-ordination with the sector to ensure that tourism can become more inclusive, robust and resilient.

The G20 commits to working together to provide sector support in mitigating the social and economic impacts of the pandemic. It welcomes measures to maintain businesses and support households most impacted by the crisis, safeguarding employment, and ensuring support for developing and low-income countries. The grouping is committed to continued coordination with health, immigration, security, and other relevant authorities to minimise undue restrictions for essential travel during the crisis, and supports the coordination of appropriate removal of travel restrictions proportionate to the prevailing national and international pandemic conditions. The G20 recognises the importance of ensuring the safety and well-being of workers in travel and tourism, and commits to working together to support an inclusive and sustainable recovery in the sector.

Re-imagining and preparing for the future the G20 focuses on helping the travel and tourism sector, especially micro, small- and medium-sized enterprises, entrepreneurs, and workers to adapt and thrive in a new post-crisis era by, for example, fostering innovation. The G20 encourages inclusive recovery of the sector and will work to support developing economies that rely on travel and tourism, especially in Africa and small island states. Capacity building programs in travel and tourism will be explored to build an inclusive, robust and resilient post COVID-19 tourism economy.

COUNTRY CASE STUDIES

An overview of responses from 15 countries shows stimulus measures across ten themes and two major categories: 1) Provide short-term financial relief and 2) Build for a stronger future[11].

		1. PROVIDE SHORT-TERM FINANCIAL RELIEF					2. BUILD FOR A STRONGER FUTURE				
		i. Cash grants/ subsidies	ii. Tax rebates/relief	iii. Loans/repay ment support	iv. Fees/bills waivers	v. Debt waivers	vi. Renovation alleviation	vii. Trainings incentives	viii. Strategic programs launch	ix. Creative destination marketing	x. Announce post-crisis bold moves
1	Singapore	✓	✓	✓	✓		✓	✓	✓		
2	Australia	✓	✓	✓	✓		✓	✓	✓		
3	Hong Kong	✓	✓	✓	✓		✓	✓	✓		✓
4	South Korea	✓	✓	✓				✓			
5	Malaysia	✓	✓	✓	✓		✓	✓	✓		
6	Austria	✓	✓	✓			✓		✓	✓	
7	Japan	✓	✓	✓		✓	✓				
8	UAE	✓	✓	✓	✓		✓			✓	
9	U.S.A	✓		✓						✓	
10	E.U.									✓	
11	Indonesia	✓	✓	✓			✓		✓	✓	
12	Thailand	✓	✓	✓			✓	✓	✓		
13	Tasmania		✓	✓	✓		✓	✓	✓		
14	New Zealand	✓	✓	✓			✓				✓
15	Poland	✓	✓	✓	✓		✓				

Figure 24: Overview of COVID-19 responses from 15 countries

Singapore

Singapore is using its Tourism Recovery Action Task Force to build skills and improve collaboration. Fiscal policies include rebates on aircraft landing and parking charges, assistance to ground handlers, rental rebates for shops and cargo agents at Singapore Changi Airport and a temporary Bridging Loan Programme for cash flow support. The Tourism Recovery Action Task Force focusses on restoring confidence through public-private cooperation in three areas: rallying stakeholders in their sectors to participate in and support recovery efforts including sharing of best practices; building the tourism sector’s capabilities through the Skills Future Singapore project (a government-led online portal on training and career guidance) and providing enhanced training support and identifying opportunities amid the current pandemic, such as using downtime to renovate hotels and “retool and reskill” staff. Contamination support is offered through the Singapore Cleaning Support Fund.

Australia

Australia has provided financial relief and ensures reliable information is shared. Fiscal and monetary policy supports the waiving of fees and charges for tourism businesses and an Aviation Industry Relief Package of $715 million. Targeted measures have been implemented to promote domestic tourism. Public-Private Partnerships via Austrade (Australian government agency with policy responsibility for tourism), has activated the National Tourism Incident Communications Plan (NTICP) first initiated in response to the Australian bushfire crisis. A committee comprising of representatives from government

[11] Adapted from B4SA COVID-19 Response: Preparing the tourism sector for rebound after COVID-19 in South Africa, prepared by McKinsey & Co (2020).

and key tourism industry bodies is the main conduit to distribute consistent, reliable information on the developing crisis. The committee holds regular meetings and receives direct advice from the Department of Health. The travel and tourism industry is further supported by the Australian governments' $76 million Rebuilding Australia's Tourism Package.

Hong Kong

Hong Kong has developed a three-phase plan and identified short-term markets. The current phase 1 period focuses on a Resilience–Recovery plan for the tourism industry, phase 2 focuses on recovery; promoting domestic tourism and geographic spread and phase 3, the relaunch phase, will see the launching of a new tourism brand campaign. Their research has shown that wellness-themed, short-haul trips will be favoured and young-middle-aged segments in Mainland China, Japan, Korea and Taiwan are likely to be the country's first tourists. In total HK$400 million (~£41,8 million) in funds were allocated to support promotions by trade. However, renewed social unrest and political protests are likely to negatively impact tourism recovery.

South Korea

South Korea has developed an extensive response plan to ensure travel and tourism survives and thrives after the crisis. Fiscal policies include a range of tax and regulatory measures, supporting rental fees for micro-business owners and an emergency relief fund for all affected SMEs including tourism SMEs with a total of KRW 250 billion ($23,5 million). Market intelligence is gathered through the Tourism Business Support Centre to monitor the challenges and difficulties of tourism establishments during the COVID-19 pandemic and a consultation channel set up with Public-Private Partnerships to focus on jobs and skills. The government has designated the travel and tourism sector as a "special employment support sector" and aims to support job retention in the industry. The state has conducted a bi-weekly Public-Private Tourism Stakeholder Virtual Meeting to evaluate and mitigate the crisis. A total of KRW 300 billion ($243 million) has been mobilised from the National Tourism Fund.

RECOVERY BENCHMARKS

The current global shutdown has no precedent, but the recent experience of emerging economies such as Turkey, Thailand and Egypt suggest that tourism can rebound strongly after periods of crisis. This mirrors the experience of Asian economies, such as South Korea, which had to rebuild their tourism reputation following the SARS and MERS pandemics of the past two decades.

Turkey

Terrorism, regional war and domestic unrest deterred Turkey's tourists in 2016 and arrivals dropped by 25% from 2015-2016. Recovery measures included a shift in focus to high growth territories eg China, implementation of clear and deliberate messaging that the country was safe to visit and an extended product offering to encompass historical, cultural, culinary and health tourism themes supported by improved infrastructure eg airlines. The impact was positive. Visitor numbers rebounded strongly in 2017 and by 2018 had passed their pre-crisis levels. Turkey has now averaged 21% growth in the past three years.

Thailand

In 2004 the Tsunami hit six southern provinces of Thailand. Visitor numbers fell by 40% in 2005 and tourism infrastructure damage was in the region of $1 billion. Recovery measures included shifting focus to tourist destinations within Thailand that had not been affected by the Tsunami; and a focus on new markets (China, Japan, Australia) as well as the introduction of new products and initiation of high-profile events to attract world media attention. By 2006, tourist arrivals had increased by 20% and was higher than pre-Tsunami values.

Egypt

The Arab Spring Uprising and toppling of President Mubarak in 2011 impacted tourist arrivals negatively and the country saw a decline of 30% in 2011. Additionally, by 2014, revenue from tourism sites had dropped by 95%. Recovery measures consisted of a shift in focus to domestic tourism, the targeting of new tourism segments and the development of a five pillar Strategy for Tourism including infrastructure and tourism development. By 2019, tourist arrivals exceeded pre-Arab Spring Uprising values having shown a 36% growth for the 2018-2019 period.

South Korea

In 2015, South Korea experienced the largest MERS outbreak outside of the Middle East. Tourist arrivals dropped by more than 50% in six months and revenue growth went to a record low of ~-49% in July 2015. A Post-MERS 100-day Tourism Recovery Plan was implemented which involved inviting foreign industry players through sponsored programs, waiving visa fees, offering special tour packages and capitalising on traditional holiday periods in neighbouring countries such as China. A year later, tourist arrivals exceeded pre-MERS levels, showing a 50% YoY revenue growth.

CONCLUSION

Global tourism has proved resilient against pandemic events of the past two decades, though the scale of the disruption in 2020 is far more severe. Innate resilience cannot be taken for granted; however, these cases emphasise the role of strategy in charting the respective recoveries. While each set of conditions is unique, a number of features are common to successful recoveries:

Market diversification is key: When core source markets become constrained, focus must shift to growth territories. Successful recoveries often achieve structural change because they force investment into new regions while traditional markets return organically over time.

ROI-driven investment: Similarly, the temptation to revert to pre-crisis investment allocations must be resisted. To maximise impact, resources should rather be corralled into a series of multi-year investment 'bets' made against clear assessments of opportunity cost and supported by carefully phased marketing communications and travel trade engagement programmes.

Barrier Messaging: Since currency depreciation often accompanies a crisis period, recovering destinations have successfully combined price and value for money propositions with high-intensity, always-on communication campaigns focussed on subtle safety and security barrier messaging.

Differentiation extends past marketing: New source markets bring new visitor preferences and product development opportunities. In Turkey, traditional perceptions of 'sun, sand and sea' were extended to encompass historical, cultural, culinary and health tourism themes. This has seen the growth of new products and enabled new entrants into the sector.

There is no silver bullet: While it is tempting to look for a single high-impact intervention (eg ramping marketing spend, dramatic price cuts or dropping visa restrictions), such actions alone do not get the job done. A comprehensive strategy that takes account of all available levers and drives across-the-board reform is required. The successful features of the crisis response should be preserved for the recovery. Similarly, transformation initiatives that have long been planned should be accelerated.

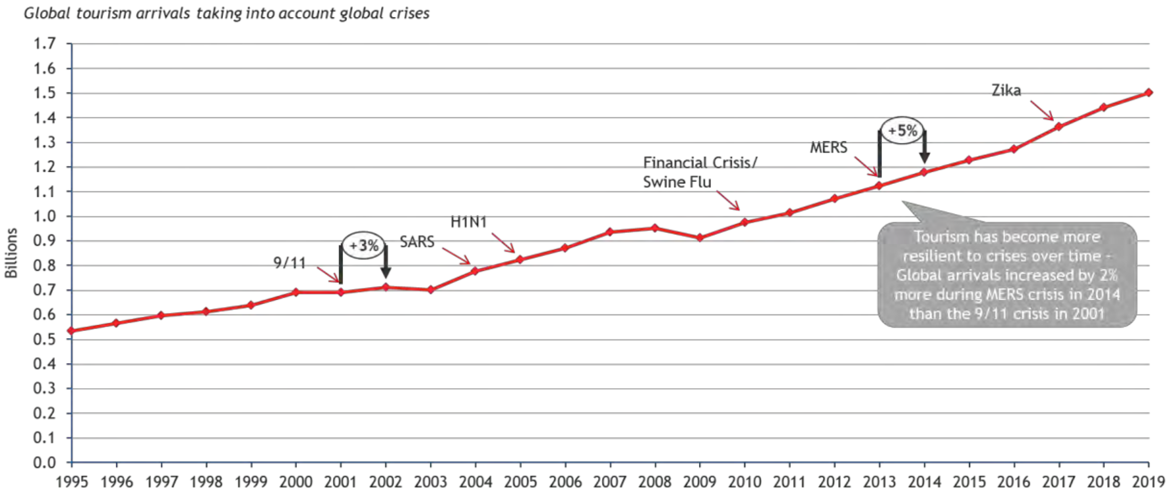


Figure 25: Global Tourism arrivals after global crises

Inspiring new ways

RECOMMENDATIONS AND RECOVERY PHASES

RECOMMENDATIONS AND RECOVERY PHASES

Tourism recovery depends on early, responsible resumption coupled with a compelling and carefully executed strategy for re-entry. The outlook is fluid and necessitates a balanced set of interventions that consider both supply and demand-side support in line with a gradual easing of internal restrictions. Early actions should ideally be timed to coincide with the August-November international booking window. Opportunities to strengthen sector enablement are also apparent.

Three strategic themes are central to South Africa's recovery: Protecting and Rejuvenating Supply, Re-Igniting Demand and Strengthening Enabling Capability. Underneath these themes, ten strategic recommendations are proposed along with specific actions, timeframes and accountabilities. These are outlined here and then discussed further in the phase-specific chapters of the document that follow.

STRATEGIC RECOMMENDATIONS

1. Conclude a comprehensive industry/government recovery partnership to collaborate on all aspects of tourism recovery guided
2. Business to take advantage of the Packages developed by government, such as the R200 million credit guarantees scheme, to protect tourism assets and core infrastructure and to support re-opening operation and Government to also include priorities associated infrastructure investment.
3. Develop national norms and standards for safe tourism operations inspired by globally-recognised biosecurity protocols across the value chain to enable safe travel and rebuild traveller confidence.
4. Enhance air access team and implement an air service development programme to reconnect South Africa to the world
5. Partner with accountable departments to ensure improved travel facilitation through implementation of e-visas, tourist safety in partnership with SAPS and quicker turnaround times in the processing of tour operators licensises working with the Department of Transport.
6. Catalyse domestic demand through the phases of economic re-opening with informative and inspirational messaging that encourages safe tourism and domestic vacation experiences
7. Execute a global marketing and travel trade programme, targeted at highest-potential source markets and intrepid travel consumer segments, to reignite international demand
8. Launch an investment and market-entry facilitation programme to stimulate capital investment, sector transformation and product diversification
9. Prioritise cooperation with neighbouring destinations towards a regional value proposition and a seamless visitor experience through the implementation of the SADC tourism strategy
10. Review and transform the tourism policy and institutional architecture to deliver efficient, effective and purpose-led support for sector growth and development

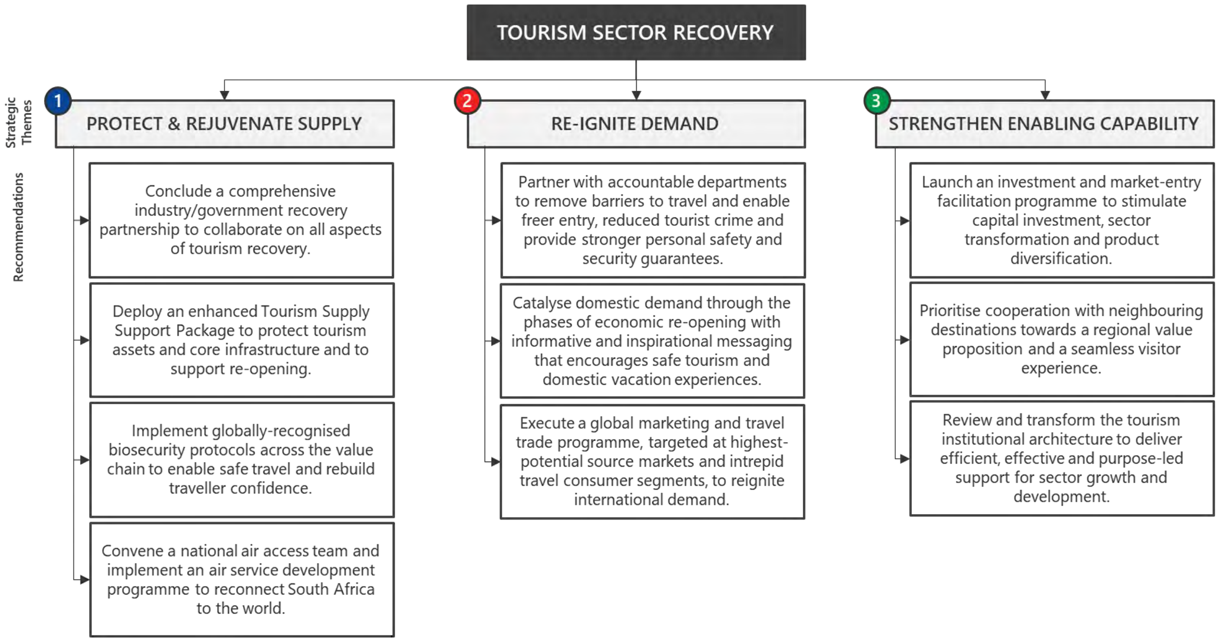


Figure 26: Strategic Recommendations

PROTECTING AND REJUVENATING SUPPLY

Supply-side interventions should initially focus on business continuity risks, aligning the value-chain to new biosecurity standards, preserving air access, as well as investment facilitation and market access.

A number of general business continuity support interventions already exist, while Tourism-specific measures to date include the R200 million Tourism Relief Fund and the waiver on Tourism Grading fees. However, without further support, the pandemic risks becoming an infrastructure crisis and it is proposed to deploy an Enhanced Tourism Support Package, worth R15.4 billion in blended capital, to reinforce liquidity ahead of sector re-opening. The proposed value of the package is equivalent to two months' working capital relief to cover the minimum fixed overheads of all distressed businesses in the sector. There is also limited need to mobilise further financial resources, but rather to develop a mechanism that enables tourism businesses to access existing financial support that best suits specific needs.

To facilitate early and safe re-opening, the sector has established biosecurity standards to reduce transmission risk. These standards align to global guidance, are designed to be rolled out along the value chain within a self-regulation framework and can adapt to accommodate new requirements. Several tourism sub-sectors are therefore candidates for early resumption and initial steps to allow business travel operations to be used as a proof-point for broader re-opening.

Inbound air service and domestic and regional connectivity are critical for tourism recovery. To maximise survival potential, domestic airlines need to resume commercially sustainable operations as soon as it is safe and viable to do so. The net assessment of airline and route risk suggests that for strategic and commercial reasons the current roster of international airlines operating to South Africa looks reasonably secure. However, a number of airlines and routes appear to be at risk based on 2019 data and the capacity shortfall created by SAA will be substantial in the short-term. An Air Service Development (ASD) programme should be convened to support connectivity to major source markets and develop access to new markets. Six airlines appear attractive as strategic partners in the build out phase from COVID-19; Emirates, Ethiopian, British Airways, Cathay Pacific, KLM and Lufthansa.

Many tourism businesses will not re-open or will be forced to close. This creates a risk of creating supply constraints and creates two related imperatives; to attract capital investment into the sector, and to further transformation and inclusion objectives in doing so. A concerted focus on supply rejuvenation is therefore required, formalised under a collaborative investment promotion and market-entry facilitation programme. This approach can be highly supportive of transformation objectives if it is underpinned by a focus on enhancing SMME visibility, mobilising multi-stakeholder collaboration, developing community assets and transforming spatial and ownership patterns.

REIGNITING DEMAND

Reigniting demand requires a robust domestic marketing strategy, the agility to respond decisively through an uncertain global re-opening phase and responsiveness to changes in consumer preference that require a focus on intrepid, experiential traveller segments.

Leisure travel appetite post-crisis will be weighted towards the VFR and FIT segments, where authentic, lower-density itineraries will be popular. Higher net-worth, experiential travel consumers, the 'Intrepid Traveller', represent the highest potential segment and one that is common to most priority markets. Consumers will place greater focus on their health and wellbeing, value for money, will avoid crowded places and will plan thoroughly when making travel decisions. The trend towards independent, digital distribution and booking will accelerate. Corporate domestic travel can be expected to revive relatively early, however conventions and exhibitions, which rely on trust and certainty will be amongst the last to recover.

Domestic tourism will initially be oriented towards hyper-local and local experiences, specifically day trips and weekend retreats as well as business travel to critical customers, sites and suppliers. Visitor attractions and experiences will play a crucial role in this early phase, helping to build confidence. Thereafter, substitution leisure tourism, where South Africans who would previously have travelled abroad choose instead to travel domestically, will represent an opportunity to capture new demand. Successfully executing across these first two phases will create the opportunity to structurally change the domestic market as experience-based local travel becomes entrenched and aspirational across a broad base of society.

In a market of scarce resources and uncertain timing, identifying the highest-potential inbound target segments is foundational to the recovery strategy. However, the pandemic is forcing a rethink of segmentation and more than ever, traveller psychology will be driven by universal factors. This presents an opportunity for South Africa to shift to a psychographic-based segmentation to drive differentiation since many competitors will revert to pre-crisis segmentation. 'Intrepid Travellers' are among the highest spending global travellers for whom travel is a significant part of their lives. They are also the segment that is most resilient to perceived issues around security. Recovery marketing should position the tourism brand around the travel values of these segments and align them with the country's exceptional cultural, adventure and natural experiences.

The return of global tourism will see varying rates of recovery in source markets and marketing investment must be carefully conserved to achieve maximum impact through the recovery cycle. This can be best achieved by refining focus to nine Tier 1 overseas markets (Germany, the UK, France, China, India, Netherlands, Australia, the USA and Canada) and high-potential regional markets (Tanzania, Kenya, Nigeria and the DRC). A selection of Tier 2 secondary markets,[12] can also deliver incremental growth though are a lower priority.

This targeting strategy, overlaid with re-opening timeframes in each market and a focus on multi-year investment budgeting, discretionary travel and priority consumer segments can optimise resources and fundamentally increase return on investment for destination marketing activities. In conjunction, high-intensity barrier messaging can leverage South Africa's responsible management of the crisis, the health-

[12] Suggested: Uganda, Ghana, Angola, Ethiopia, Botswana, Namibia, Sweden, Italy, Brazil

oriented shift in safety and security concerns and favourable price/value for money conditions to communicate a compelling proposition to potential travellers.

STRENGTHENING ENABLING CAPABILITY

While not a function of the pandemic, frictionless visa and immigration processes and policies will need to form part of an improved destination value proposition, along with improved safety and security, which is consistently the biggest barrier to visitor conversion. In this regard, the piloting and rollout of the proposed e-visa system to simplify the visa and entry process, continuing clarification of birth certificate requirements for minors and the expansion of visa-free entry agreements to cover more source markets are all critical. From a crime-prevention perspective, better inter-governmental coordination to secure tourist sites and prioritise visitor affairs is required to reduce incidents and bring credibility to efforts to shape international market perceptions. It is also possible that some crisis-response processes around visible policing, targeted enforcement and hotspot monitoring could be re-purposed for tourism to underwrite our higher-density tourist corridors more directly.

The recommendations of this tourism recovery plan imply the need for a broad and far reaching transformation to the institutional structures, both governmental and non-governmental, that exist to support the sector. NDT remains the apex state authority for the sector with a renewed focus on cultivating and sustaining a deep and comprehensive partnership with the organised private sector to achieve the objectives of the recovery plan. SAT's role as the national DMO will need to be reinforced through a clearer articulation of its mandate in relation to provincial and local tourism authorities and in order to incorporate the trade promotion and national brand mandates. These recommendations will require a fundamental shift in SAT - a new vision to become a responsive national operator for South Africa's tourism industry that is purpose-driven, collaborative, data-driven, agile and efficient.

RECOVERY PHASES

Recovery plan execution should occur in three phases; Protective Interventions (0-3 months), Managed Re-Opening (3-9 months) and Growth Interventions (9-24 months). Phase 1's focus will primarily be on interventions to protect the domestic supply side of the sector. In Phase 2, the emphasis will be on managing the re-opening of the sector as tourism activity scales back up. Phase 3 will target factors that can drive long-term growth in tourism supply and demand. In combination, these interventions can preserve significant value in the tourism sector and save may thousands of associated jobs. These recommendations also provide the basis for stimulating tourism supply and structurally increasing both domestic and inbound tourism demand.

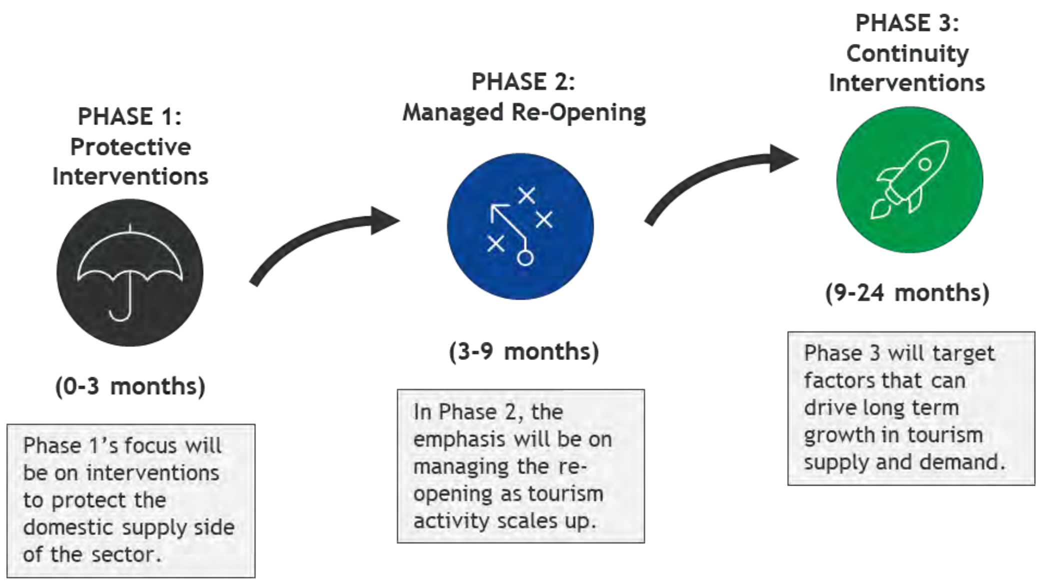


Figure 27: Recovery phases

South Africa

Inspiring new ways

PHASE 1: PROTECTING SUPPLY (0-3 Months)

PHASE 1: PROTECTING SUPPLY (0-3 Months)

The initial phase of tourism recovery runs for three months from May through to July 2020. The emphasis during this period is on taking the critical actions needed to preserve tourism supply and to prepare the sector for a gradual and careful re-opening. On the 25th of May, following consultations with President Ramaphosa, Tourism Minister Kubayi-Ngubane publicly highlighted the risk of massive job losses in the sector if meaningful re-opening could not be achieved by September (Department of Tourism, 2020). While the pandemic trajectory may ultimately prevent this opening timeframe, the focus of Phase 1 is to responsibly implement all possible measures within the sector to allow the earliest possible re-opening window, while taking measures to support distressed businesses.

Four strategic recommendations therefore demand immediate implementation during this phase; the conclusion of an overarching industry/government recovery partnership, the deployment of an enhanced Tourism Supply Support Package, the implementation of globally recognised biosecurity protocols and the creation of a dedicated national air access team.

In addition, planning should begin in parallel for Phase 2 and 3 priorities so as to ensure that the necessary lead times for optimal execution are met. Planning measures include; refinement to the visa regime, strengthened partnerships with law enforcement, the design of a domestic marketing campaign to catalyse domestic travel and the design of a global marketing programme to target the Q3 booking window. Further longer-term priorities such as the deployment of an investment and market-entry facilitation programme, regional cooperation and transformation of the tourism institutional architecture should also be progressed as far as possible. Planning interventions are discussed in detail in the Phase 2 and 3 sections that follow.

PROPOSED INTERVENTIONS

1 Conclude a comprehensive industry/government recovery partnership to collaborate on all aspects of tourism recovery

A feature of leading DMOs is their ability to develop meaningful partnerships with the private sector, thereby enabling more effective competition in the global marketplace. Such partnerships are typically based on cooperative marketing, communications and travel trade programs where DMOs collaborate on the design with the private sector and match funding. This ensures brand alignment and an ability to effectively target consumer and trade audiences with common messages, improving the destination's ability to connect with prospective consumers and drive bookings and visitation. Such partnerships also facilitate coherent product and experience development and innovation and data and research sharing.

Destination Canada, Visit Britain, Tourism Ireland and Tourism Australia have successfully developed and launched cooperative partnerships with their respective private sector partners for over a decade. As an example, Destination Canada now leverages all marketing, communications and travel trade engagement budgets to a minimum 1:1 ratio with private sector partners, drawn from the travel and tourism industry as well other sectors. In South Africa, it would be important to evaluate material conditions on the ground before such is Implemented on a case by case basis given the extent of development of the sector across the different provinces.

While many established mechanisms exist for cooperation between government and the private tourism sector, the pandemic has necessitated an intensified level of engagement. This experience has reinforced the mutual interdependence and alignment of interests amongst a diverse range of industry stakeholders. To capitalise, an industry/government recovery partnership should be formalised to collectively realise a refreshed vision for the sector,led by the Department of Tourism and working with its marketing group entity South African Tourism and Industry rerentatives (mainly representational by the TBCSA). A success factor in such a partnership will be inclusivity. The scope of the partnership will extend beyond marketing, being based on the jointly developed recovery plan (this document), with specific areas of collaboration to include:

- Biosecurity protocol implementation (see recommendation 3)
- Cooperative marketing
- Data and market intelligence
- Sector investment facilitation and transformation (see recommendation 9)

Since tourism is a diverse sector that includes many SMME enterprises, a revitalised partnership should also focus on value of association so as to broaden the base of formal participation and representation in the sector. This in turn, could be a vehicle to increase TOMSA levy receipts by associations' affiliates and explore new sources of cooperative revenue and sustainability.

<u>Specific Actions:</u>

ACTION	THEME	PHASE		
		1	2	3
Conclude a comprehensive industry/government recovery partnership	Strengthen Enabling Capability	Implement		
Develop a joint workplan, core team, governance and accountabilities to deliver the recovery plan	Strengthen Enabling Capability	Design	Implement	Implement
Design the mechanism for a cooperative marketing programme to be cultivated over multiple stages of maturity	Strengthen Enabling Capability	Design	Implement	Implement
Determine optimal sector governance measures (eg board independence, advisory panels etc.)	Strengthen Enabling Capability		Design	Implement
Review association value proposition, TOMSA levy and other sustainability measures	Strengthen Enabling Capability			Design

Table 6: Actions for Recommendation 1

<u>Accountabilities:</u>

ACTION	PRIMARY ACCOUNTABILITY
Conclude a comprehensive industry/government recovery partnership	NDT (with SAT, TBCSA and others)
Develop joint workplan, governance and accountabilities to deliver the recovery plan	NDT (with SAT and TBCSA)
Design the mechanism for a cooperative marketing programme to be cultivated over multiple stages of maturity	SAT and TBCSA
Determine optimal sector governance measures (eg board independence, advisory panels etc.)	NDT (through SAT)
Review association value proposition, TOMSA levy and other sustainability measures	TBCSA

Table 7: Accountabilities for Recommendation 1

2 Deploy an enhanced Tourism Supply Support Package to protect tourism assets and core infrastructure and support re-opening

Government was quick to deploy support interventions during the initial crisis period; however, the R200 million Tourism Relief Fund (TRF) and subsequent Grading Council Fee Relief are insufficient given the scale of economic impact on the sector.

A broad-based effort to mobilise resources in support of distressed businesses has subsequently brought a number of solutions to market across the economy, with the result being that an unprecedented amount of SMME-focused capital is now available. However, while grant funding is available in certain instances, much of the available liquidity is debt capital and equity investors are likely to participate only selectively. The R200 billion National Treasury Loan Guarantee Scheme is targeted at existing clients of the major banking institutions.

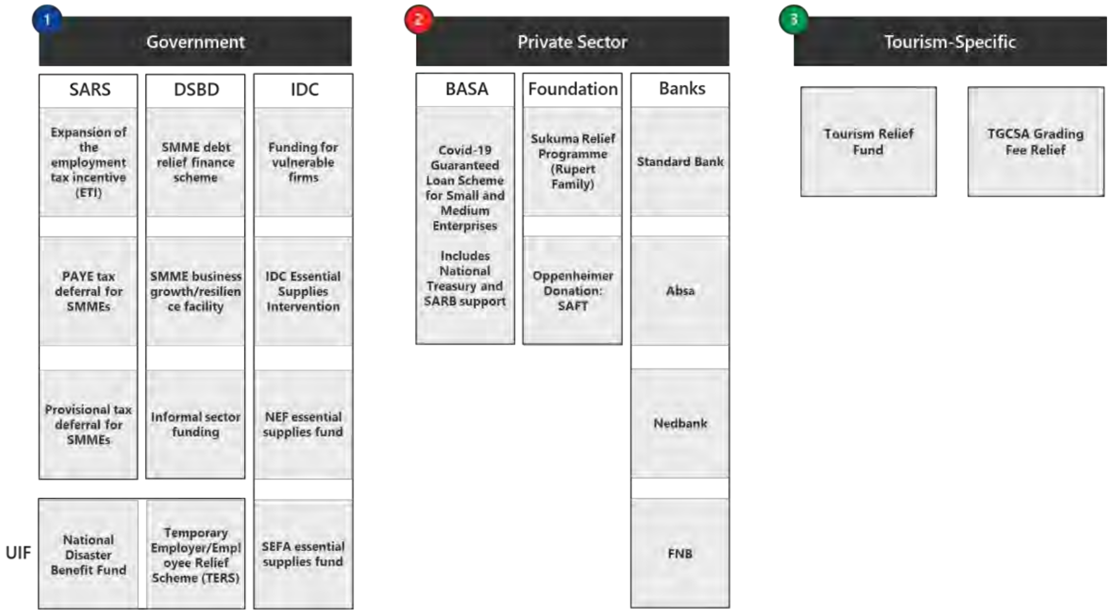


Figure 28: Support interventions implemented by Government, Private Sector and Tourism

Without further support, the pandemic crisis risks becoming an infrastructure crisis. For this reason, National Treasury and the Banks have revised the criteria for accessing the R200 billion credit guarantee facility including provision for extension of payment breaks and allowing that it provides for borrowing for operational reasons. Businesses need on average 54% of revenue to cover essential fixed costs and many (especially SMMEs) cannot survive beyond three months (TBCSA, 2020). Scenario modelling indicates that this could structurally depress supply for up to 3 years following the crisis.

By enabling earlier re-opening (eg biosecurity protocols) and boosting demand (eg domestic and international marketing push) it is possible to preserve some output and avoid some job losses. However, the expected window for re-opening is unlikely to come quickly enough to save many businesses. The figure below illustrates the expected supply 'decay curve', likely month-on-month business survival rates under a no demand scenario (TBCSA, 2020).

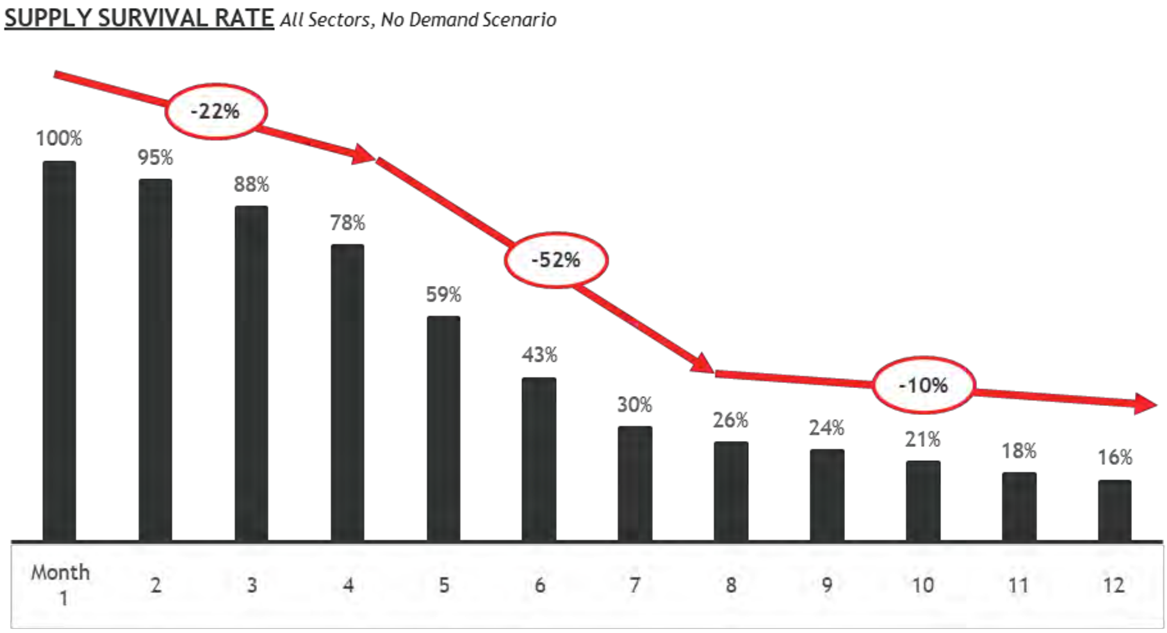


Figure 29: Expected Supply Survival Rate

It is therefore proposed to deploy an Enhanced Tourism Support Package, worth a minimum of R15,4 billion in blended capital, to reinforce liquidity ahead of sector re-opening. The proposed value of the package is equivalent to two months' working capital relief needed to cover the absolute minimum fixed overheads of all distressed businesses in the sector (those likely to close during the next three months)[13]. While specific exclusions should be avoided, the package is expected to be taken up by medium and small-scale accommodation, transport and attractions businesses whose operational capacity and depth of banking relationships may have precluded them from accessing support facilities to date.

Executed effectively, the multiplier effect of this investment is significant, however, there is limited need to mobilise further financial resources. Limited fiscal space means that a direct cash equivalent injection (bailout) from government is unlikely to be feasible. Rather, an alternative would be to develop a mechanism that enables businesses in the tourism sector to access the existing range of financial support options that will best suits their specific needs. This Tourism Supply Support Package should primarily take the form of an administration hub that supports distressed businesses to assess the range of potential support options and complete applications for the programmes and facilities that best meet their requirements.

In conjunction with the support package proposed above, the Tourism Relief Fund could be repurposed to support businesses with the costs of biosecurity compliance (capex and opex) and related re-opening costs. A non-financial support programme that provides businesses with access to compliance training resources, visitor experience optimisation tools, proposition and marketing support and recovery planning advisory should be developed and deployed through the administration hub capability. This business support service would deliver technical assistance and can draw on design elements from the Transition and Strategic Tourism Asset Protection Programmes deployed as part of a NZ$400 million sector support package developed in New Zealand.

What capital raising activity does take place should first be focussed on securing further grant capital to support the restructured TRF and to enable extensive technical assistance to be provided to businesses. International DFIs may also have appetite to participate and could commit first-loss capital and or quasi-

[13] Underlying data to inform this proposal was drawn from the TBCSA Tourism Survival Survey run as a part of the recovery plan project. (TBCSA, 2020)

equity lines (where capital is repaid from future commercial returns), to further strengthen the viability of the package. International private impact capital may be crowded-in, especially where protected areas are concerned and business and job preservation in rural communities can be linked to improved conservation outcomes. Lastly, intensive joint efforts to lobby the insurance industry and prudential authorities to honour valid claims under business interruption and cancellation policy clauses could provide a significant aggregate financial boost to the sector.

Capital raising of this nature should also be viewed in the context of Recommendation 9: <u>Launch an investment and market-entry facilitation programme to stimulate capital investment, sector transformation and product diversification</u>. Ultimately, the sector must successfully attract investment over the coming recovery years in order to create sufficient general supply capacity, but also to support the product diversification that is likely to accompany renewed growth.

As noted above, the removal of restrictions acts as a supply side stimulus. For example, we estimate that enabling unrestricted domestic business and leisure activities can more than halve the monthly stimulus required to support supply survival. Though it is important to recognise that demand will remain very weak in the short-term. Therefore, while support measures will improve supply survivability, they will not eliminate job losses and output contraction. In this way, support measures should be approached as a combination of supporting the trade to weather the crisis (supply) and allowing full operations to resume (demand). This range of levers is critical given the fiscal constraints facing government.

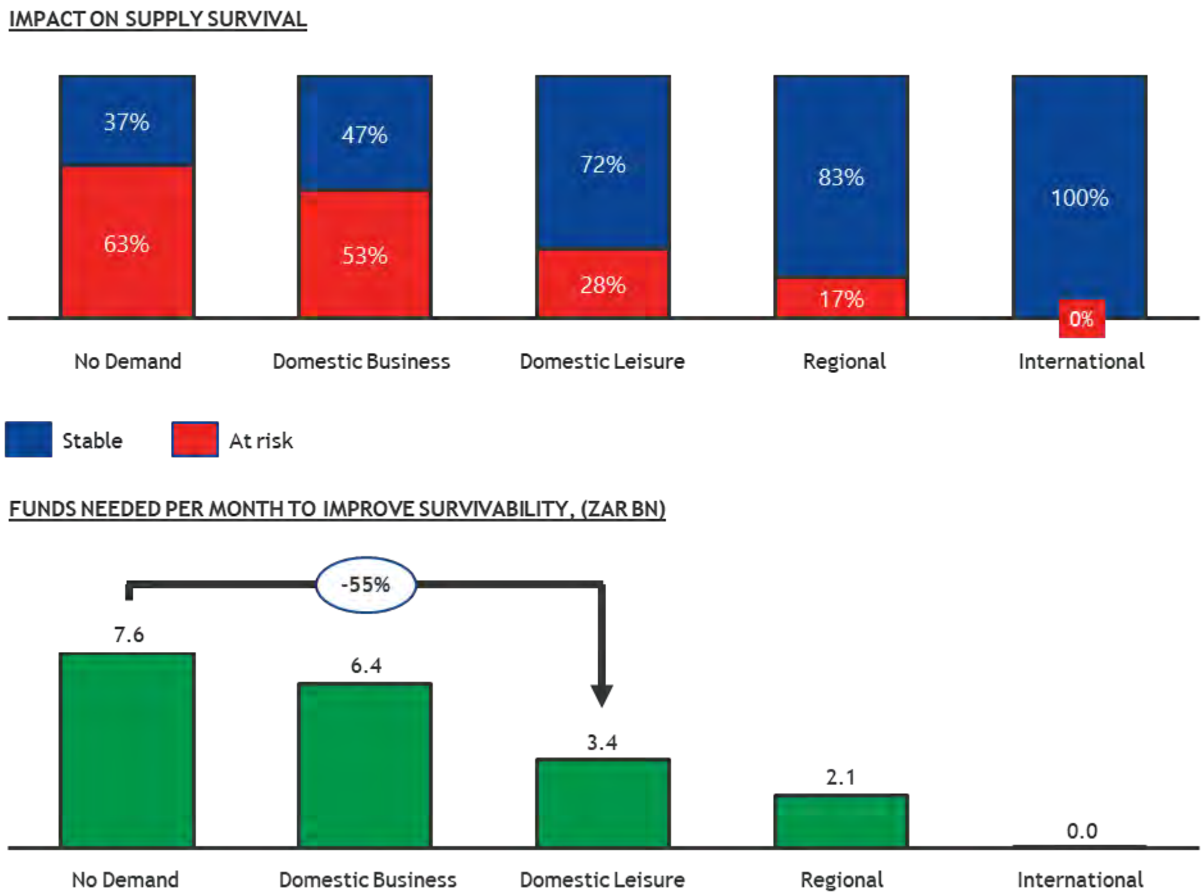


Figure 30: Expected Impact of Sector Reopening on Supply Survival

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3
Announce an extended Tourism Supply Support Package	Protect and Rejuvenate Supply	Design & Implement		
Mobilise an administration hub to facilitate support services to distressed businesses	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement
Restructure the Tourism Relief Fund to support the costs of biosecurity compliance and re-opening	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement
Develop a non-financial programme to provide access to training, marketing and recovery support	Protect and Rejuvenate Supply	Design	Implement	Implement
Identify incremental capital requirements and execute a targeted capital raising programme	Protect and Rejuvenate Supply	Design	Implement	Implement

Table 8: Actions for Recommendation 2

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY
Mobilise an administration hub to facilitate support services to distressed businesses	NDT (with TBCSA and SAT)
Develop a non-financial programme to provide access to training, marketing and recovery support	NDT (with SAT)
Identify incremental capital requirements and execute a targeted capital raising programme	TBCSA (with NDT)

Table 9: Accountabilities for Recommendation 2

3 Implement globally recognised biosecurity protocols across the value chain to enable safe travel and rebuild traveller confidence.

Central to the ability to travel again is the need for operational protocols that minimise transmission risk across the tourism value chain. TBCSA has led the development of a comprehensive set of protocols under which the sector can begin to operate and self-regulate. These cover customer measures, staff measures, operational measures and facilities measures and their implementation is designed to enable the re-rating of certain parts of the sector and the opportunity for partial re-opening in the short-term.

The protocols will evolve as the pandemic's trajectory develops and as new data emerges over optimal prevention practices. It will also be critical to continuously benchmark local protocols against global standards to ensure that expectations in key source markets are met and exceeded. In addition, communication is required that educates travellers and balances the inspiration to travel with the inevitable likelihood that, despite best efforts, new infections will be recorded.

To support implementation of the protocols across the industry, compliance training, visitor experience optimisation tools and procurement support will be required. Technology-led monitoring and reporting tools to support industry self-regulation should also be explored since compliance could necessitate the collection of a substantial amount of information on a daily basis as a condition of operation. Collection, storage and analysis of this data for optimisation will need to be taken care of.

TBCSA COVID-19 PROTOCOLS FOR TOURISM INDUSTRY OPERATIONS

Customer	Operations	Staff	Facilities & Vehicles
• Customer Medical Declaration	• Sanitising & Hygiene Practices	• Designated Health & Safety Officer	• Reduced Room Cleaning Frequency
• Access & Capacity Controls	• Signage & Easy-to-follow Information	• Staff Training & Information	• High Frequency Vehicle Cleaning
• Physical Distancing Standards	• Isolation & Quarantine Protocols	• Physical Distancing Standards	• Office & Staff Area Standards
• Customer PPE	• Food Service Limitations	• Staff PPE	• Special Area Controls
• Temperature Monitoring	• Kitchen Spacing & Sanitation	• Staff Temperature Monitoring	• Conference & Common Area Restrictions

Risk Rating	Low Risk or Minimal Operational Complexity (Level 4)	Some Risk or Moderate Operational Complexity (Level 3/2	High Risk or Significant Operational Complexity (Level 2/1)

Figure 31: TBCSA COVID-19 protocols for Tourism Industry Operations and definition of risk ratings

Sub-Sector Risk Matrices

The following risk matrices map operational constraints and risk factors against specific industries within each sub-sector of the value chain. These assessments are necessarily high-level and should therefore be seen as indicative of general principles that can be applied to certain sub-sectors. Individual businesses will need to commit to compliance with the prescribed standards, apply these standards to their own business conditions and submit to monitoring and reporting of compliance.

Online travel agents (OTAs), DMCs and other businesses involved in travel distribution have few barriers in implementing the required standards. Brick-and-mortar travel agencies, by contrast operate in a retail-like format where customer screening is difficult as tour operators often do not have control over the facilities that make up their itineraries.

Passenger aviation is highly controlled and can accommodate further protocols without difficulty. Minibuses lack a central aisle and the inability to enter and exit cleanly makes them higher risk than larger buses. Trains and cruise ships will struggle to accommodate social distancing protocols, especially for staff. Accommodation establishments, excluding conferencing, could begin to operate under strict protocols, including capacity controls and reduced food service. Self-catering and private rentals as well as other independent operators will need to ensure adequate customer screening.

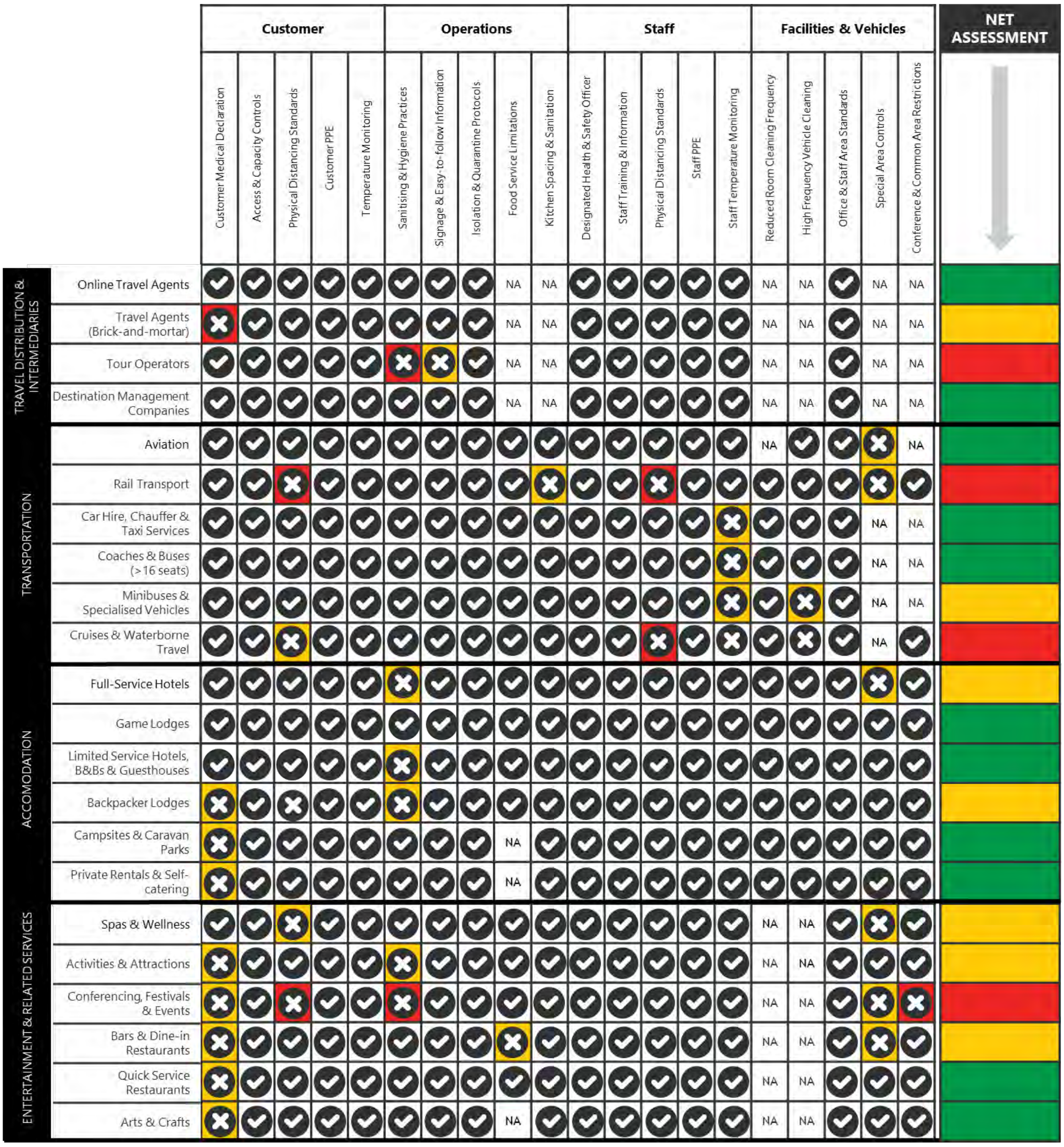


Figure 32: Risk assessment per sub-sector, along TBCSA protocols

Attractions vary in risk levels and for many, following all protocols can allow for safe operation. Dine-in restaurants must adopt simplified electronic/board menus, reduce staffing/suppliers and implement frequent deep cleaning. Conferencing, festivals and events will only open under strict capacity restrictions and according to WHO guidelines.

Therefore, a number of sub-sectors within the tourism value chain can be regarded as lower risk and are candidates for earlier resumption. In all cases, re-opening will take place in adherence with the agreed upon standards, and subject to appropriate monitoring and reporting.

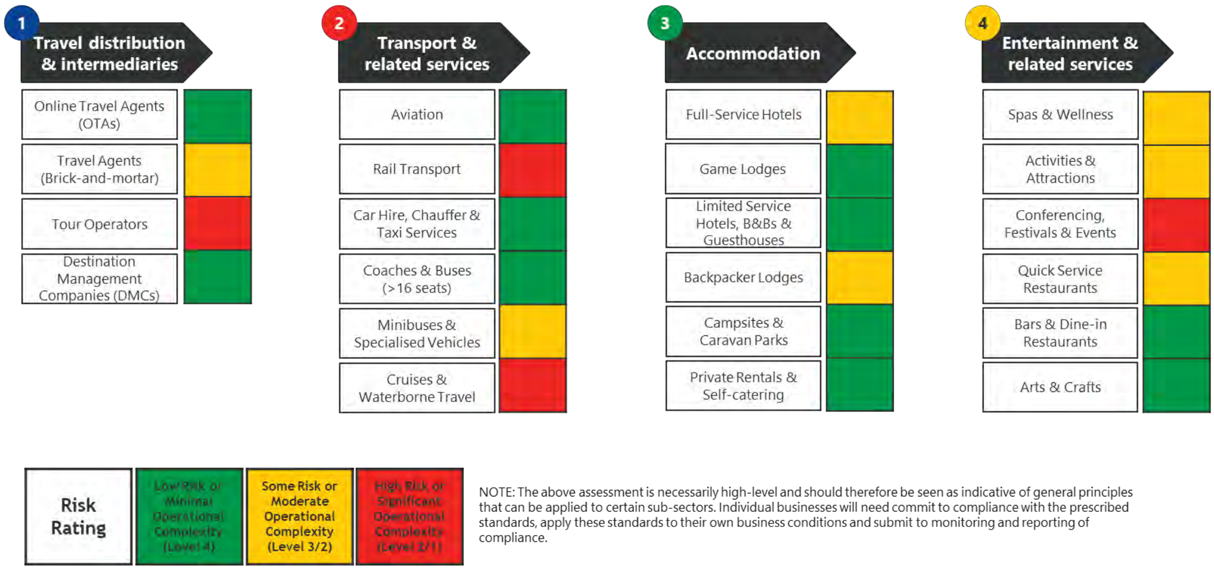


Figure 33: Risk assessment per sub-sector along the tourism value chain

The protocols are to be implemented within a framework of self-regulation and have been designed to evolve as best practice over optimal prevention approaches emerges. In an optimal scenario, the addition measures required under these protocols would all fall away once transmission risk has receded past a certain level. The likelihood remains, however, that the virus may remain prevalent in society for some time.

Many of the protocols will therefore become the new way of working (new normal) and should be viewed as an investment rather than a sunk cost. By contrast, SMME's will need support in the implementation of measures that are likely to be only temporary and are, therefore, a sunk cost. This should be understood in connection with Recommendation 2: Deploy an enhanced Tourism Supply Support Package to protect tourism assets and core infrastructure and support re-opening which proposes a restructured TRF grant facility and technical assistance fund to support re-opening costs.

The COVID-19 protocols vary in implementation complexity, much of which will be site dependent. The table that follows outlines the operational considerations associated with protocols implementation, in terms of cost to the operator, operational complexity, whether the cost is likely part of a 'new normal' or a sunk cost and other additional requirements or considerations. Exit costs are generally minimal should the protocols no longer be required.

Protocol	I	Cost to Operator	I	Operational Complexity	New Normal/ Sunk cost	Additional requirements
Pledge of Adherence		Zero			New normal	Central database.
COVID-19 H&S officer		Low		Additional task for businesses with health and safety officers, greater impact on SMMEs.	New normal	Central database.
GVPC Medical Declaration		Medium		Time taken to explain and complete questionnaire.	Sunk cost	Tracking system.
GVPC Temperature Monitoring.		Medium		Low or quiet sites, greater complexity at high demand sites.	Sunk cost	Availability of thermometers.
Signage		High			Sunk Cost	Toolkit for standardised signage and pictograms.
Staff Training		High		Time required to upskill trainers and train staff.	New Normal	Train the trainer training programmes.
Guest PPE		High			Sunk cost	Availability; storage and management of PPE.
Staff PPE		High		Staff training required for correct use.	Sunk cost	Availability and storage of PPE equipment.
Sanitising and hygiene practice's		Medium			Basic practices will become new normal	
Physical Distancing Measures		High, impacts revenue		Varies in complexity depending on site.	Sunk cost	
Low Touch Solutions		High		Implementation timelines are longer.	New normal	

Table 10: Operational considerations associated with protocols implementation, I=Indicator

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3
Develop operational biosecurity protocols and continuously refine against risk and best-practice	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement
Provide access to compliance training, procurement support and general technical assistance to effectively operationalise protocols	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement
Execute proactive communication to inform and educate travellers and manage market expectations	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement

ACTION	THEME	PHASE		
		1	2	3
Develop technology-led monitoring and reporting tools to support industry self-regulation	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement

Table 11: Actions for Recommendation 3

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY
Develop operational biosecurity protocols and continuously refine against risk and best-practice	TBCSA
Development of national norms and standards for safe operation	NDT
Provide access to compliance training, procurement support and general technical assistance to effectively operationalise protocols	TBCSA
Execute proactive communication to inform and educate travellers and manage market expectations	SAT
Develop technology-led monitoring and reporting tools to support complience with norms and standards	NDT (with NDT)

Table 12: Accountabilities for Recommendation 3

4 Convene a national air access team and implement an air service development programme to reconnect South Africa to the world

With many airlines unlikely to survive the crisis and many more certain to scale back operations, schedules will be reset, and new incentives and agreements will have to be concluded. Every scheduled airline around the world is now reviewing their networks, frequency of services and specific aircraft types that are being operated. Identifying routes with the greatest opportunity of continued and successful operation in the recovery phase from COVID-19 and equally markets and routes that are at the greatest risk.

With 600,000 scheduled airline seats a week in January 2020, South Africa was the largest aviation market in Africa, ranked 32nd in the world. Recent air service development performance, particularly through the Cape Town Air Access unit, had also been encouraging. However, South Africa is an isolated long-haul destination that many rationalised carriers may struggle to service and the national carrier, SAA, is in business rescue along with domestic airlines, Comair and SA Express. The possibility of significantly constrained air service post-crisis is, therefore, a real one.

Key Country Metrics	2015	2016	2017	2018	2019
Scheduled Airlines Operating	47	48	44	49	51
South African Domiciled Airlines	10	9	7	8	7
Legacy Airlines Operating	43	45	41	45	46
Legacy Scheduled Flights	184,016	188,718	188,332	176,001	168,060
Low Cost Airlines Operating	4	3	3	4	5
Low Cost Scheduled Flights	26,563	32,385	34,990	47,478	53,478
International Seats	8,367,383	8,606,710	8,870,943	8,907,342	9,111,060
Domestic Seats	19,133,597	20,483,638	20,928,457	21,051,889	22,095,633
International Airport Pairs Operated	85	91	91	91	94

Domestic Airport Pairs Operated	56	58	60	62	56

*Table 13: Key Aviation Metrics, South Africa 2019, Source: OAG *Minimum criteria of 50 scheduled flights applied.*

Airline Risk

The risk matrix below provides an insight into the financial risk profiles and levels of stakeholder support for the thirty largest international airlines operating to South Africa in 2019 (Martin, Naaman, & Klassen, 2019). Of the thirty airlines three are rated Low/High in terms of risk (Emirates, Lufthansa, Singapore), whilst six are considered High/Low risk (Namibia, TAAG Angola, Virgin Atlantic, Air Mauritius, Fastjet Zimbabwe and Air Seychelles). Of those four, Air Mauritius have already entered administration and Virgin Atlantic's fragile position has received wide coverage.

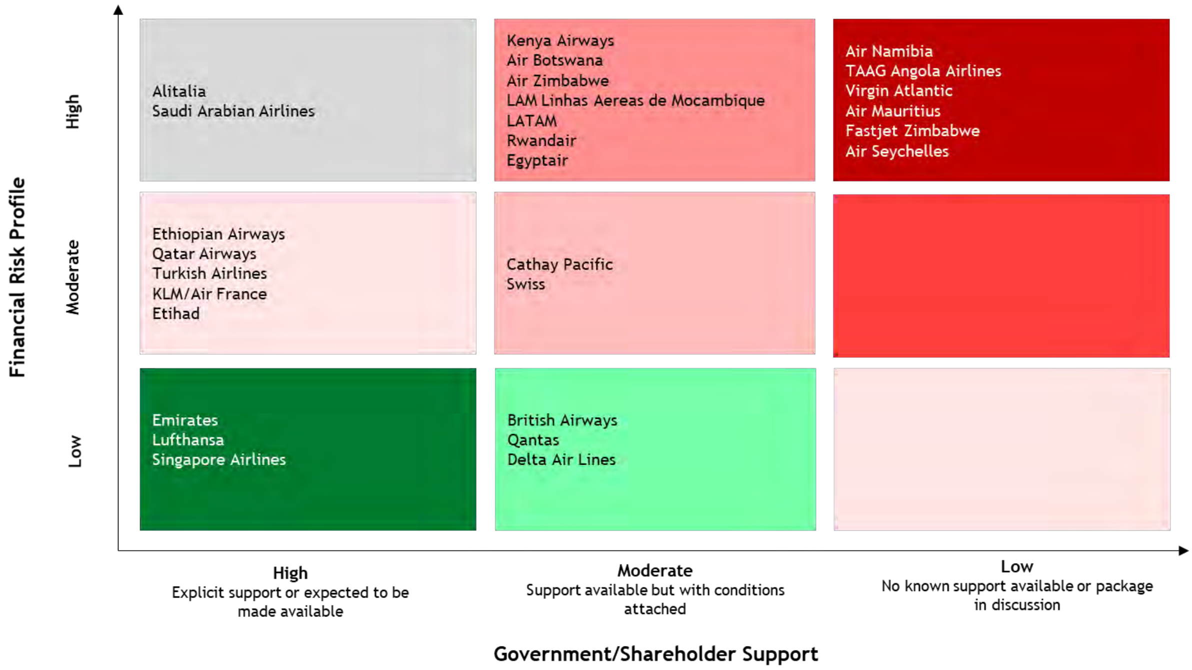


Figure 34: Airline Risk Matrix, Top 30 International Airlines Serving South Africa (Martin, Naaman, & Klassen, 2019)

A measure of the relative strategic importance of a market to an airline can be defined by the respective capacity share that the market has of the airline's total network. Typically, if an international airline has more than 15% of its capacity in the focus market then that airline is likely to operate regardless of almost any event; the market is of great importance to them. Equally, if an airline has less than 1% share of its total capacity in the market then it will always have an element of risk to either partial or total withdrawal if conditions change.

Carrier Name	Network Capacity 2019	South Africa Capacity 2019	% Share of Airlines Network
Air Botswana	427,699	138,856	32.5%
Air Zimbabwe	473,718	116,319	24.6%
Air Namibia	884,934	191,775	21.7%
FastJet Zimbabwe	478,488	70,250	14.7%
TAAG Angola Airlines	2,224,142	186,937	8.4%
LAM -Linhas Aereas De Mocambique	1,090,512	90,673	8.3%
Air Seychelles	652,035	50,896	7.8%
Air Mauritius	2,424,119	160,154	6.6%
Rwandair	1,065,873	63,540	6.0%
Kenya Airways	6,794,288	291,450	4.3%
Virgin Atlantic Airways	7,200,629	179,310	2.5%
Ethiopian Airlines	21,184,718	401,575	1.9%
Emirates	75,739,052	999,977	1.3%
Singapore Airlines	27,377,763	306,889	1.1%
Qatar Airways	49,341,510	522,102	1.1%
British Airways	55,340,223	546,722	1.0%
KLM-Royal Dutch Airlines	31,571,316	265,942	0.8%
Turkish Airlines	76,584,020	357,782	0.5%
EgyptAir	13,122,415	60,039	0.5%
Cathay Pacific Airways	30,961,918	136,664	0.4%
Etihad Airways	22,950,383	100,699	0.4%
Air France	50,298,769	189,645	0.4%
Qantas Airways	30,890,334	113,811	0.4%
SWISS	25,607,904	81,528	0.3%
Lufthansa German Airlines	76,738,895	233,796	0.3%
Alitalia	30,919,731	63,928	0.2%
Saudi Arabian Airlines	46,614,213	60,810	0.1%
LATAM (LA)	86,936,581	74,639	0.1%
Delta Air Lines	189,151,170	103,758	0.1%

Table 14: Top 30 International Airlines Capacity Share vs Network Capacity, 2019

Source: OAG

Overlaying the capacity share data with airline risk matrix shows that the airlines with Low/High ratings are amongst those with the least capacity reliance; they like the market but are not strategically invested in South Africa. This would suggest that post COVID-19 those airlines are likely to all be looking at their historic levels of frequency/capacity and reviewing their positions.

For many of the airlines, South Africa is both a source of direct revenues but also a source of revenues to other parts of their network. For many airlines, particularly those that operate a large complex hub where there is little local market (eg Dubai, Doha, Abu Dhabi, Amsterdam) their operation relies on network revenue being generated across all routes[14]. The table below shows that a number of major global airlines generate more network revenue than local revenue from their services to South Africa. These revenues would be lost or placed at risk if South African services were dropped or reduced.

[14] Using OAG data we have identified the revenue generated by each major international airline on routes other than their South African services; this is commonly referred to as network revenue.

Carrier Name	Revenues US$	Network Revenue Feed US$	Ratio Local to Network Revenue
Qatar Airways	76,294,240	176,143,140	2.31
Lufthansa German Airlines	78,673,751	158,526,207	2.01
Turkish Airlines	36,098,906	69,507,124	1.93
Emirates	229,063,519	426,536,139	1.86
Singapore Airlines	68,365,397	119,371,039	1.75
Delta Air Lines	54,526,571	93,979,653	1.72
Cathay Pacific Airways	47,023,829	69,136,739	1.47
Etihad Airways	16,420,130	22,202,080	1.35
KLM-Royal Dutch Airlines	87,303,647	110,202,438	1.26
Ethiopian Airlines	85,368,413	88,875,115	1.04
Qantas Airways	74,923,687	71,683,944	0.96
Air France	91,369,986	86,808,052	0.95
Alitalia	20,571,580	18,013,559	0.88
LATAM (LA)	46,695,662	38,617,331	0.83
EgyptAir	12,808,798	8,693,288	0.68
SWISS	71,241,284	47,458,618	0.67
Saudi Arabian Airlines	22,468,467	12,676,578	0.56
TAAG Angola Airlines	52,532,634	26,508,816	0.50
Air Seychelles	8,381,545	3,859,127	0.46
British Airways	611,829,052	263,737,394	0.43
Kenya Airways	88,750,881	37,894,421	0.43
LAM -Linhas Aereas De Mocambique	4,254,992	1,779,979	0.42
Air Mauritius	33,817,415	5,302,119	0.16
Virgin Atlantic Airways	129,471,851	15,547,705	0.12
Air Botswana	7,086,191	431,332	0.06
Air Namibia	18,227,330	395,167	0.02

Table 15: Major International Airlines Revenue Structure from South Africa

*Source: OAG * Data for Rwandair and FastJet Zimbabwe was unavailable*

<u>Route Analysis</u>

Load factors provide a valuable headline indicator of sustainability and the chart below shows that eight routes are operating in excess of 85% on a year-round basis. Allowing for the seasonality fluctuations of the market it is likely that in some months there is not enough direct capacity to accommodate all the market demand. Whilst a proportion of traffic will always travel indirectly due to pricing or scheduling as much as capacity, it is safe to assume that those eight markets are safe from any risk of being dropped. At the other end of the spectrum, some ten routes have load factors below 65% on a year-round basis, which could drop to 50% in the very low demand periods.

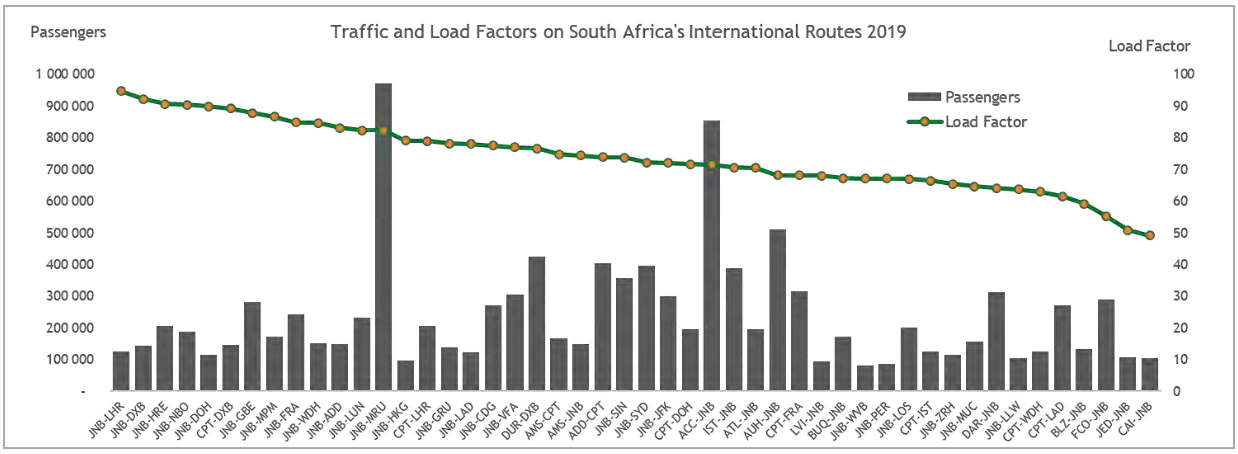


Figure 35: Major International Airport Pairs Ex South Africa, Passenger Bookings and Segment Load Factors, Source: OAG

Outlook

The expectation is that demand recovery will lag capacity recovery, which will lead to aggressive airline pricing, short notice cancellations of poorly supported services and potentially a series of airline failures in the next year. Major domestic markets around the world will recover faster than international markets and it is expected that ~65% of global capacity will have returned to January 2020 levels by year end, with softer load factors translating to a 55% recovery in total global demand.

The net assessment of airline and route risk suggests that for strategic and commercial reasons the current roster of international airlines operating to South Africa looks reasonably secure. However, with nearly every airline seeking to cut capacity, the precise levels of both frequency and capacity (through aircraft type changes) could see changes in the short-term and indeed through the next two-year period as carriers seek to rebuild cash reserves and adopt risk averse network strategies. A number of airlines and routes are at risk based on 2019 data. These include:

- Johannesburg - Cairo, EgyptAir
- Johannesburg - Rome, Alitalia
- Johannesburg - Munich, Lufthansa
- Johannesburg – Sao Paulo, LATAM
- Johannesburg – Jeddah, Saudia
- Cape Town – Istanbul, Turkish Airlines (Winter service at risk)
- Cape Town – New York, United (Seasonal Service)
- Cape Town – Vienna, Austrian (seasonal is at risk)

More significantly, SAA supplied 2,6 million seats, or 28% of international capacity, in 2019 and the airline and its affiliates operated over half of the scheduled domestic services in 2019. With the carrier in business rescue, there is likely to be substantial gap in capacity in the short-term. While this is of concern for the tourism sector, 41% of scheduled international services were offered in competition with other airlines and the largest of the routes operated by SAA without competition was Johannesburg – Manzini. Similarly, in the domestic market a combination of local and connecting demand provides a consistent flow of traffic but excess capacity has resulted in extremely low and often sub-commercial fares.

A rationalised SAA, however, could create a better balance in expected capacity to future demand for international services and would provide some reassurance to those international airlines operating to South Africa around the strength of the market. The size and sound fundamentals of the domestic market mean that capacity will be created by the most efficient airlines and that capacity is likely to settle in a relatively short period of time.

Air Service Development

An Air Service Development (ASD) programme must support connectivity to major source markets and seek to develop access to new emergent markets. Creating competition amongst airline operators to achieve both sufficient capacity and competitive air fares all year round is also central to the mandate.

In addition to the large international passenger carriers, opportunities also exist to target air cargo services to shore up revenue during the ban on passenger travel. Air charter services also may serve as a stop-gap measure way to support passenger demand with air service capacity immediately after restrictions are lifted.

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3

Form a national air access unit responsible for country-wide route support and development	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement
Evaluate airline and route risk to continuously identify attractive partnerships to be pursued and unattractive ones to be avoided	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement
Develop and implement a comprehensive air service development programme	Protect and Rejuvenate Supply	Design & Implement	Implement	Implement

Table 16: Actions for Recommendation 4

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY
Form a national air access unit responsible for country-wide route support and development	Deparpartment of Transport, NDT, SAT and TBCSA
Evaluate airline and route risk to continuously identify attractive partnerships to be pursued and unattractive ones to be avoided	SAT
Develop and implement a comprehensive air service development programme	Department of Transport, NDT and SAT

Table 17: Accountabilities for Recommendation 4

MODELLING AND SIMULATION OF INTERVENTIONS

Phase 1 interventions are focused on protecting supply and initiating the implementation of the recovery plan. The Enhanced Tourism Supply Support Package is designed to reduce supply degradation by intervening to support a finely targeted businesses that risk closing in the next three months. The interventions are based on survey results that indicated organisations would need at least 53% of expected monthly turnover to cover essential costs and survive on a month-to-month basis. It is proposed to target support at this level. Globally recognised biosecurity protocols can enable earlier opening for domestic and inbound tourism; thus, demand can potentially start sooner. Lastly, the airlift incentive programme will ensure airlines are operational by boosting aviation supply in phases over 18-24 months.

If these four interventions are executed, the sector could experience a R9.7 billion boost in output in 2020 against the post-COVID-19 base case. This would lead to a further R128,5 billion into 2021 and 2022 and would contribute to preserving more than 91,000 jobs. Estimated sub-sector impacts are summarised below:

- Travel Distribution & Intermediaries: Under this scenario, travel distribution and intermediaries will avoid output losses of R6,7 billion between 2020 and 2022, and over 3,900 jobs in the sub-sector will be preserved over the three years.

- Transport & Related Services: Transport and related services will see a R50,6 billion avoidance in output reduction between 2020 and 2022, and over 33,000 jobs in the sub-sector will be preserved.

- Accommodation: Accommodation will avoid output losses of R21,9 billion and approximately 15,900 jobs in the sub-sector will be preserved over the three years.

- Entertainment & Related Services: Entertainment and related services will avoid a R58,9 billion reduction in output, and 38,000 jobs in the sub-sector will be preserved from 2020 to 2022.

For detailed outputs refer the tables in the Appendix.

South Africa

Inspiring new ways

PHASE 2: MATCHING SUPPLY AND DEMAND (3-9 Months)

PHASE 2: MATCHING SUPPLY AND DEMAND (3-9 Months)

PROPOSED INTERVENTIONS

5	Partner with accountable departments to remove barriers to travel and enable freer entry, reduced tourist crime and provide stronger personal safety and security guarantees

Through the recovery phase, high-intensity barrier messaging can leverage positivity surrounding South Africa's management of the COVID-19 crisis, the health-oriented shift in safety and security concerns and favourable price/value for money conditions to communicate a compelling proposition to potential travellers. However, these messages will be muted if traditional barriers to travel are not meaningfully reduced or resolved. Most critical in this regard are visas and immigration and crime and tourist safety, while other issues such as the serious challenges in obtaining vehicle operating licenses from the National Public Transport Regulator (NPTR) must also be expedited.

Visas and Immigration

Visa and immigration regulations seek to manage access to South African territory by balancing the economic need for ease of passage with the need to protect the country with appropriate security precautions. Recent steps by the Department of Home Affairs have significantly supported easier access for international travellers, however recent visa policy and process has been a notable drag on inbound tourism performance.

While not a function of the pandemic, frictionless visa and immigration processes and policies will need to form part of an improved destination value proposition post-crisis. Visa categories for tourism include the traditional visa (prior to departure paper visa in passport), e-Visas (all types of electronic travel authorisations obtained prior to departure), visa on arrival and visa-free entry.

In this regard, the piloting and rollout of the proposed e-visa system to simplify the visa and entry process is important. E-visas create time and cost savings for both travellers and officials and e-processing fees create a revenue generation opportunity that can finance the cost of system implementation. Competitor destinations Australia and New Zealand have setup two of the benchmark systems globally, and, since many popular destinations (eg France, USA, Spain, China, Italy, Germany and the UK) do not currently offer an e-visa, an opportunity for competitive advantage exists.

Alongside this, continuing clarification of birth certificate requirements for minors and the expansion of visa-free entry agreements to cover more source markets remain critical. In parallel, the roll out of e-gates at major ports of entry, starting with OR Tambo International Airport, will substantially support an improved initial visitor experience (UNWTO, 2019; AU, 2019).

Safety and Security

Safety and security is consistently the biggest barrier to visitor conversion and, like visa and immigration above, is not a function of the pandemic but is a critical part of the destination value proposition. It is also possible that some crisis-response processes around visible policing, targeted enforcement and hotspot monitoring could be re-purposed for tourism to underwrite our higher-density tourist corridors more directly.

In aggregate, better inter-governmental coordination to secure tourist sites and prioritise visitor affairs is required to reduce crime incidents and bring credibility to efforts to shape international market perceptions of safety and security. Tourists need to feel confident that they are safe. Adopting best practice from similar international tourism crime prevention initiatives focusses on purposefully trained tourism safety officers able to deal quickly, efficiently and appropriately with a tourist crime-related incident, including expediting the prosecution process.

Tourism safety includes proactive and preventative measures initially focused on high tourism corridors. An integrated national co-ordinated initiative collects, tracks and responds to all tourism related incidents. Sensitised and trained tourist units can deal with incidents in a timeous and efficient manner including coordination with crisis PR and after-care. A comprehensive and coordinated approach embraces the range of tourism safety groups and initiatives from private, city led, provincial, government and institutional bodies. A higher-touch visitor experience should also integrate the ability for visitors to monitor location-specific risks and report incidents through app-based and physical visitor centre channels. This should amplify industry-led efforts such as the Tourism Security Initiative led by TBCSA.

Like with immigration, this is an area where dependencies on other departments and on non-governmental stakeholders require concerted engagement and advocacy. Enforcement strategies, including those that have been tabled previously such as a dedicated Tourism Police Force, should be considered, balanced with broader mandate obligations (host communities) and the potential modalities explored.

In addition to visa and crime-related barriers,

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3
Support the roll-out of the proposed e-visa system to simplify the visa and entry process	Strengthen Enabling Capability	Implement	Implement	Implement
Continue to expand visa-free entry agreements to cover more source markets	Strengthen Enabling Capability	Implement	Implement	Implement
Develop a coordination mechanism to accelerate tourism-supportive policing solutions	Strengthen Enabling Capability		Design & Implement	Implement
Explore the possibility of re-purposing crisis response tactics (eg visible, targeted policing) and assess the viability of dedicated enforcement strategies (eg tourism police force)	Strengthen Enabling Capability	Design & Implement	Implement	Implement
Develop a platform to enable visitors to monitor location-specific risks and report incidents, amplify the Tourism Safety Initiative	Strengthen Enabling Capability	Design	Implement	Implement

Table 18: Actions for Recommendation 5

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY
Support the roll-out of the proposed e-visa system to simplify the visa and entry process	Department of Home Affairs (DHA) and NDT
Continue to expand visa-free entry agreements to cover more source markets	DHA and NDT
Develop a coordination mechanism to accelerate tourism-supportive policing solutions	NDT (with SAPS)
Explore the possibility of re-purposing crisis response tactics (eg visible, targeted policing) and assess the viability of dedicated enforcement strategies (eg tourism police force)	SAPS and NDT
Develop a platform to enable visitors to monitor location-specific risks and report incidents, amplify the Tourism Safety Initiative	SAT / TBCSA

Table 19: Accountabilities for Recommendation 5

6 Catalyse domestic demand through the phases of economic re-opening with informative and inspirational messaging that encourages safe tourism

Leisure travel appetite post-crisis will be weighted towards the VFR and FIT segments, where authentic, lower-density itineraries will be popular. The trend towards independent, digital distribution and booking will accelerate, though traditional trade channels will be favoured by some for assurance reasons. Corporate domestic travel can be expected to revive relatively early, however conventions and exhibitions, which rely on trust and certainty will be amongst the longest to recover.

How domestic consumers open themselves up to local travel will depend on how COVID-19 has affected them. The market will initially be keen to explore hyperlocal experiences as soon as lockdown levels allow, expanding further afield to day trips, overnight trips and regional trips as lockdown restrictions ease further. Perceived safety will depend on the social contract in place in public spaces and an understanding that accepted health and safety social practices, such as physical distancing measures, hygiene standards and low touch transaction are in place and visible. Health and safety practices need to 'support the fun, not spoil the fun' and be augmented by a country-wide communication strategy that highlights expected behaviour in public and standardises safety measures in place at leisure sites. Ultimately personal financial circumstances will dictate travel decisions and take-up. It will thus be key to understand the financial impact that the pandemic and lockdown has on each consumer segment.

Systemic and supply chain constraints exist. Domestic consumers will have a shortage of leave days due (as many had to take leave during lockdown), have a reduced school holiday window and have reduced discretionary spend. Domestic air travel is likely to increase in price and be highly constrained. Whilst there has been an increasing demand for experiential purchases over services and goods, there is a lack of data as to how South African consumers are embracing this world-wide trend. Summer school holidays are traditionally the busiest time of the year for domestic travel. Staggering the summer inland and coastal school holidays (without compromising the number of school days) will spread the busiest holiday period of the year across a broader time span and has successfully been adopted internationally to stimulate domestic travel demand by extending the peak season, providing greater choice and affordability for local families.

Re-ignition of the domestic market will occur in phases as lockdown restrictions are eased. The initial three-month period will be characterised by 'Cabin Fever Breakout' as there is pent up demand for a change of scenery and visiting friends and relatives. Until international outward travel normalises there will be an opportunity to capitalise on 'Substitution Tourism' as consumers seek local replacements for their international holidays. 'Staycation Tourism' has a longer time horizon as this market segment with reduced discretionary spend explores local leisure experiences, many for the first time. The medium to long term growth opportunity is in identifying the 'New Experiential Consumer' as they follow the global trend moving from material consumption to experiential consumption, as well as targeting the Intrepid Traveller.

SAT will need to gain a clear understanding of each of these consumer groups and tailor the marketing, communication and travel offerings accordingly.

Cabin Fever Breakout

After months of lockdown at home there is pent up demand for a change of scenery. There will be demand for safe spaces to visit with close and extended family and friends with whom one feels safe (one's "COVID Tribe" or 'bubble'). Expect to see initial surge with some tailing off after three months (Namibia saw fully booked national parks in the first weekend after lockdown ended). Lead times will be short. Cabin fever breakout will be characterised by well-living weekend trips and day excursions.

Well-living weekend trips will focus on spaces that speak to holistic wellness: physical, mental, emotional, spiritual, social and environmental. Consumers will look for spaces and places that allow for safe re-connections with family and friends and the celebration of missed birthdays, graduations and personal events. The focus will be on self-drive destinations within a maximum of a half day's drive from major metros. This audience is a low touch travel group as they have their own transport and are likely to research, book, pay and check-in online (i.e., Fully Independent Travellers – FITs).

Consumers will seek day excursions and longer day trips to entertain themselves with a change of scenery. Attractions and experiences can expect to see family units and slightly larger close friends and family groups. It is not the norm in the domestic market to book in advance, but equally few sites have a capacity issue. What will need to be managed is the potential for congested arrival and departure times. Attractions and experiences should be encouraged to communicate in advance of changed operational plans and provide extra value rather than reduced entry fee to market to this segment.

Substitution Tourism (i.e., Domestic Traveller Audience)

There is a window of opportunity to respond to Substitution Tourism before outbound international travel normalises. Unable to indulge in (often pre-budgeted) overseas holidays, this segment, Domestic "Discover South Africa" Travellers, will seek to substitute with domestic travel indulgences. This segment has available discretionary spend that can be used to support higher-end local tourism offerings. Many kept working during lockdown and may be experiencing lockdown burnout. The lockdown may have had limited financial impact, or they expect financial recovery once economic activity resumes to 'normal' again. Whilst staying local may be less expensive, they will seek out good local deals to indulge in. Take-up will be dependent on flexible cancellation policies and value add deals such as 3 nights for the price of 2 and experiential travel packages. This tech savvy e-traveller will search online for ideas and deals. There is an opportunity to pre-sell in a "buy now–travel later" campaign. This segment speaks to SAT's 'Seasoned Leisure Seekers' and 'Well–to-do Mzansi Families'.

Staycation Tourism: "Try Something New"

Lockdown will increase the demand for staycation tourism products. Due to reduced discretionary spend, this market will choose to stay at home but participate in leisure activities within driving distance. Initially here will be a return to favoured leisure spaces (shopping centres will be the major competition) but there is an opportunity to expand leisure experiences by encouraging the consumer to "try something new" and creating a safe space to do so.

Leisure opportunities within a day trip radius and those accessible via public transport will be preferred. Sites that appeal to inter-generational families will be popular and travel group sizes will be larger than the nuclear family and thus group deals will be preferred, ideally to include transport. Take-up will be primarily over weekends and school holidays. "Woza Weekend" type of specials will be popular. There is an opportunity to celebrate and thank health care workers, as has been done in the UK and Canada (also, Qatar Airways has offered 100,000 free trips to health care workers) where they enter free when travelling with family. This segment speaks to SAT's Spontaneous Budget Explorers and New Horizon Families.

<u>New Experiential Consumer: The Afrofuturist</u>

The New Experiential Consumer presents an opportunity to build a robust domestic tourism base. This segment may have slower initial take-up but there is long-term gain as this market begins to embrace experiential products and the culture of domestic travel. The focus is to move the consumer from the consumption of product to the consumption of travel experiences. Young, tech savvy, multi-cultural and rooted in a proudly South African spirit and heritage; this segment is shifting from material consumption to experiential consumption which has been accelerated during the COVID-19 lockdown. They seek out-of-home social spaces and places to be seen. 'The New Experiential Consumer', wants to see themselves reflected in the product and celebrate local style and culture. Marketing to this segment will need to collaborate with celebrated influencers such as the globally successful, Bloemfontein born visual artist, Trevor Stuurman. This segment speaks to SAT's 'High Life Enthusiast'.

Figure 36: Post from globally successful, Bloemfontein born visual artist, Trevor Stuurman

Successfully executing in this way will create the opportunity to structurally change the domestic market as experience-based local travel becomes entrenched and aspirational across a broad base of society. Here, the interface with product can be more direct, opportunities for geographic spread are more immediate and the marketing message needs to speak to share of wallet. Because domestic tourists reside in-destination, the sale is largely substitutive (travel vs. another consumer category) rather than competitive (travel vs. another destination) and more consumer data is available. There is a clear need to understand domestic consumer behaviour in more detail, specifically; the propensity of VFR visitors to convert to holiday and holiday expenditure as a share of wallet item. This will require a deep-dive on existing data sources, but also exploration of new data sources (eg bank card issuing data, platform data-sharing partnerships).

Similarly, marketing and product/experience development responses will need to be fundamentally transformed and it is evident that domestic travel remains something of a blind spot both for SAT and the organised tourism industry. Deeper more focused collaboration based on cooperative marketing and data sharing through an industry technology hub will be essential.

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3
Identify, analyse and respond to changes in domestic consumer preferences	Reignite Demand	Design & Implement	Implement	
Execute a refreshed, educational marketing programme to target the phases of re-opening	Reignite Demand	Design & Implement	Implement	Implement
Engage the domestic trade to package itineraries and experiences that are both safe and inspirational	Reignite Demand	Design & Implement	Implement	Implement
Prioritise domestic in the industry data partnership and partner with non-traditional data sources	Reignite Demand	Design	Implement	Implement

Table 20: Actions for Recommendation 6

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY
Identify, analyse and respond to changes in domestic consumer preferences	SAT
Execute a refreshed, educational marketing programme to target the phases of re-opening	SAT
Engage the domestic trade to package itineraries and experiences that are both safe and inspirational	SAT
Prioritise domestic in the industry data partnership and partner with non-traditional data sources	SAT

Table 21: Accountabilities for Recommendation 6

7 Execute a high-impact global marketing, communications and travel trade programme, targeted at highest-potential source markets and intrepid travel consumer segments, to reignite international demand

The return of tourism will see varying rates of recovery in source markets and marketing investment must be carefully conserved to achieve maximum impact through the recovery cycle. Similarly, the stages of South Africa's own re-opening and readiness to receive visitors will determine the pace at which international travel is able to restart.

The crisis is expected to lead to changes to consumer preference across product, channel and experience. Marrying crisis-related consumer perception shifts, the ability to travel and traditional booking cycles will determine the best combinations of timing and regional readiness. Marketing investment must be timed and targeted based on attractiveness and availability and will need to evolve to incorporate multi-year investment cycles in order to optimise resources.

Traveller Segmentation

In a market of scarce resources and uncertain timing, identifying the highest-potential inbound target segments is foundational to the recovery strategy. Key segments will be those with the least number of roadblocks to travel as well as those that are the most resilient travellers, for whom adventure, culture and nature are the driving forces for authentic travel.

South Africa has predominantly used a demographic approach to target two segments first defined at in the early 2000s and used to continue targeting through 2019. These are:

1. A younger segment, or "Wanderluster": Wanderlusters traditionally are considered to be avid travellers between the ages of 25 and 40 looking for deals to see and do as much as they can. Destination is a key factor in their trip, and they want to get the full experience, immersing themselves in the country's culture and having fun. Their small travel budget is not a problem: they simply hunt for the best deals and travel off-peak. They are digitally-savvy, looking for and booking holidays online. They tend to be Free Independent Travellers (FIT) without the pressure of children and will spend no more than ZAR 9,500 on average; and,
2. An older segment, or "Next Stop South Africa" (NSSA): The NSSA segment on the other hand, are wealthier, experienced international travellers, usually between the ages of 40 and 60 whose children (if any) have left home. They typically look for natural beauty and authentic cultural experiences. They prefer independent or small group travel and look for luxury and comfort as part of their experience. Safety is a key consideration when choosing a new destination. Safari is a big draw when travelling to South Africa.

However, the pandemic is forcing a rethink of segmentation altogether. Tourism will return, but a new consumer psyche across source markets will require that channels, products, experiences and infrastructure adapt while also accommodating new biosecurity standards. More than ever, traveller psychology will be driven by universal factors. This presents an opportunity for South Africa to shift to a psychographic-based hybrid segmentation to drive differentiation since many competitors will revert to pre-crisis segmentation.

These target segments include the domestic and regional traveller (see previous recommendation) and the Global Intrepid Traveller. Intrepid Travellers are among the highest spending global travellers for whom travel is a significant part of their lives. They are also the travellers most resilient to perceived issues around security. Recovery marketing should position the tourism brand around the travel values of these segments and align these values with the country's exceptional cultural, adventure and natural experiences.

Intrepid Travellers highly value travel experiences that offer bragging rights and historic or cultural and nature-based experiences. While there are many variations of Intrepid Traveller, the two that hold the most promise are the 'Free Spirits' and the 'Cultural Explorers'. 'Free Spirits' are highly social and open-minded. Their enthusiasm for life extends to their outlook on travel. Experimental and adventurous, they bask in high-end hedonistic experiences that are shared with others. 'Cultural Explorers' are defined by their love of constant travel and continuous opportunities to embrace, discover and immerse themselves in the culture, people and settings of the places they visit.

These groups of prospective travellers are the most risk-averse travellers, are most likely to hold a passport, engage in more hands-on travel experiences, and of all groups, are the least concerned over perceived security risks. This includes potential risks of travelling caused by the COVID-19 pandemic. These travellers comprise approximately 34% of the total potential travel market in Europe, North America and Oceania. The 'Free Spirit' and the 'Cultural Explorer' segments are described in the table below. It is important to note that these initial descriptions have been adapted from global market research and will need to be explored and refined further during the marketing strategy development phase.

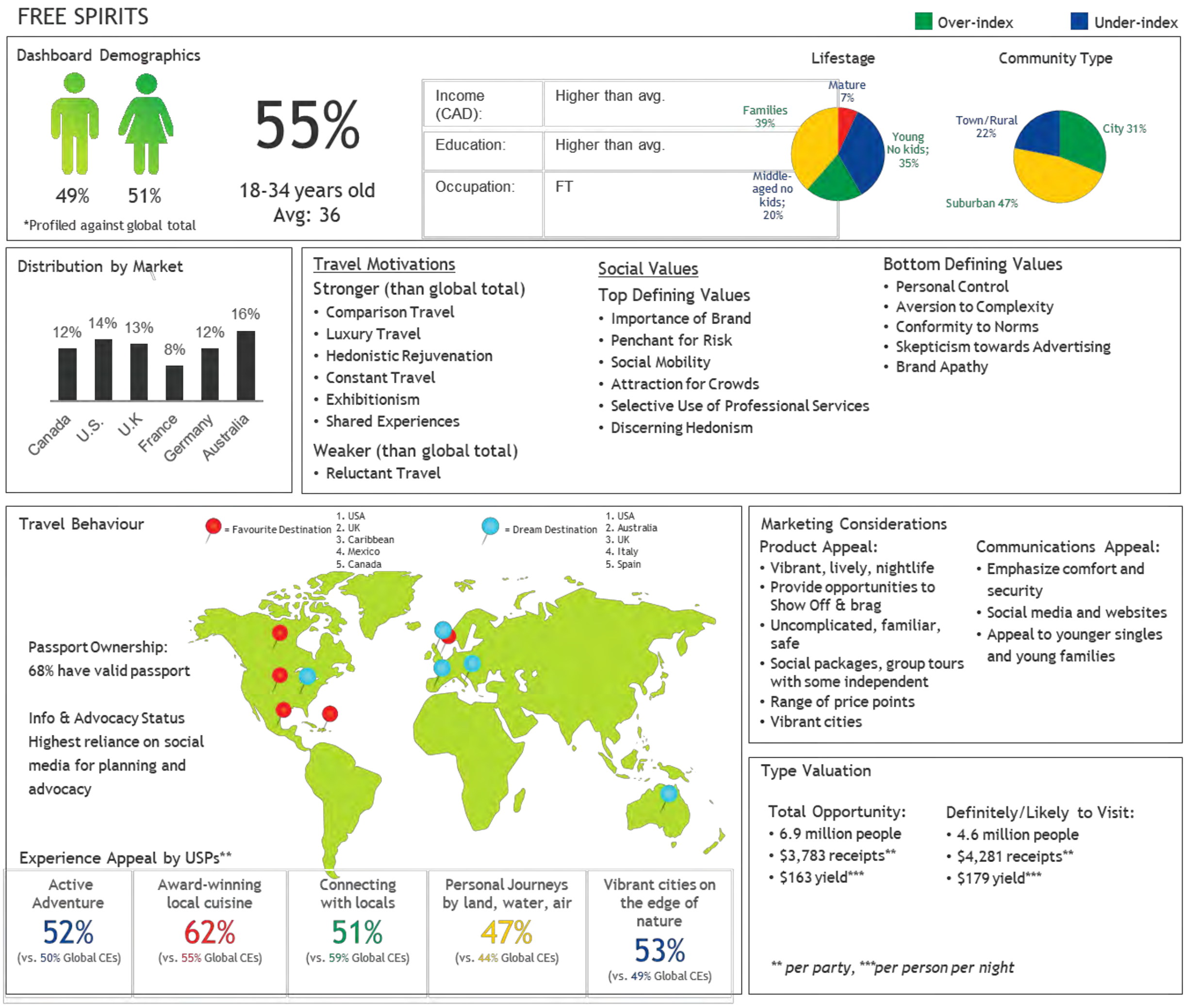
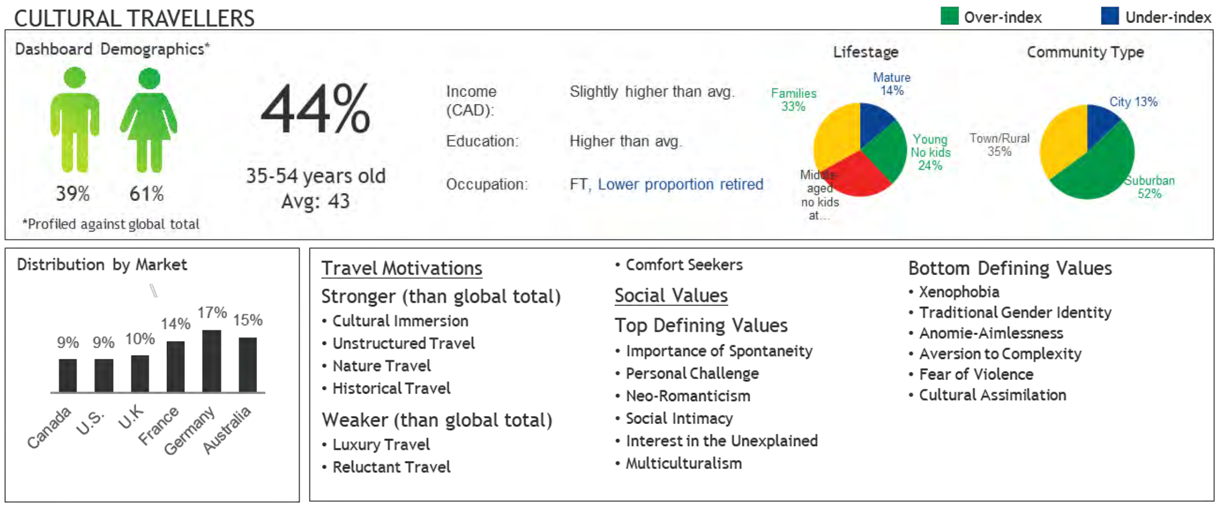


Figure 37: Traveller Segmentation - Free Spirits[15]



[15] Source: Twenty31 Consulting Inc.

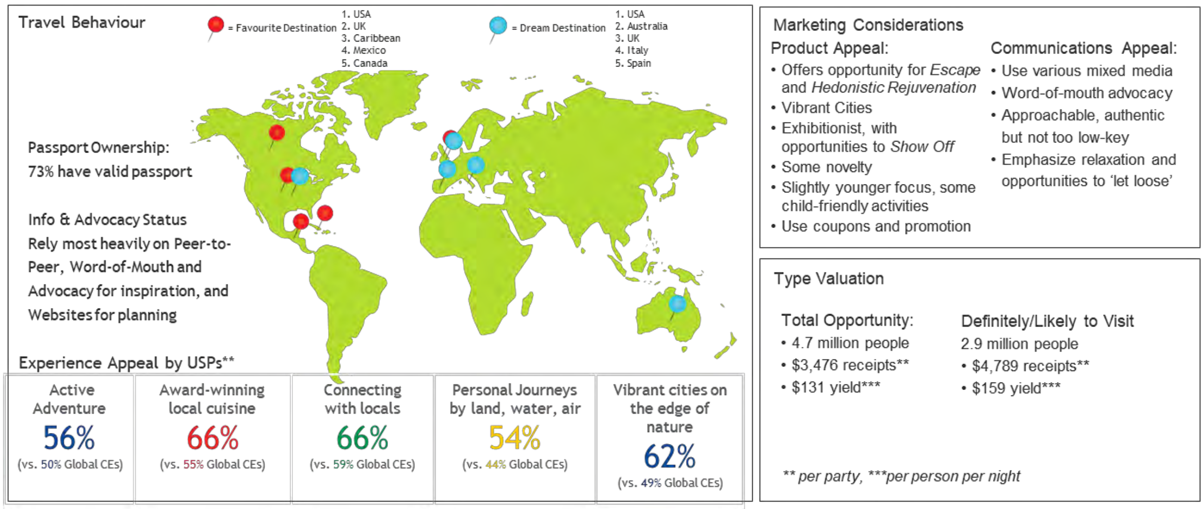


Figure 38: Traveller Segmentation – Cultural Travellers[16]

While South Africa has a solid destination brand, the country will need to re-tell its story to lure the Intrepid Traveller. While segmentation models are adopted by myriad DMOs, only a limited number effectively use and integrate these segmentations within their overall strategy and tactical execution. Furthermore, segmentation must be properly socialised and communicated to external tourism industry partners. It is vital that core marketing and channel partners are engaged in using the segmentation to ensure consistency throughout the path to purchase. Destination Canada, Tourism Australia, Tourism New Zealand and Abu Dhabi Department of Culture and Tourism are considered leaders in how they have integrated their segmentation models within their core and partner marketing, communications, PR and travel trade efforts.

Far less certainty exists around the future of large-scale conferences, conventions and events. Government restrictions over large gatherings, community and resident sentiment, corporate insurance limits and corporate and organisational concerns will weigh heavily on the MICE industry. At the time of drafting, no clear insights or forecasts were available with which to make informed observations on the direction and future potential of the conference, convention and events market and the outlook for South Africa. It is suggested that SAT and its partners conduct a detailed investigation within three to six months assuming that relevant data becomes available.

<u>Market Prioritisation</u>

SA Tourism has developed a robust Market Investment Framework (MIF) for evaluating the potential of a series of outbound source markets. This research-based approach is an advancement on the subjective, historic or flag carrier route-based approaches still used by most countries. A review of the MIF found it to be effective in predicting potential priority markets based on cost of acquisition and return on marketing investment. This is similar to models used by Destination Canada, Tourism Australia, Visit Britain, Tourism New Zealand and the Abu Dhabi Department of Culture and Tourism. However, the SAT model has a number of potential design issues, made clear by the current state of the global tourism industry in the midst of the COVID-19 pandemic:

1. The model relies on historic data which will present challenges given the great disruption in air access and consumer sentiment in the current environment.
2. The model focusses considerable attention on cost of acquisition within a limited timeframe and not a multi-year investment context. There exists a large body of research clearly indicating that

[16] Source: Twenty31 Consulting Inc.

DMO efforts to build awareness, develop channels and drive consumer interest down the path to purchase requires a minimum three-year outlook. (i.e. tourism marketing is cumulative).

3. The model does not appear to differentiate between total and discretionary travel. A number of DMOs have determined that their direct and in-direct marketing, communications, PR and travel trade efforts influence 20% to 30% of all travel to the destination.
4. The model does not appear to integrate existing priority consumer segments and rather takes a holistic view of each market's total consumer base.
5. The model appears to discount VFR travel, which counters recent global research and best-practice that recognises this segment's increasing value to total tourism contribution.

Lastly, the current MIF prioritises 42 source markets, with 29 identified as Core (Tier 1) and 13 identified as Strategic (Tier 2 and 3). This is too many to focus on without severely diluting marketing, communications, PR and travel trade budgets and resources. Leading DMOs invest in between 12 (Canada) and 24 (Dubai) priority markets, with Abu Dhabi (14), Australia (15) and Britain (21) ranging between. In addition, the data that has informed the prioritisation of these source markets now may have been significantly altered by the massive disruption caused by the pandemic.

To optimise effort and budget allocation, SAT should rationalise its market focus to the list of Core (Tier 1) and Secondary (Tier 2) markets for at least the next three years. This recommendation is based on an analysis of the MIF against global DMO best practice (specifically Destination Canada, Tourism Australia, Visit Britain and Dubai Tourism and Commerce Marketing), external data sources that highlight the potential of outbound travel from major tourism markets (including Forward Keys; Skift; Sojern and Adara) and the airline analysis presented in <u>Recommendation 4: Convene a national air access team and implement an air service development programme to reconnect South Africa to the world.</u>

PROPOSED CORE AIR MARKETS (TIER 1, n=14)

<u>Domestic and Regional</u>

- South African domestic tourism and substitution tourism
- Tanzania, Kenya, Nigeria, DRC

<u>Overseas</u>

- Germany, UK, France, China, India, Netherlands, Australia, USA, Canada

SECONDARY MARKETS (TIER 2, n=9)

<u>Regional</u>

- Uganda, Ghana, Angola, Ethiopia, Botswana, Namibia

<u>Overseas</u>

- Sweden, Italy, Brazil

While this represents a significant shift in resource allocation, the approach takes a longer-term view of recovery and future growth and focuses resources to gain increased market presence. It also reflects a general trend towards greater precision and multi-year market development strategies by leading DMOs that pre-dates the pandemic. Given the investment made in developing the MIF, the existing model should be adapted to consider observations 1-5 outlined above, with data re-run in 2021 once market conditions stabilise and data points become available. Some primary and secondary research should support a new or modified set of variables to help determine which source markets are most viable from the selection identified.

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3
Develop a global marketing strategy based on identified segmentation and market priorities	Reignite Demand	Design & Implement	Implement	Implement
Understand unfolding 'time to travel' and openness constraints in source markets	Reignite Demand	Design	Implement	Implement
Conduct consumer research to develop more granular insight on Intrepid Traveller preferences	Reignite Demand	Design	Implement	Implement
Reprioritise marketing investment, timing and targeting	Reignite Demand	Design	Implement	Implement
Refine existing MIF model to reflect precision focus and multi-year market development objectives	Reignite Demand		Design	Implement
Conduct a review of the future MICE market and develop a strategy to focus activities	Reignite Demand		Design	Implement

Table 22: Actions for Recommendation 7

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY
Develop a global marketing strategy based on identified segmentation and market priorities	SAT
Understand unfolding 'time to travel' and openness constraints in source markets	SAT
Conduct consumer research to develop more granular insight on Intrepid Traveller preferences	SAT
Reprioritise marketing investment, timing and targeting	SAT
Refine existing Marketing Investment Framework (MIF) model to reflect precision focus and multi-year market development objectives	SAT
Conduct a review of the future MICE market and develop a strategy to focus activities	SAT

Table 23: Accountabilities for Recommendation 7

MODELLING AND SIMULATION OF INTERVENTIONS

Phase 2 interventions are focused on boosting demand. While precise impacts can be subjective, it is expected that refining the visa and immigration regime and bolstering tourism policing will act as demand stimuli by reducing well-recognised barriers in the conversion funnel. Catalysing domestic demand through marketing will also provide a boost to demand, initially through pent-up 'Cabin Fever Breakout. demand and outbound substitution. Lastly, a reinvigorated and precision-targeted global marketing programme will drive inbound demand.

South Africa
Inspiring new ways

If these four interventions are executed, the sector could experience a R19 billion boost in output in 2020 against the post-COVID-19 base case and would also contribute to preserving more than 16,900 jobs. Estimated sub-sector impacts are summarised below:

- Travel Distribution & Intermediaries: Travel distribution and intermediaries will preserve R1 billion in output and 750 sub-sector jobs between 2020-2022.
- Transport & Related Services: Transport and related services will conserve R8,4 billion in output, and some 6,900 jobs over the three-year period.
- Accommodation: Accommodation will avoid output losses of R2,9 billion boost and 2,800 associated jobs in the sub-sector will be saved between 2020 and 2022.
- Entertainment & Related Services: Entertainment and related services will have a R6,9 billion boost in output, and 6,300 jobs in the sub-sector will be preserved from 2020-2022.

South Africa

Inspiring new ways

PHASE 3: GROWTH INTERVENTIONS (9-24 Months)

PHASE 3: GROWTH INTERVENTIONS (9-24 Months)

PROPOSED INTERVENTIONS

8	Launch an investment and market-entry facilitation programme to stimulate capital investment, sector transformation and product diversification

A key risk of the COVID-19 health crisis is that it can quickly become an infrastructure crisis if tourism activity is constrained for too long. Global recovery benchmarks (see international interventions section) indicate that tourism is typically resilient in the face of pandemics and is able to rebound strongly. However, recovery from infrastructure crises, where tourism supply is significantly impaired, takes far longer.

Recommendation 2: Deploy an enhanced Tourism Supply Support Package to protect tourism assets and core infrastructure and support re-opening described the need for critical short-term intervention to crowd-in financial resources that would preserve as much tourism supply as possible. While the enhanced Tourism Support Package discussed in Recommendation 2 is the frontline response to preventing an infrastructure shock, it is inevitable that businesses across the value chain will either not re-open or will be forced to close during re-opening. This could create capacity constraints and impair the diverse value proposition on which South Africa's destination appeal is based.

Ultimately, the sector must work to attract investment through the recovery cycle in order to create sufficient supply capacity, but also to support the product diversification and unserved market needs that are likely to accompany renewed growth. This creates two related imperatives; the need to attract capital investment into the sector, and the need to further transformation and inclusion objectives in doing so. A supply shock of this nature can result in market concentration, where competition is reduced in certain niches, market degradation, where existing supply cannot fully recover, and market failure, where business closures result in the non-supply of products and services. Changing traveller preference and behaviours will also create new opportunities that may not previously have existed.

A concerted focus on investment-led economic rejuvenation is therefore required and this should be formalised under a collaborative investment promotion and market-entry facilitation programme. Strategies should evaluate value chain weaknesses and seek to re-introduce competition, facilitate revitalisation and encourage investment in unserved niches. Done right, this general approach can be highly supportive of transformation, inclusion and diversification objectives if it is underpinned by a focus on enhancing SMME visibility, mobilising multi-stakeholder collaboration, developing community assets and transforming spatial and ownership patterns.

While the programme should avoid direct capital-raising, focus should specifically be placed on attracting the significant pools of foreign private philanthropic funding that is directed at conservation and SDG impact, as well as towards supporting low-barrier investment vehicles for domestic retail investors. As with Recommendation 2, International DFIs may also have appetite to participate.

The feasibility of Tourism Development Zones (TDZ) and investment incentive packages for large tourism investments must be investigated to support diversification of supply. These measures must address risk factors in tourism development, which are generally viewed as high-risk by investors and become even more so when new destination and new one-dimensional markets (eg leisure tourism) are involved.

Sun City and Cancun, Mexico are two examples of successful incentive-driven tourism investment. The former was established on heavy tax write-offs and a casino license, while the government supported the first nine hotels in the latter. Both now employ tens and hundreds of thousands of people respectively and generate significant value for previously remote communities. By contrast, the absence of such incentives is reflected in the lack of investment in coastal resort hotel projects north of Durban and on the Wild Coast, despite many years of promotion. The generic Special Economic Zone (SEZ) programme is also not fit for purpose, being focussed on strategic industrialisation.

The scope of investment promotion and market entry facilitation must also include government-owned tourism assets and should deliver a solution to the ongoing operational sustainability of this portfolio. While an accurate count is not available, it is estimated that there are some 90-100 state-owned accommodation establishments around the country. This group of properties is largely owned by PTAs or municipalities and is incremental to those operated by SANParks and other conservation entities.

Products range from the internationally distinctive Royal Natal National Park in the Northern Drakensburg, to more localised offerings such as Suikerbosrand in Gauteng, Midmar Dam in the KZN midlands and Nahoon Resorts in the Eastern Cape. Most accommodation offerings typically already include entertainment options, day visitor facilities, destination activities and other attractions.

Many of these properties are technically insolvent and currently require ongoing budget support to remain in operation. Years of accumulated maintenance deficits also mean that significant capital injections are required for the rehabilitation of facilities. There is, therefore, a pressing imperative to alleviate the fiscal drain that these properties currently represent. However, the capital expenditure deficit is likely to present a significant barrier to developing a purely commercial business case and sources of developmental capital with lower or longer-term return horizons will need to be sought out. Hard calls will also have to be made about prospects for future viability.

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3
Launch an investment and market-entry facilitation programme including specific mechanisms for transformation and diversification objectives	Protect & Rejuvenate Supply		Design & Implement	Implement
Identify market concentration, degradation and failures across the value chain for targeting	Protect & Rejuvenate Supply	Design	Design	
Develop proposition for investment promotion to foreign philanthropic impact capital and international DFIs	Protect & Rejuvenate Supply		Design	Implement
Support low-barrier investment vehicles for domestic retail investors	Protect & Rejuvenate Supply	Implement	Implement	Implement
Pursue the development of TDZs and tourism investment incentives.	Protect & Rejuvenate Supply		Design & Implement	Implement
Develop a strategy for integrating the state-owned tourism portfolio into the general programme	Protect & Rejuvenate Supply		Design & Implement	Implement

Table 24: Actions for Recommendation 8

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY
Launch an investment and market-entry facilitation programme including specific mechanisms for transformation and diversification objectives	NDT and TBCSA
Identify market concentration, degradation and failures across the value chain for targeting	NDT and TBCSA
Develop proposition for investment promotion to foreign philanthropic impact capital and international DFIs	NDT / TBCSA
Support low-barrier investment vehicles for domestic retail investors	NDT / TBCSA
Pursue the development tourism investment incentives to support transformation as well as investment in Tourism Development Zones.	NDT / TBCSA
Develop a strategy for effective commercial operation of state-owned tourism portfolio	NDT and owning government entities

Table 25: Accountabilities for Recommendation 8

9 Prioritise cooperation with neighbouring destinations towards a regional value proposition and a seamless visitor experience

South Africa and its neighbours are seen as a highly desirable 'bucket list' destination in a number of source markets. For many international travellers, the once in a lifetime trip to the region is enhanced by the marquee experiences offered in Namibia, Botswana and Victoria Falls. This is particularly true for the high-end leisure market which heavily leverages regional natural assets. A significant portion of overseas arrivals in South Africa included onward visits to other countries. In 2018, this accounted for 22.8% (608,422 pax) of overseas arrivals and was as high as 25,9% in 2015. In 2019, 52% of those visiting other countries travelled to South Africa's neighbouring states; Namibia, Botswana, Zimbabwe and Mozambique.

In many cases, South Africa is also a critical transit hub on which these countries depend for arrivals. Regional travel may also form an integral interim phase of recovery between domestic activity and full international re-opening. Recognising this mutual interdependence and shared interest creates an imperative to coordinate with neighbouring destinations on post-crisis recovery. A value-adding regional value proposition and a seamless visitor experience is crucial, however, the extent of coordination between destinations is currently limited.

The 2019 Travel and Tourism Competitiveness Index (TTCI) produced by the World Economic Forum noted that, while Southern Africa as a region scores in the global top 20% for price-competitiveness and natural resources, it generally scores below the global average, with the enabling environment and infrastructure specifically deficient. Of additional concern is that the region falls in the bottom 20% for health and hygiene and that this pillar has been on a downward trend in recent years. Urgent focus is therefore needed to improve the situation.

Namibia and Botswana have effectively had no community transmissions and very few deaths due to COVID-19. As of 28 May 2020, Namibia has had 22 confirmed cases and 0 deaths and is expected to return to normal business on 30 June 2020. Botswana has had 35 confirmed cases and one death and ended its 48-day lockdown on 20 May 2020, allowing all businesses and schools to reopen under strict protocols. As of 28 May 2020, Zimbabwe has had 132 cases and 4 deaths but in the same week stated that new infections were predominantly returning Zimbabweans. The country remains under lockdown.

While South Africa's pandemic experience has been significantly more challenging, the World Health Organisation has praised the country for its quick response to the pandemic. The region is thus well placed to be viewed as a COVID-19-safe travel destination when travel restrictions are lifted. Globally some regions are looking at creating safe travel zones (eg parts of Eastern Europe or the proposed Trans-Tasman COVID-19-Safe Travel Zone between Australia and New Zealand), however, with community transmission still high in South Africa but low in neighbouring countries, travel corridors and bubbles remain unlikely until further into the recovery. Efficient restoration of travel links and cross-border mobility will, however, be a key component of recovery.

Of initial importance is the need to standardise biosecurity protocols to enable traveller expectations to be more easily managed and met across a number of destinations. Air access and generally enhanced transport linkages will also be critical to support regional mobility. Thereafter, pre-existing constraints on a frictionless regional visitor experience, such as consistent visa policy through univisas and standardised biometric security protocols, should be prioritised for refinement. Lastly, collaborative value proposition development and cooperative marketing partnerships can deliver significant efficiency and effectiveness uplifts on the performance of collective financial resources (WEF, 2019; UNWTO, 2019).

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3
Standardise biosecurity protocols to more easily meet and manage traveller expectations.	Strengthen Enabling Capability	Design & Implement	Implement	Implement
Pursue expanded air access and enhanced transport linkages to support regional mobility.	Strengthen Enabling Capability	Design	Design	Implement
Refine immigration policy to improve the regional visitor experience.	Strengthen Enabling Capability		Design	Implement
Collaborate on value proposition development and cooperative marketing partnerships.	Strengthen Enabling Capability			Design

Table 26: Actions for Recommendation 9

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY
Standardise biosecurity protocols to more easily meet and manage traveller expectations	TBCSA, NDT and Department of Health
Pursue expanded air access and enhanced transport linkages to support regional mobility.	Department of Transport, NDT and SAT
Collaborate on value proposition development and cooperative inclusive marketing partnerships	SAT / TBCSA

Table 27: Accountabilities for Recommendation 9

10 Review and transform the tourism institutional architecture to deliver efficient, effective and purpose-led support for sector growth and development

The recommendations of this tourism recovery plan imply the need for a broad and far reaching transformation of the institutional structures that exist to support the sector. At a national level, NDT remains the apex state authority for the sector with a renewed focus on cultivating and sustaining a deep and comprehensive partnership with the private sector to achieve the objectives of the recovery plan. Specific priorities will also include oversight of the enhanced Tourism Supply Support Package, the continued pursuit of a conducive enabling environment (eg visa and immigration, safety and security), sector investment and market-entry facilitation, regional destination cooperation and the review of sector policy and legislation (eg Tourism Act No. 3 of 2014).

Government has also commenced with the process of repurposing and rationalising the country's brand entities. This will affect SAT and BrandSA. However, whatever the new formation, such will be position to strengthen both the country's overall brand and our ability to increase our share of global tourism market and ensuring that the domestic tourism base is further strengthened. This will be part of the institutional reform. Further, working modalities between national, provincial and local DMOs shall be explored.

The rapid pace of innovation demands an ability to leverage an ever-changing pool of emerging technologies. In this context, ongoing investments into data and technology will create a tourism data hub that can adapt to evolving business requirements with technology-driven solutions. This enables a continuous and reliable flow of business enhancing tools and solutions that will enable SA Tourism to develop further points of differentiation. A range of opportunities exist in this regard, but upcoming deployments in micro-influencer enablement, digital-led experiences, dynamic itinerary generation, real time visitor surveys, affiliate marketing and online training all show significant promise. Key success factor is strategic partnerships in the execution of the recovery plan.

Specific Actions:

ACTION	THEME	PHASE		
		1	2	3
Develop revised governance model and institutional architecture for the sector (incl. SAT and provincial/local tourism authorities.)	Strengthen Enabling Capability		Design	Implement
Deploy data and technology industry utility to enable greater collaboration and intelligence sharing	Strengthen Enabling Capability	Implement	Implement	Implement
Redesign SAT in-market representation model to drive efficiency and effectiveness	Strengthen Enabling Capability		Design	Implement
Review and revise appropriate legislation to reflect institutional reform objectives (eg Tourism Act No. 3 of 2014).	Strengthen Enabling Capability			Design

Table 28: Actions for Recommendation 10

Accountabilities:

ACTION	PRIMARY ACCOUNTABILITY

Develop revised governance model and institutional architecture for the sector (incl. SAT and provincial/local tourism authorities.)	NDT
Deploy data and technology industry utility to enable greater collaboration and intelligence sharing	SAT
Redesign SAT in-market representation model to drive efficiency and effectiveness	SAT

Table 29: Accountabilities for Recommendation 10

MODELLING AND SIMULATION OF INTERVENTIONS

Phase 3 interventions are focussed on ensuring sustainable long-term growth and development. This achieved by; introduce an investment and market-entry programme to boost structural supply, improving regional cooperation to boost structural demand and realising trailing benefits of the domestic and inbound marketing programmes described in Phase 2. Refining the tourism institutional architecture will not directly drive either supply or demand but will underwrite the successful execution of this plan's recommendations.

If these four interventions are executed, the sector could experience a R31,8 billion boost in output in 2020 against the post-COVID-19 base case and would also contribute to preserving more than 18,000 jobs. Estimated sub-sector impacts are summarised below:

- Travel Distribution & Intermediaries: Travel distribution and intermediaries will preserve R1,8 billion in output and 860 sub-sector jobs between 2020-2022.
- Transport & Related Services: Transport and related services will conserve R14,2 billion in output, and some 7,800 jobs over the three-year period.
- Accommodation: Accommodation will avoid output losses of R5 billion boost and 3,100 jobs in the sub-sector will be saved between 2020 and 2022.
- Entertainment & Related Services: Entertainment and related services will have a R10,7 billion boost in output, and 6,200 jobs in the sub-sector will be preserved from 2020-2022.

For detailed output tables refer to the Appendix.

South Africa

Inspiring new ways

IMPACT AND INVESTMENT

IMPACT AND INVESTMENT

IMPACT

As was discussed in the chapter on the impacts of COVID-19, the pre-pandemic expectation for industry performance was for total internal tourism expenditure (inbound and domestic) in 2020 of R274 billion. The outlook for tourism demand through to 2022 is highly uncertain since recent pre-crisis trajectories are likely to be fundamentally reset. Forecasts based on historic performance are therefore of limited value.

To produce a sound estimate of post-crisis demand that accounts for the effect of the pandemic shock, a demand function was developed based on the work of *Song et al.*, (2010) which describes approaches to modelling tourism demand. The method uses economic variables, such as the economic growth of visiting countries as well as relevant price and cross-price elasticities to ascertain the responsiveness of demand variables to changes in consumer prices and income.

This approach yields estimates of base post-COVID-19 tourism demand in South Africa of R70,6 billion, R133,5 billion and R222,5 billion in 2020, 2021 and 2022, respectively. The implication is an industry that is just a quarter of its 2019 at the end of 2020, and one which will not have recovered to pre-crisis levels by the end of 2022. The impact of softening demand and hard travel restrictions in terms of value already lost between January and May is estimated at R54,2 billion. Before President Ramaphosa's decision to take the county down to Level 3 on 1 June, the forecasted revenue loss for the remainder of the year was R149,7 billion, with as many as 438,000 jobs likely to be lost.

In combination, the interventions proposed in this recovery plan can preserve significant value and employment in the tourism sector. These recommendations also provide the basis for stimulating tourism supply and structurally increasing both domestic and inbound tourism demand.

The interventions proposed in Phase 1 (biosecurity protocols, enhanced Tourism Support Package, air service development and industry/government recovery partnership) will bolster both short-term supply and demand. Demand stimulus is achieved through the ability to re-open quicker and more comprehensively than would otherwise be possible, while the ability of supply to meet demand is protected through actions that preserve value chain capacity. It is estimated that the combined impact of Phase 1 interventions is a R9,7 billion boost in output in 2020 which also has substantial positive trailing effects into 2021 and 2022, adding a further R128,5 billion. This would help to preserve more than 91,000 jobs through the three-year period.

Phase 2 proposes a series of demand-side interventions; igniting domestic demand, high-impact global marketing and the reduction of barriers to travel. Demand stimulus is achieved primarily by capturing domestic substitution tourism opportunities, deploying a high-precision global campaign focussed on a rationalised set of markets and by making improvements to enduring barriers such as crime and visa policy. It is estimated that the combined impact of Phase 2 interventions is an incremental R19 billion increase in output across 2020 to 2022 which would help to preserve a further 16,900 jobs.

Phase 3 interventions are designed to support structural growth opportunities and include supply-side measures to attract capital into the sector and accelerate transformation objectives, as well as demand-side interventions to strengthen the regional tourism value proposition and visitor experience. Refinements to the institutions supporting the sector are also proposed. It is estimated that the combined impact of Phase 3 interventions is a further R31,8 billion increase in output and 18,000 jobs saved through the period. These simulations are summarised in the tables below.

		TOTAL REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)				
		Pre-COVID-19 Base	Post-COVID-19 Base	Phase 1	Phase 2	Phase 3
2019		273 233				
2020	January	26 922	26 922	26 922	26 922	26 922
2020	February	19 127	19 127	19 127	19 127	19 127
2020	March	20 360	10 180	10 180	10 180	10 180
2020	April	24 446	0	0	0	0
2020	May	19 574	0	0	0	0
2020	June	19 036	131	352	387	405
2020	July	20 621	176	543	639	690
2020	August	19 047	194	720	874	963
2020	September	21 125	572	1 196	1 582	1 820
2020	October	23 755	2 634	4 650	6 716	8 071
2020	November	21 827	3 082	5 266	7 736	9 470
2020	December	38 756	7 640	11 423	18 659	24 085
2020	**TOTAL**	**274 597**	**70 658**	**80 380**	**92 823**	**101 733**
2021	Q1	67 356	32 842	49 761	49 882	50 049
2021	Q2	63 608	29 748	48 438	48 675	52 649
2021	Q3	62 010	19 591	37 292	40 643	57 029
2021	Q4	86 025	51 362	79 502	80 262	81 336
2021	**TOTAL**	**278 998**	**133 544**	**214 993**	**219 461**	**241 063**
2022	Q1	68 676	52 828	67 241	65 972	65 972
2022	Q2	64 855	49 889	62 770	62 361	62 361
2022	Q3	63 226	46 736	58 420	60 298	60 794
2022	Q4	87 711	73 093	81 214	83 512	84 338
2022	**TOTAL**	**284 469**	**222 546**	**269 645**	**272 142**	**273 465**
2020-22	**TOTAL**	**838 064**	**426 747**	**565 017**	**584 427**	**616 260**

Table 30: Summary of the impact of recommended interventions tourism total revenue (modelled)

		LOST REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)			
		Post-COVID-19 Base	Phase 1	Phase 2	Phase 3
2020	January	0	0	0	0
2020	February	0	0	0	0
2020	March	10 180	10 180	10 180	10 180
2020	April	24 446	24 446	24 446	24 446
2020	May	19 574	19 574	19 574	19 574
2020	June	18 905	18 684	18 648	18 631
2020	July	20 445	20 079	19 983	19 931
2020	August	18 854	18 327	18 173	18 085
2020	September	20 553	19 929	19 543	19 306
2020	October	21 121	19 104	17 039	15 683
2020	November	18 745	16 561	14 091	12 357
2020	December	31 117	27 333	20 097	14 671
2020	**TOTAL**	**203 939**	**194 217**	**181 774**	**172 864**
2021	Q1	33 193	16 274	16 153	15 986
2021	Q2	32 613	13 923	13 686	9 711
2021	Q3	41 203	23 502	20 151	3 765
2021	Q4	32 976	4 836	4 076	3 002
2021	**TOTAL**	**139 984**	**58 535**	**54 067**	**32 465**
2022	Q1	13 207	-1 206	63	63
2022	Q2	12 472	-409	0	0
2022	Q3	14 058	2 374	496	0
2022	Q4	11 245	3 124	826	0
2022	**TOTAL**	**50 982**	**3 883**	**1 385**	**63**
2020-22	**TOTAL**	**394 905**	**256 635**	**237 226**	**205 392**

Table 31: Summary of expected revenue loss with corresponding intervention phases (modelled)

Taken together, these measures can preserve some R189 billion of value to 2022. This would see the sector recover to 2019 output and, while job losses through the cycle will be unavoidable, employment levels would likely rebound in a similar fashion.

Net Impact of Pandemic and Recommendations on Sector Output (R millions)

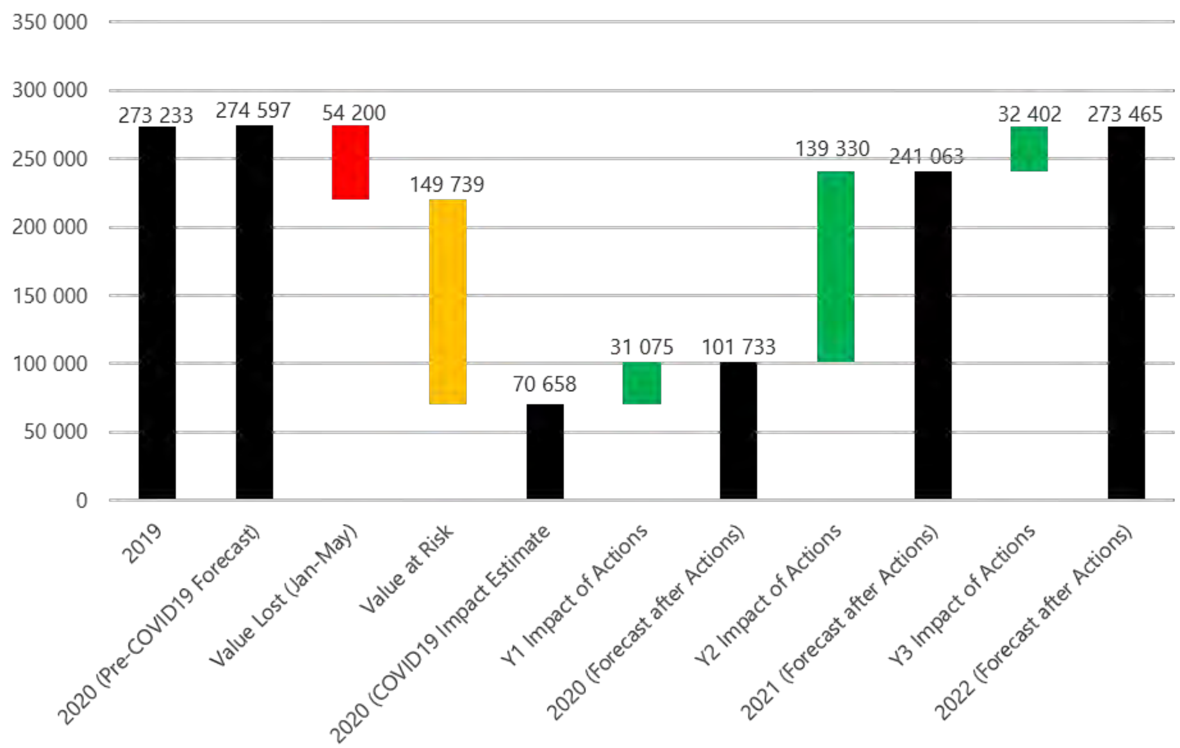


Figure 39: Overall impact of recommendations

INVESTMENT

While a full business case and costing is outside the scope of this recovery plan, the recommendations are structured to achieve fiscal neutrality. While resources will have to be allocated to the various actions that have been proposed, these can be redirected from lower priority activities. Similarly, those potential external funding sources that are indicated are believed to be accessible, largely drawn from existing allocations and similarly mandated portfolios.

An implied 'no-cost' outcome is attractive in the highly fiscally constrained environment that South Africa finds itself in, however, it is also important to recognise that growth in tourism promises accessible employment opportunities, geographic diversification and increased foreign currency receipts. The sector has also proven to be resilient through past crises and is therefore a strong contender for increased investment through the recovery period. To outcompete in a soft market where all other destinations are simultaneously trying to recover will ideally require additional investment, especially considering the Rand's recent deterioration in value.

Determining the optimal level of DMO funding is first a question of national means but can also be informed by competitor benchmarking. There are also many factors that contribute to increasing arrivals and tourism growth, but a portion can be attributed to DMO efforts in managing and promoting the destination to overseas and domestic markets (Deloitte, 2013).

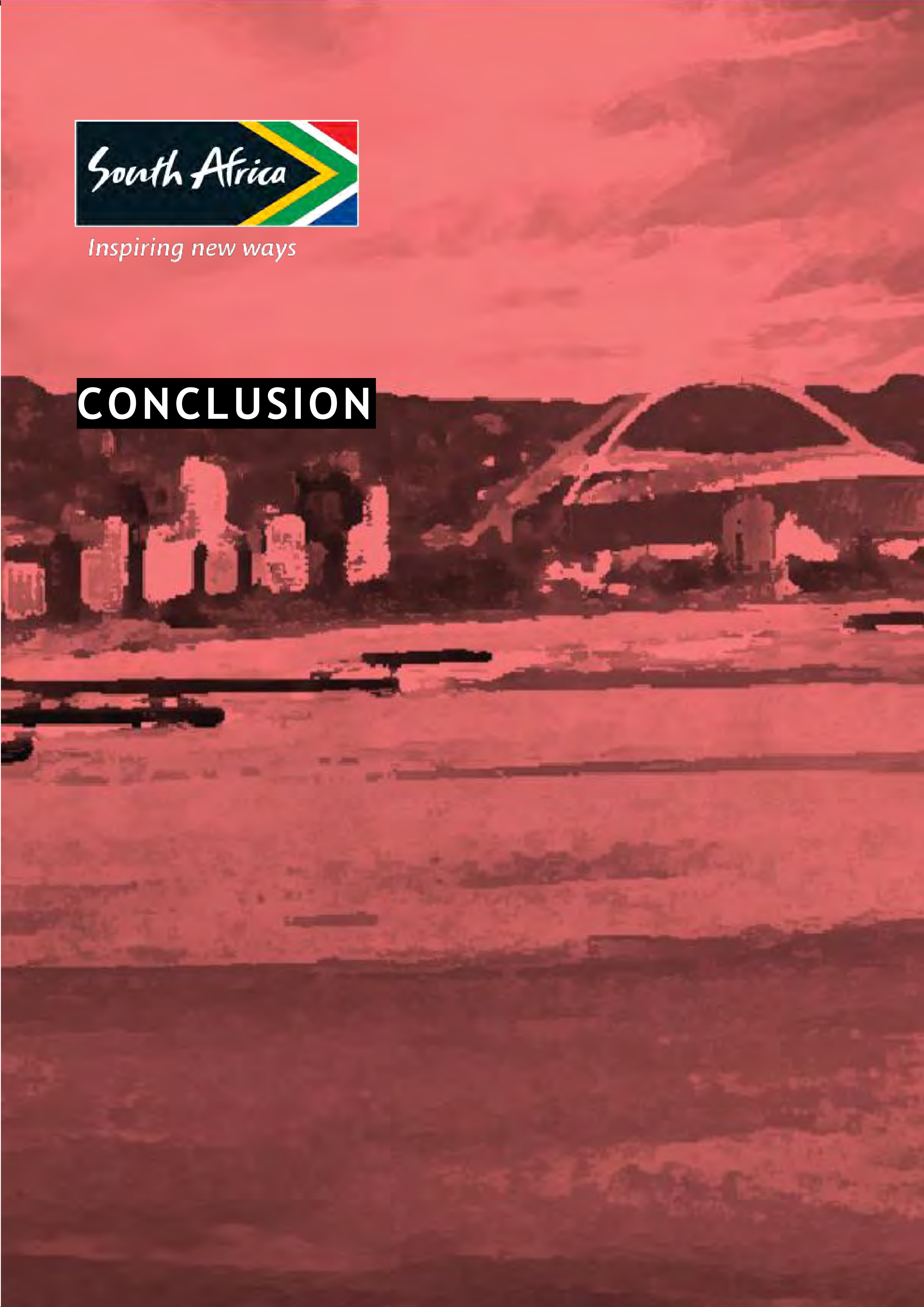
A comparison of six leading destinations, Australia, Canada, New Zealand, Singapore, Spain and the United Kingdom can inform perspectives on optimal levels of DMO support. Spain and the United Kingdom are well-established tourism destinations with high awareness and consideration as well as greater means. Countries such as Singapore and New Zealand, by contrast, are more comparable as destinations as well as in GDP terms. South Africa's 'captive' neighbouring market, Zimbabwe, has far lower levels of income and discretionary travel than New Zealand's close neighbour, Australia. While Singapore does have a large number of travellers visiting from neighbouring destinations, New Zealand's arrivals are dominated by Australia. Conceptually, South Africa should, therefore, plan more similarly to Singapore if it is to attract higher numbers of overseas visitors.

Since marketing is success-driven in part by requisite levels of investment, relative budget levels have implications for what expectations can be placed on SAT from a performance perspective. The table below details the tourism budget for the major destination marketing organisation in each country (excluding regional and city DMO budgets, government departments or private partnership funding support). This shows that South Africa's budget is not out of line with global competitors, but that it ranks well of Singapore's benchmark.

Item	South Africa	Australia	Canada	New Zealand	Singapore	UK
DMO Tourism Budget	**US $82.5m**	**US $100.9m**	**US $73.1m**	**US $70.1m**	**US $152.8m**	**US $83.7m**
Arrivals (Overseas)	10.4m	9.5m	22.1m	11.3m	19.1m	38.5m
Receipts	US $4.5bn	US $45.4bn	US $76.0bn	US $25.3bn	US $17.7bn	US $130bn
% of GDP	3%	3.1%	2.0%	5.8%	4.1%	11.0%
GDP	US $368,3bn	US$1.4tn	US$1.7tn	US$205bn	US $364.2bn	US$2.9tn
Pop.	58.8m	25.0m	37.6m	4.9m	5.6m	66.7m

Table 32: Tourism budget for major destination marketing organisations in each country

Inspiring new ways



CONCLUSION

CONCLUSION

The socio-economic costs of the pandemic will be a visible scar on the world and South Africa for years to come. As a sector that facilitates mobility and human interaction, tourism has been amongst the hardest hit. Tourism revival in South Africa is critical, not just because of the jobs and businesses that it supports, but because, in its interconnectedness, its resilience and its ability to rebound quickly, tourism can be a catalyst for a broader economic recovery.

However, the COVID-19 pandemic is global in nature and tourism in South Africa will need to recover while many others are simultaneously attempting to do so. The industry is hyper-competitive and international travellers have a wide range of choice. Outperforming the competitor set will require clear strategic planning and coordinated execution. It is hoped that the recommendations contained in this recovery plan provide the clarity and impetus for such action. By considering both supply and demand side factors and the enabling environment that supports the sector, measures can be taken to protect supply, reignite demand and build enabling capability.

Above all, success will require trust. This plan and the gains made in the Risk Adjusted Strategy thus far are the result of a deep and intensive collaboration that has spanned government and the private sector. For this plan, four consultative workstreams, at least ten webinars, five national surveys, hundreds of external sources, thousands of respondents and further thousands of submissions are the raw artefacts of a process that has galvanized the industry. This experience has reinforced the mutual interdependence of a diverse range of stakeholders. It is now important to capitalise on this momentum.

South Africa is one of a small group of truly aspirational destinations on earth. To many travel consumers, the country is a dream experience, combining powerful social justice history, breath-taking natural beauty, and warm, welcoming people. South Africa can therefore aspire to a tourism economy that drives growth and fosters development. To capture the opportunity requires an urgent response to the current crisis, but also a recognition of the structural factors that have acted as a drag on tourism growth. The tourism sector's potential far exceeds previous levels and while the crisis has been catastrophic, long-term growth potential is undiminished.

South Africa

Inspiring new ways

GLOSSARY OF TERMS AND REFERENCES

GLOSSARY OF TERMS

ACRONYM	TERM
AASA	Airlines Association of Southern Africa
BIS	Bank for International Settlements
COVID-19	Coronavirus disease for 2019
DFI	Development Finance Institution
DMC	Destination Management Company
DMO	Destination Management Organisation
DMO	Destination Marketing Organisation
DOH	Department of Health
FIT	Fully Independent Tourist
G20	Group of 20: an international forum for the governments and central bank governors from 19 countries and the European Union
GDP	Gross Domestic Product
ILO	International Labour Organisation
IMF	International Monetary Fund
IMR	In-Market Representation
LSI	Lockdown Stringency Index
LTA	Long-term Agreement
MERS	Middle East Respiratory Syndrome
MIF	Market Investment Framework
NDT	National Department of Tourism
OTA	Online Travel Agency
PATA	Paediatric-Adolescent Treatment Africa
PR	Public Relations
PTA	Preferential Trade Agreement
ROI	Return on Investment
SAA	South African Airways
SAM	South African COVID-19 Modelling Consortium
SARS	Severe Acute Respiratory Syndrome
SARS-COV-2	Severe Acute Respiratory Syndrome Coronavirus 2
SAT	South African Tourism
SDG	Sustainable Development Goals
SMME	Small, Medium and Micro Enterprise
SSA	Statistics South Africa
TBCSA	Tourism Business Council of South Africa
TDZ	Tourism Development Zone
TOMSA	Tourism Marketing South Africa
TRF	Tourism Relief Fund
TSA	Tourism Satellite Account
T&T	Travel and Tourism
UIF TERS	Unemployment Insurance Fund Temporary Employee/Employer Relief Scheme
UNWTO	United Nations World Tourism Organisation
UNCTAD	United Nations Conference on Trade and Development
USD	US Dollar
VFR	Visiting Friends & Relatives
WESGRO	Cape Town & Western Cape Tourism, Trade & Investment
WTO	World Trade Organisation
WTTC	World Travel & Tourism Council

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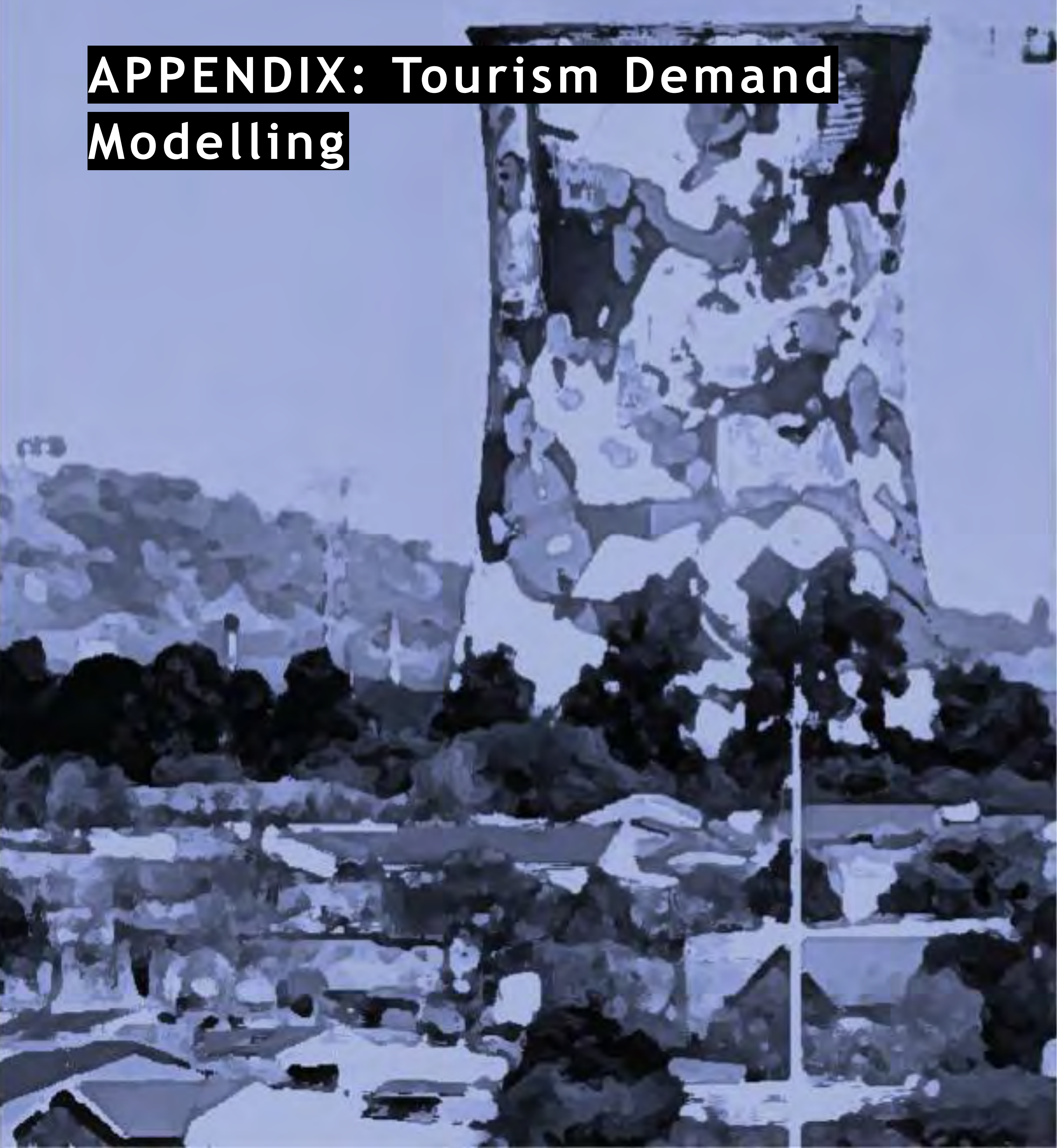
Inspiring new ways

APPENDIX: Tourism Demand Modelling



APPENDIX - Tourism Demand Modelling

Methodology

The following methodology details the construction and estimation of a demand model for South African tourism. The model looked at forecasting the economic dynamics of demand for South African Tourism from the standpoint of international demand and domestic demand.

The Model

The methodology and model follows from the work of Song et al., (2010), which consequently looks at demand modelling from the stance to economic variable parameters, looking at the economic growth of visiting countries as well as relevant price and cross-price elasticities such as to ascertain the respective responsiveness of the demand variables to changes in consumer prices and income. Consequently, the model becomes:

Equation 1

$$TD_t = \alpha + \sum_{l=1}^{p} \beta_l TD_{t-1} + \sum_{j=1}^{n} \beta_j Y_{t-j} + \sum_{i=1}^{m} \beta_i P_{d,t-i} + \sum_{k=1}^{q} \beta_k P_{s,t-k} + D_{COVID-19} + \varepsilon_t$$

Whereby, Y represents the income represented by real GDP; P_d represents the domestic price levels adjusted for the domestic exchange rate to the US Dollar; P_s represents the price of substitute destinations for South Africa. The subscripts t, i, j, k represents the time and the lags of the respective variables. The Dummy variable Dcovid-19 is added to the model, in the same manner that Song et al., (2010) inputted a dummy variable for the SARS Pandemic for 2003 - 2004.

The Data

The tourism statistics is sourced from the South African Department of Tourism, on a monthly basis from 2013M01 until 2019M12. The international data is sourced from the International Monetary Fund's (IMF) International financial statistics database, with Consumer Price Index (CPI) data available in Monthly and Quarterly, however the Gross Domestic Product data is available as quarterly (in millions) denominated in the countries' respective currencies.

International tourism data on arrivals and departures is sourced from the respective Tourism Compendiums, for 2014 – 2018, which are available from the United Nations World Tourism Organization (UNWTO).

The variables for the regression are constructed as in Song (2010) such that the following is developed:

Equation 2

$$P_d = \frac{CPI_{SA}/Exch_{ZARUSD}}{CPI_{US}}$$

Which represents the real effective exchange rate with respect to the dollar. The price is then derived from:

Equation 3

$$P_s = \sum w_a \frac{CPI_a/Exch_a}{CPI_u/Exch_u}$$

The price is computed for the substitute destination, with respect to the proportion of the arrivals by region, the weighting (w_a) in Equation 3. In order to select the countries that are substitutes for South African tourism, this is done through the construction of the Cross Price elasticity by using the change in tourism expenditure to represent Quantity Demand and the countries effective exchange rate computed from the CPI and the domestic exchange rate to the US Dollar.

To be able to aggregate the foreign tourists' income, the nominal Gross Domestic Product is adjusted by use of the Purchasing Power Parity (PPP). This is computed using the respective countries' CPI and the US CPI, this is because the US Dollar is the vehicle currency and anchors international trade.

The CPI, Exchange Rate data and Relative Prices data is appended to the monthly tourism data and the frequency is adjusted to Quarterly by means of averaging the 3 months to form a Quarter.

Diagnostic Checks

The variables are checked for stationarity and Multicollinearity along the time series, from 2013Q1 – 2020Q2. The correlation matrix shows that the correlation amongst variables is strong however is not in excess of 0.9. This illustrates that there is no multicollinearity. The macroeconomic variables, after logarithmic transformations, are difference stationary at the 3 level except and need to be differenced to attain stationarity. Consequently, the regressions will use the growth rates of the variables.

The model is estimated as an Auto Regressive Moving Average (ARMA) model, with the lag lengths of the ARMA chosen using the Akaike Information Criterion (AIC). The AIC indicates that the model is best fitted with additional regressors, detailed in equation (1). The models were subsequently reduced based on Variance Inflation Factors in the parameters, allowing for a more parsimonious model with the least serial correlation and multicollinearity.

MODEL BASELINE

The following details the baseline outputs from the Recovery Model from which the impact of interventions was measured

		TOTAL PRE-COVID FORECASTED REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)												
		Accommod-ation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	**Expected Totals**
2020	January	4,207.4	1,906.0	68.5	5,605.0	2.4	3,875.3	565.3	1,328.2	39.1	1,192.2	3,210.7	4,921.7	**26,921.7**
2020	February	2,992.3	1,386.0	48.0	3,878.0	1.7	2,734.8	395.5	924.9	28.5	873.4	2,316.0	3,547.8	**19,126.9**
2020	March	3,185.3	1,475.2	51.1	4,128.7	1.8	2,911.3	421.1	984.6	30.3	929.6	2,465.1	3,776.4	**20,360.3**
2020	April	3,816.2	1,686.9	63.1	5,233.1	2.2	3,544.3	521.8	1,231.9	34.6	1,046.2	2,867.4	4,398.6	**24,446.2**
2020	May	3,059.5	1,390.6	49.7	4,059.4	1.7	2,814.7	410.1	962.8	28.6	870.8	2,339.6	3,586.1	**19,573.6**
2020	June	2,987.8	1,331.6	48.6	3,998.8	1.7	2,754.7	401.2	944.0	27.4	831.9	2,253.3	3,454.9	**19,035.8**
2020	July	3,269.3	1,458.1	51.9	4,243.9	1.8	2,986.7	427.9	1,003.5	30.1	919.0	2,459.7	3,769.5	**20,621.4**
2020	August	3,020.9	1,406.2	46.7	3,731.2	1.6	2,722.6	384.4	893.4	29.0	897.4	2,336.8	3,577.0	**19,047.5**
2020	September	3,518.0	1,429.3	52.1	4,350.2	1.8	3,161.5	430.4	1,010.2	30.0	915.6	2,458.3	3,767.9	**21,125.3**
2020	October	3,478.4	1,711.3	63.0	5,130.4	2.1	3,314.9	520.8	1,230.0	34.4	1,039.2	2,853.1	4,376.9	**23,754.6**
2020	November	3,214.4	1,607.7	56.9	4,581.3	2.0	3,031.0	470.0	1,104.8	32.4	986.4	2,660.9	4,079.2	**21,827.1**
2020	December	6,265.7	2,391.1	102.7	8,933.4	3.4	5,872.4	853.3	2,042.2	49.8	1,462.0	4,248.4	6,531.9	**38,756.2**
2020	**TOTAL**	**43,015.2**	**19,180.1**	**702.1**	**57,873.5**	**24.1**	**39,724.3**	**5,801.8**	**13,660.5**	**394.3**	**11,963.6**	**32,469.3**	**49,787.9**	**274,596.7**
2021	Q1	10,490.1	4,856.0	170.1	13,791.0	5.9	9,628.5	1,402.9	3,285.8	99.6	3,048.2	8,126.2	12,451.5	**67,355.7**
2021	Q2	9,870.2	4,485.1	163.1	13,384.3	5.6	9,141.2	1,347.3	3,170.7	91.9	2,790.9	7,562.4	11,595.3	**63,607.9**
2021	Q3	10,004.4	4,379.5	153.7	12,571.9	5.3	9,048.2	1,267.6	2,965.3	90.9	2,786.6	7,399.9	11,336.7	**62,010.0**
2021	Q4	13,217.7	5,824.4	227.0	19,018.1	7.6	12,462.7	1,881.0	4,464.6	118.9	3,557.3	9,957.6	15,287.8	**86,024.7**
2021	**TOTAL**	**43,582.3**	**19,545.1**	**713.9**	**58,765.2**	**24.5**	**40,280.6**	**5,898.7**	**13,886.4**	**401.4**	**12,183.0**	**33,046.1**	**50,671.3**	**278,998.4**
2022	Q1	10,695.8	4,951.3	173.4	14,061.4	6.0	9,817.3	1,430.4	3,350.2	101.6	3,107.9	8,285.5	12,695.6	**68,676.4**
2022	Q2	10,063.7	4,573.1	166.3	13,646.7	5.7	9,320.4	1,373.7	3,232.9	93.7	2,845.6	7,710.7	11,822.7	**64,855.1**
2022	Q3	10,200.5	4,465.4	156.7	12,818.4	5.5	9,225.6	1,292.4	3,023.4	92.7	2,841.2	7,545.0	11,559.0	**63,225.9**
2022	Q4	13,476.9	5,938.6	231.5	19,391.0	7.8	12,707.0	1,917.9	4,552.1	121.3	3,627.1	10,152.9	15,587.5	**87,711.5**
2022	**TOTAL**	**44,436.9**	**19,928.3**	**727.9**	**59,917.4**	**25.0**	**41,070.4**	**6,014.4**	**14,158.7**	**409.3**	**12,421.9**	**33,694.1**	**51,664.8**	**284,469.0**
2020-22	**TOTAL**	**131,034.5**	**58,653.5**	**2,143.9**	**176,556.1**	**73.5**	**121,075.2**	**17,714.9**	**41,705.6**	**1,204.9**	**36,568.5**	**99,209.4**	**152,124.0**	**838,064.1**

Table 33: Baseline Pre-COVID Revenue Forecast (i.e. no interventions)

TOTAL POST-COVID FORECASTED REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)														
		Accommod-ation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	**Expected Totals**
2020	January	4,207.4	1,906.0	68.5	5,605.0	2.4	3,875.3	565.3	1,328.2	39.1	1,192.2	3,210.7	4,921.7	**26,921.7**
2020	February	2,992.3	1,386.0	48.0	3,878.0	1.7	2,734.8	395.5	924.9	28.5	873.4	2,316.0	3,547.8	**19,126.9**
2020	March	1,592.6	737.6	25.5	2,064.3	0.9	1,455.6	210.5	492.3	15.2	464.8	1,232.6	1,888.2	**10,180.2**
2020	April	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	May	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	June	0.0	0.0	0.0	103.6	0.0	0.0	9.3	0.0	0.0	0.0	7.1	10.9	**131.0**
2020	July	0.0	0.0	0.0	134.7	0.0	0.0	12.6	0.0	0.0	0.0	11.4	17.5	**176.2**
2020	August	0.0	0.0	0.0	141.8	0.0	0.0	13.9	0.0	0.0	0.0	14.9	22.9	**193.5**
2020	September	64.2	27.5	1.2	207.5	0.0	69.2	19.6	19.5	0.6	17.2	57.5	88.3	**572.4**
2020	October	277.1	153.2	7.0	858.5	0.2	345.8	82.6	114.3	3.0	86.5	277.5	427.7	**2,633.5**
2020	November	374.4	195.8	8.6	865.2	0.3	428.6	83.8	151.7	3.9	111.7	337.9	520.5	**3,082.4**
2020	December	1,237.3	444.2	20.7	1,844.1	0.7	1,175.1	172.9	417.0	9.3	266.4	807.9	1,244.2	**7,639.7**
2020	**TOTAL**	**10,745.3**	**4,850.3**	**179.4**	**15,702.9**	**6.1**	**10,084.5**	**1,566.1**	**3,447.9**	**99.5**	**3,012.3**	**8,273.4**	**12,689.8**	**70,657.5**
2021	Q1	5,073.6	2,035.9	90.0	7,820.2	2.9	4,883.3	748.9	1,800.5	41.6	1,209.6	3,598.4	5,537.4	**32,842.2**
2021	Q2	4,582.1	1,852.7	81.5	7,072.3	2.7	4,413.0	678.3	1,630.3	37.8	1,100.5	3,268.0	5,028.7	**29,748.1**
2021	Q3	3,155.4	1,440.6	47.5	3,798.8	1.7	2,821.7	390.8	906.8	29.9	925.9	2,399.7	3,672.6	**19,591.5**
2021	Q4	7,852.1	3,253.5	140.5	12,108.7	4.6	7,563.9	1,168.2	2,803.3	66.3	1,935.3	5,699.1	8,766.7	**51,362.1**
2021	**TOTAL**	**20,663.2**	**8,582.7**	**359.5**	**30,800.0**	**11.9**	**19,682.0**	**2,986.3**	**7,140.9**	**175.6**	**5,171.4**	**14,965.2**	**23,005.4**	**133,543.9**
2022	Q1	8,227.5	3,808.7	133.4	10,816.5	4.6	7,551.7	1,100.3	2,577.1	78.1	2,390.7	6,373.5	9,765.9	**52,828.0**
2022	Q2	7,741.3	3,517.8	127.9	10,497.5	4.4	7,169.6	1,056.7	2,486.8	72.1	2,188.9	5,931.3	9,094.4	**49,888.6**
2022	Q3	7,544.9	3,250.9	116.8	9,626.9	4.0	6,851.9	963.8	2,261.2	67.5	2,060.4	5,523.1	8,464.7	**46,736.2**
2022	Q4	11,216.2	4,866.8	194.7	16,435.2	6.5	10,634.2	1,614.8	3,843.9	99.3	2,953.5	8,370.5	12,857.3	**73,092.8**
2022	**TOTAL**	**34,729.9**	**15,444.1**	**572.8**	**47,376.1**	**19.6**	**32,207.4**	**4,735.6**	**11,169.0**	**317.1**	**9,593.5**	**26,198.3**	**40,182.2**	**222,545.6**
2020-22	**TOTAL**	**66,138.4**	**28,877.1**	**1,111.7**	**93,878.9**	**37.6**	**61,973.9**	**9,288.0**	**21,757.8**	**592.3**	**17,777.1**	**49,437.0**	**75,877.4**	**426,747.0**

Table 34: Baseline Post-COVID Revenue Forecast (i.e. no interventions)

		COVID-19 LOST REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)												
		Accommo-dation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	**Expected Totals**
2020	January	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	February	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	March	1,592.6	737.6	25.5	2,064.3	0.9	1,455.6	210.5	492.3	15.2	464.8	1,232.6	1,888.2	**10,180.2**
2020	April	3,816.2	1,686.9	63.1	5,233.1	2.2	3,544.3	521.8	1,231.9	34.6	1,046.2	2,867.4	4,398.6	**24,446.2**
2020	May	3,059.5	1,390.6	49.7	4,059.4	1.7	2,814.7	410.1	962.8	28.6	870.8	2,339.6	3,586.1	**19,573.6**
2020	June	2,987.8	1,331.6	48.6	3,895.1	1.7	2,754.7	391.8	944.0	27.4	831.9	2,246.2	3,444.0	**18,904.8**
2020	July	3,269.3	1,458.1	51.9	4,109.2	1.8	2,986.7	415.4	1,003.5	30.1	919.0	2,448.3	3,751.9	**20,445.1**
2020	August	3,020.9	1,406.2	46.7	3,589.4	1.6	2,722.6	370.5	893.4	29.0	897.4	2,321.9	3,554.2	**18,853.9**
2020	September	3,453.8	1,401.8	51.0	4,142.8	1.8	3,092.2	410.7	990.6	29.4	898.4	2,400.9	3,679.6	**20,552.9**
2020	October	3,201.3	1,558.2	56.0	4,271.9	1.9	2,969.1	438.1	1,115.7	31.4	952.7	2,575.5	3,949.2	**21,121.1**
2020	November	2,840.0	1,411.9	48.3	3,716.1	1.7	2,602.4	386.3	953.1	28.5	874.7	2,323.0	3,558.7	**18,744.8**
2020	December	5,028.4	1,947.0	81.9	7,089.4	2.7	4,697.3	680.4	1,625.2	40.5	1,195.5	3,440.4	5,287.7	**31,116.5**
2020	**TOTAL**	**32,269.9**	**14,329.8**	**522.7**	**42,170.7**	**17.9**	**29,639.8**	**4,235.7**	**10,212.7**	**294.7**	**8,951.4**	**24,195.9**	**37,098.1**	**203,939.2**
2021	Q1	5,210.8	2,724.9	76.8	5,700.4	2.8	4,556.4	626.5	1,420.9	56.0	1,778.8	4,368.5	6,670.0	**33,192.8**
2021	Q2	5,094.5	2,544.5	78.4	6,049.5	2.8	4,548.9	642.5	1,478.2	52.3	1,635.6	4,146.1	6,339.3	**32,612.6**
2021	Q3	6,652.9	2,853.0	103.2	8,526.5	3.6	6,049.1	851.9	2,000.3	59.3	1,806.1	4,855.1	7,441.8	**41,202.7**
2021	Q4	5,106.5	2,456.7	82.1	6,536.5	2.9	4,654.4	675.9	1,573.8	50.3	1,552.2	4,063.3	6,221.3	**32,975.8**
2021	**TOTAL**	**22,064.6**	**10,579.1**	**340.4**	**26,813.0**	**12.1**	**19,808.8**	**2,796.8**	**6,473.2**	**217.9**	**6,772.7**	**17,433.0**	**26,672.3**	**139,983.9**
2022	Q1	2,056.9	952.2	33.3	2,704.1	1.2	1,887.9	275.1	644.3	19.5	597.7	1,593.4	2,441.5	**13,207.0**
2022	Q2	1,935.3	879.4	32.0	2,624.4	1.1	1,792.4	264.2	621.7	18.0	547.2	1,482.8	2,273.6	**12,472.1**
2022	Q3	2,263.3	1,042.7	33.9	2,698.4	1.2	2,018.9	278.9	645.9	21.6	671.6	1,731.7	2,649.7	**14,058.0**
2022	Q4	1,742.4	843.4	27.9	2,209.9	1.0	1,584.1	229.3	533.2	17.3	534.1	1,391.9	2,130.7	**11,245.1**
2022	**TOTAL**	**7,997.9**	**3,717.8**	**127.1**	**10,236.8**	**4.4**	**7,283.3**	**1,047.5**	**2,445.1**	**76.5**	**2,350.6**	**6,199.8**	**9,495.5**	**50,982.3**
2020-22	**TOTAL**	**62,332.4**	**28,626.7**	**990.2**	**79,220.4**	**34.5**	**56,731.9**	**8,080.0**	**19,131.0**	**589.0**	**18,074.7**	**47,828.6**	**73,265.9**	**394,905.4**

Table 35: Baseline Pre-COVID Revenue Loss Projection (i.e. with no interventions)

PHASE 1 INTERVENTION IMPACT

		TOTAL POST-COVID FORECASTED REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)												
		Accommo-dation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	**Expected Totals**
2020	January	4,207.4	1,906.0	68.5	5,605.0	2.4	3,875.3	565.3	1,328.2	39.1	1,192.2	3,210.7	4,921.7	**26,921.7**
2020	February	2,992.3	1,386.0	48.0	3,878.0	1.7	2,734.8	395.5	924.9	28.5	873.4	2,316.0	3,547.8	**19,126.9**
2020	March	1,592.6	737.6	25.5	2,064.3	0.9	1,455.6	210.5	492.3	15.2	464.8	1,232.6	1,888.2	**10,180.2**
2020	April	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	May	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	June	33.2	0.0	0.9	178.7	0.0	47.1	16.1	13.2	0.0	0.0	24.8	38.4	**352.3**
2020	July	65.2	0.0	1.4	238.2	0.0	78.5	22.3	23.1	0.0	0.0	44.8	69.1	**542.6**
2020	August	87.3	27.5	1.8	241.0	0.1	100.9	23.7	28.1	0.6	17.0	75.8	116.3	**720.1**
2020	September	189.7	67.8	2.9	310.3	0.1	172.6	29.4	57.8	1.4	42.4	126.9	195.0	**1,196.3**
2020	October	641.3	293.8	12.5	1,209.3	0.4	632.9	118.2	252.5	5.9	170.2	517.3	796.1	**4,650.5**
2020	November	757.1	367.1	13.8	1,211.1	0.5	719.4	121.9	273.8	7.4	221.0	620.6	952.7	**5,266.4**
2020	December	1,791.0	703.5	28.6	2,773.8	1.0	1,643.2	267.5	573.9	14.6	433.8	1,258.5	1,933.6	**11,422.9**
2020	**TOTAL**	**12,357.1**	**5,489.4**	**203.9**	**17,709.7**	**7.0**	**11,460.3**	**1,770.4**	**3,967.7**	**112.6**	**3,414.8**	**9,428.0**	**14,458.8**	**80,379.7**
2021	Q1	7,889.1	3,001.1	133.7	11,538.6	4.5	7,358.3	1,126.4	2,685.5	61.5	1,821.4	5,575.1	8,565.8	**49,760.9**
2021	Q2	7,525.8	3,259.2	126.0	10,806.3	4.2	6,955.8	1,064.3	2,528.4	66.7	1,991.4	5,564.8	8,544.9	**48,437.8**
2021	Q3	6,008.0	2,976.8	85.3	6,577.9	3.1	5,162.2	708.8	1,614.6	61.6	1,948.3	4,805.3	7,339.9	**37,291.9**
2021	Q4	12,227.7	5,264.3	210.7	18,079.8	7.0	11,480.0	1,770.6	4,220.8	107.4	3,184.2	9,048.0	13,901.5	**79,502.0**
2021	**TOTAL**	**33,650.6**	**14,501.4**	**555.7**	**47,002.5**	**18.8**	**30,956.2**	**4,670.0**	**11,049.3**	**297.2**	**8,945.3**	**24,993.3**	**38,352.1**	**214,992.6**
2022	Q1	10,486.2	4,883.9	168.6	13,676.6	5.9	9,564.6	1,395.7	3,264.5	100.2	3,072.1	8,144.8	12,477.7	**67,240.8**
2022	Q2	9,741.6	4,436.8	160.7	13,172.1	5.5	9,014.7	1,327.4	3,122.4	90.9	2,763.1	7,474.6	11,459.9	**62,769.9**
2022	Q3	9,431.2	4,063.6	146.0	12,033.7	5.0	8,564.9	1,204.8	2,826.5	84.4	2,575.5	6,903.8	10,580.9	**58,420.2**
2022	Q4	12,462.4	5,407.5	216.3	18,261.4	7.2	11,815.8	1,794.2	4,270.9	110.4	3,281.6	9,300.6	14,285.9	**81,214.3**
2022	**TOTAL**	**42,121.4**	**18,791.9**	**691.6**	**57,143.8**	**23.7**	**38,959.9**	**5,722.0**	**13,484.5**	**385.9**	**11,692.4**	**31,823.8**	**48,804.4**	**269,645.1**
2020-22	**TOTAL**	**88,129.0**	**38,782.7**	**1,451.2**	**121,856.0**	**49.5**	**81,376.4**	**12,162.5**	**28,501.5**	**795.7**	**24,052.5**	**66,245.0**	**101,615.3**	**565,017.4**

Table 36: COVID Revenue Forecast Results with Phase 1 Interventions

COVID-19 LOST REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)														
		Accommo-dation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	**Expected Totals**
2020	January	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	February	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	March	1,592.6	737.6	25.5	2,064.3	0.9	1,455.6	210.5	492.3	15.2	464.8	1,232.6	1,888.2	**10,180.2**
2020	April	3,816.2	1,686.9	63.1	5,233.1	2.2	3,544.3	521.8	1,231.9	34.6	1,046.2	2,867.4	4,398.6	**24,446.2**
2020	May	3,059.5	1,390.6	49.7	4,059.4	1.7	2,814.7	410.1	962.8	28.6	870.8	2,339.6	3,586.1	**19,573.6**
2020	June	2,954.6	1,331.6	47.7	3,820.1	1.6	2,707.7	385.1	930.8	27.4	831.9	2,228.5	3,416.6	**18,683.5**
2020	July	3,204.2	1,458.1	50.4	4,005.8	1.7	2,908.2	405.7	980.4	30.1	919.0	2,414.8	3,700.4	**20,078.8**
2020	August	2,933.6	1,378.7	44.9	3,490.2	1.6	2,621.7	360.7	865.4	28.5	880.4	2,261.0	3,460.7	**18,327.4**
2020	September	3,328.3	1,361.5	49.3	4,040.0	1.7	2,988.9	401.0	952.4	28.6	873.2	2,331.4	3,572.9	**19,929.1**
2020	October	2,837.1	1,417.5	50.4	3,921.1	1.7	2,682.0	402.6	977.5	28.6	869.0	2,335.8	3,580.9	**19,104.1**
2020	November	2,457.4	1,240.6	43.1	3,370.2	1.5	2,311.6	348.1	830.9	25.0	765.5	2,040.3	3,126.5	**16,560.8**
2020	December	4,474.7	1,687.6	74.1	6,159.6	2.4	4,229.3	585.8	1,468.3	35.1	1,028.2	2,989.8	4,598.3	**27,333.3**
2020	**TOTAL**	**30,658.1**	**13,690.7**	**498.3**	**40,163.9**	**17.1**	**28,264.0**	**4,031.4**	**9,692.8**	**281.6**	**8,548.8**	**23,041.3**	**35,329.1**	**194,217.0**
2021	Q1	2,395.3	1,759.7	33.0	1,982.0	1.3	2,081.4	248.9	535.9	36.2	1,167.0	2,391.8	3,641.6	**16,274.1**
2021	Q2	2,150.9	1,138.0	33.9	2,315.6	1.3	2,006.2	256.6	580.1	23.4	744.7	1,849.3	2,823.0	**13,922.9**
2021	Q3	3,800.2	1,316.8	65.4	5,747.5	2.1	3,708.6	534.0	1,292.5	27.5	783.7	2,449.5	3,774.5	**23,502.3**
2021	Q4	730.8	445.9	11.9	565.4	0.5	738.3	73.5	156.3	9.2	303.4	714.3	1,086.5	**4,836.0**
2021	**TOTAL**	**9,077.2**	**4,660.4**	**144.2**	**10,610.4**	**5.2**	**8,534.5**	**1,113.0**	**2,564.8**	**96.3**	**2,998.8**	**7,404.8**	**11,325.6**	**58,535.3**
2022	Q1	-201.8	-123.1	-1.9	-156.1	-0.1	-124.9	-20.3	-43.1	-2.5	-83.7	-177.9	-270.4	**-1,205.7**
2022	Q2	-65.0	-39.7	-0.8	-50.3	0.0	-52.7	-6.5	-13.9	-0.8	-27.0	-60.5	-92.0	**-409.2**
2022	Q3	377.0	230.0	4.7	291.7	0.2	305.9	37.9	80.6	4.7	156.5	351.0	533.6	**2,374.0**
2022	Q4	496.1	302.7	6.2	383.8	0.3	402.5	49.9	106.1	6.2	205.9	461.8	702.1	**3,123.7**
2022	**TOTAL**	**606.4**	**370.0**	**8.3**	**469.1**	**0.3**	**530.8**	**61.0**	**129.7**	**7.6**	**251.7**	**574.4**	**873.3**	**3,882.7**
2020-22	**TOTAL**	**40,341.8**	**18,721.0**	**650.7**	**51,243.4**	**22.6**	**37,329.3**	**5,205.4**	**12,387.2**	**385.6**	**11,799.4**	**31,020.5**	**47,528.0**	**256,635.0**

Table 37: COVID Revenue Loss Projection with Phase 1 Interventions implemented

PHASE 2 INTERVENTION IMPACT

		TOTAL POST-COVID FORECASTED REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)												
		Accommo-dation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	**Expected Totals**
2020	January	4,207.4	1,906.0	68.5	5,605.0	2.4	3,875.3	565.3	1,328.2	39.1	1,192.2	3,210.7	4,921.7	**26,921.7**
2020	February	2,992.3	1,386.0	48.0	3,878.0	1.7	2,734.8	395.5	924.9	28.5	873.4	2,316.0	3,547.8	**19,126.9**
2020	March	1,592.6	737.6	25.5	2,064.3	0.9	1,455.6	210.5	492.3	15.2	464.8	1,232.6	1,888.2	**10,180.2**
2020	April	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	May	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	June	36.5	0.0	1.0	196.6	0.0	51.8	17.7	14.5	0.0	0.0	27.2	42.2	**387.5**
2020	July	76.2	0.0	1.7	283.4	0.1	92.3	26.3	27.4	0.0	0.0	51.7	79.7	**638.6**
2020	August	105.1	31.6	2.2	303.6	0.1	123.1	29.3	35.0	0.7	19.2	88.5	136.0	**874.4**
2020	September	252.0	83.6	3.9	430.1	0.1	232.0	39.9	79.1	1.8	51.3	160.9	247.7	**1,582.4**
2020	October	913.0	400.0	18.7	1,843.2	0.6	922.7	176.8	381.0	7.9	224.3	719.0	1,108.4	**6,715.6**
2020	November	1,090.4	497.4	21.3	1,940.8	0.7	1,073.3	189.3	431.5	9.9	287.4	864.3	1,330.2	**7,736.4**
2020	December	2,929.5	1,028.9	48.8	4,923.4	1.6	2,753.9	458.7	998.6	21.5	612.7	1,921.4	2,960.6	**18,659.4**
2020	**TOTAL**	**14,195.1**	**6,071.1**	**239.5**	**21,468.4**	**8.1**	**13,314.8**	**2,109.3**	**4,712.4**	**124.5**	**3,725.4**	**10,592.1**	**16,262.5**	**92,823.1**
2021	Q1	7,908.9	3,012.0	133.9	11,553.9	4.5	7,374.1	1,128.4	2,689.7	61.7	1,828.8	5,592.9	8,592.8	**49,881.5**
2021	Q2	7,563.6	3,282.3	126.5	10,835.5	4.3	6,985.9	1,068.1	2,536.5	67.2	2,007.1	5,599.8	8,598.1	**48,674.7**
2021	Q3	6,556.0	3,158.8	94.5	7,428.7	3.4	5,680.7	787.0	1,804.8	65.4	2,055.0	5,144.8	7,863.7	**40,643.0**
2021	Q4	12,348.8	5,338.2	212.2	18,173.4	7.1	11,577.0	1,782.8	4,246.6	108.9	3,234.5	9,160.3	14,072.1	**80,261.8**
2021	**TOTAL**	**34,377.2**	**14,791.2**	**567.2**	**47,991.6**	**19.2**	**31,617.6**	**4,766.2**	**11,277.7**	**303.2**	**9,125.4**	**25,497.8**	**39,126.7**	**219,461.0**
2022	Q1	10,284.4	4,760.8	166.1	13,520.6	5.8	9,401.5	1,375.4	3,221.4	97.7	2,988.4	7,957.2	12,192.5	**65,971.7**
2022	Q2	9,676.6	4,397.2	159.9	13,121.8	5.5	8,962.0	1,320.8	3,108.6	90.1	2,736.2	7,414.1	11,368.0	**62,360.7**
2022	Q3	9,729.4	4,245.6	149.7	12,264.4	5.2	8,806.9	1,234.8	2,890.3	88.1	2,699.3	7,181.4	11,002.9	**60,298.1**
2022	Q4	12,827.3	5,630.1	220.9	18,543.7	7.4	12,111.9	1,830.9	4,349.0	115.0	3,433.1	9,640.2	14,802.3	**83,511.9**
2022	**TOTAL**	**42,517.8**	**19,033.7**	**696.6**	**57,450.5**	**23.9**	**39,282.2**	**5,761.9**	**13,569.2**	**390.9**	**11,856.9**	**32,193.0**	**49,365.7**	**272,142.4**
2020-22	**TOTAL**	**91,090.1**	**39,896.1**	**1,503.3**	**126,910.5**	**51.2**	**84,214.6**	**12,637.4**	**29,559.3**	**818.6**	**24,707.7**	**68,283.0**	**104,754.9**	**584,426.6**

Table 38: COVID Revenue Forecast Results with Phase 2 Interventions

COVID-19 LOST REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)														
		Accommo-dation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	**Expected Totals**
2020	January	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	February	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	March	1,592.6	737.6	25.5	2,064.3	0.9	1,455.6	210.5	492.3	15.2	464.8	1,232.6	1,888.2	**10,180.2**
2020	April	3,816.2	1,686.9	63.1	5,233.1	2.2	3,544.3	521.8	1,231.9	34.6	1,046.2	2,867.4	4,398.6	**24,446.2**
2020	May	3,059.5	1,390.6	49.7	4,059.4	1.7	2,814.7	410.1	962.8	28.6	870.8	2,339.6	3,586.1	**19,573.6**
2020	June	2,951.3	1,331.6	47.6	3,802.2	1.6	2,703.0	383.5	929.5	27.4	831.9	2,226.1	3,412.7	**18,648.3**
2020	July	3,193.1	1,458.1	50.2	3,960.5	1.7	2,894.4	401.6	976.2	30.1	919.0	2,408.0	3,689.8	**19,982.7**
2020	August	2,915.8	1,374.7	44.5	3,427.6	1.6	2,599.5	355.1	858.4	28.4	878.2	2,248.3	3,441.0	**18,173.1**
2020	September	3,266.0	1,345.7	48.2	3,920.1	1.7	2,929.4	390.5	931.1	28.2	864.2	2,297.4	3,520.2	**19,542.9**
2020	October	2,565.4	1,311.3	44.3	3,287.2	1.5	2,392.2	344.0	849.0	26.5	814.9	2,134.1	3,268.5	**17,039.0**
2020	November	2,124.0	1,110.3	35.6	2,640.6	1.3	1,957.7	280.7	673.3	22.5	699.0	1,796.6	2,749.0	**14,090.7**
2020	December	3,336.2	1,362.2	53.9	4,010.0	1.8	3,118.5	394.6	1,043.7	28.3	849.3	2,326.9	3,571.3	**20,096.8**
2020	**TOTAL**	**28,820.2**	**13,109.0**	**462.6**	**36,405.1**	**16.0**	**26,409.5**	**3,692.5**	**8,948.1**	**269.8**	**8,238.3**	**21,877.1**	**33,525.4**	**181,773.6**
2021	Q1	2,375.6	1,748.8	32.8	1,966.6	1.3	2,065.6	246.9	531.7	36.0	1,159.6	2,374.0	3,614.5	**16,153.5**
2021	Q2	2,113.1	1,114.9	33.4	2,286.3	1.2	1,976.1	252.8	572.0	22.9	729.0	1,814.3	2,769.8	**13,686.0**
2021	Q3	3,252.2	1,134.8	56.2	4,896.6	1.8	3,190.1	455.8	1,102.4	23.7	676.9	2,110.0	3,250.7	**20,151.2**
2021	Q4	609.8	372.0	10.4	471.7	0.4	641.3	61.4	130.4	7.7	253.1	602.1	915.9	**4,076.2**
2021	**TOTAL**	**8,350.6**	**4,370.6**	**132.8**	**9,621.3**	**4.8**	**7,873.2**	**1,016.8**	**2,336.4**	**90.3**	**2,818.7**	**6,900.3**	**10,551.0**	**54,066.8**
2022	Q1	0.0	0.0	0.7	0.0	0.0	38.1	0.0	0.0	0.0	0.0	9.7	14.8	**63.3**
2022	Q2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2022	Q3	78.8	48.1	1.0	61.0	0.0	63.9	7.9	16.8	1.0	32.7	73.3	111.5	**496.1**
2022	Q4	131.2	80.0	1.7	101.5	0.1	106.4	13.2	28.1	1.7	54.5	122.1	185.7	**826.1**
2022	**TOTAL**	**210.0**	**128.1**	**3.3**	**162.4**	**0.1**	**208.5**	**21.1**	**44.9**	**2.6**	**87.2**	**205.1**	**312.0**	**1,385.4**
2020-22	**TOTAL**	**37,380.7**	**17,607.7**	**598.7**	**46,188.9**	**20.9**	**34,491.2**	**4,730.5**	**11,329.5**	**362.7**	**11,144.1**	**28,982.6**	**44,388.4**	**237,225.8**

Table 39: COVID Revenue Loss Projection with Phase 2 Interventions implemented

PHASE 3 INTERVENTION IMPACT

TOTAL POST-COVID FORECASTED REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)														
		Accommo-dation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	**Expected Totals**
2020	January	4,207.4	1,906.0	68.5	5,605.0	2.4	3,875.3	565.3	1,328.2	39.1	1,192.2	3,210.7	4,921.7	**26,921.7**
2020	February	2,992.3	1,386.0	48.0	3,878.0	1.7	2,734.8	395.5	924.9	28.5	873.4	2,316.0	3,547.8	**19,126.9**
2020	March	1,592.6	737.6	25.5	2,064.3	0.9	1,455.6	210.5	492.3	15.2	464.8	1,232.6	1,888.2	**10,180.2**
2020	April	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	May	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
2020	June	38.2	0.0	1.0	205.5	0.0	54.1	18.5	15.2	0.0	0.0	28.5	44.1	**405.1**
2020	July	82.1	0.0	1.8	307.6	0.1	99.6	28.5	29.7	0.0	0.0	55.3	85.4	**690.1**
2020	August	115.4	33.9	2.4	339.5	0.1	135.9	32.5	39.0	0.7	20.5	95.8	147.3	**962.9**
2020	September	290.2	93.3	4.5	503.6	0.1	268.5	46.3	92.2	2.0	56.9	181.8	280.0	**1,819.5**
2020	October	1,091.3	469.8	22.7	2,259.4	0.7	1,112.9	215.2	465.4	9.3	259.9	851.3	1,313.5	**8,071.5**
2020	November	1,324.4	588.8	26.6	2,452.8	0.9	1,321.7	236.6	542.1	11.7	334.0	1,035.3	1,595.1	**9,469.9**
2020	December	3,783.2	1,272.9	63.9	6,535.2	2.0	3,586.7	602.0	1,316.9	26.6	746.8	2,418.4	3,730.6	**24,085.0**
2020	TOTAL	15,517.0	6,488.3	265.0	24,151.1	8.8	14,645.2	2,351.0	5,245.7	133.0	3,948.4	11,425.6	17,553.7	101,732.8
2021	Q1	7,936.2	3,027.0	134.3	11,575.1	4.5	7,395.9	1,131.2	2,695.6	62.0	1,839.0	5,617.5	8,630.2	**50,048.6**
2021	Q2	8,173.8	3,496.8	137.9	11,897.7	4.6	7,585.8	1,165.8	2,775.8	71.5	2,126.3	5,998.7	9,214.6	**52,649.5**
2021	Q3	9,244.3	3,958.1	141.2	11,865.4	4.9	8,273.8	1,184.7	2,782.5	82.2	2,504.6	6,706.8	10,280.5	**57,029.0**
2021	Q4	12,519.8	5,442.5	214.3	18,305.8	7.2	11,714.0	1,800.0	4,283.2	111.1	3,305.5	9,318.9	14,313.3	**81,335.6**
2021	TOTAL	37,874.1	15,924.4	627.7	53,644.0	21.1	34,969.5	5,281.7	12,537.2	326.8	9,775.4	27,642.0	42,438.7	241,062.7
2022	Q1	10,284.4	4,760.8	166.1	13,520.6	5.8	9,401.5	1,375.4	3,221.4	97.7	2,988.4	7,957.2	12,192.5	**65,971.7**
2022	Q2	9,676.6	4,397.2	159.9	13,121.8	5.5	8,962.0	1,320.8	3,108.6	90.1	2,736.2	7,414.1	11,368.0	**62,360.7**
2022	Q3	9,808.2	4,293.6	150.7	12,325.4	5.2	8,870.8	1,242.7	2,907.2	89.1	2,732.0	7,254.8	11,114.4	**60,794.1**
2022	Q4	12,958.5	5,710.2	222.6	18,645.2	7.5	12,218.3	1,844.1	4,377.0	116.6	3,487.6	9,762.4	14,988.0	**84,338.0**
2022	TOTAL	42,727.8	19,161.8	699.2	57,612.9	24.0	39,452.6	5,783.1	13,614.1	393.5	11,944.1	32,388.5	49,662.9	273,464.5
2020-22	TOTAL	96,118.9	41,574.6	1,592.0	135,408.0	54.0	89,067.3	13,415.7	31,397.0	853.3	25,667.9	71,456.1	109,655.2	616,260.0

Table 40: COVID Revenue Forecast Results with Phase 3 Interventions

TOTAL POST-COVID FORECASTED REVENUE (INBOUND + DOMESTIC) (R' MILLIONS)														
		Accommo-dation for visitors	Restaurants and similar services	Railway passenger transport services	Road passenger transport services	Water passenger transport services	Air passenger transport services	Transport equipment rental	Travel agencies and reservation services	Cultural services	Sports and recreational services	Tourism-connected products	Non-specific products	Expected Totals
2020	January	4,207.4	1,906.0	68.5	5,605.0	2.4	3,875.3	565.3	1,328.2	39.1	1,192.2	3,210.7	4,921.7	26,921.7
2020	February	2,992.3	1,386.0	48.0	3,878.0	1.7	2,734.8	395.5	924.9	28.5	873.4	2,316.0	3,547.8	19,126.9
2020	March	1,592.6	737.6	25.5	2,064.3	0.9	1,455.6	210.5	492.3	15.2	464.8	1,232.6	1,888.2	10,180.2
2020	April	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2020	May	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2020	June	38.2	0.0	1.0	205.5	0.0	54.1	18.5	15.2	0.0	0.0	28.5	44.1	405.1
2020	July	82.1	0.0	1.8	307.6	0.1	99.6	28.5	29.7	0.0	0.0	55.3	85.4	690.1
2020	August	115.4	33.9	2.4	339.5	0.1	135.9	32.5	39.0	0.7	20.5	95.8	147.3	962.9
2020	September	290.2	93.3	4.5	503.6	0.1	268.5	46.3	92.2	2.0	56.9	181.8	280.0	1,819.5
2020	October	1,091.3	469.8	22.7	2,259.4	0.7	1,112.9	215.2	465.4	9.3	259.9	851.3	1,313.5	8,071.5
2020	November	1,324.4	588.8	26.6	2,452.8	0.9	1,321.7	236.6	542.1	11.7	334.0	1,035.3	1,595.1	9,469.9
2020	December	3,783.2	1,272.9	63.9	6,535.2	2.0	3,586.7	602.0	1,316.9	26.6	746.8	2,418.4	3,730.6	24,085.0
2020	TOTAL	15,517.0	6,488.3	265.0	24,151.1	8.8	14,645.2	2,351.0	5,245.7	133.0	3,948.4	11,425.6	17,553.7	101,732.8
2021	Q1	7,936.2	3,027.0	134.3	11,575.1	4.5	7,395.9	1,131.2	2,695.6	62.0	1,839.0	5,617.5	8,630.2	50,048.6
2021	Q2	8,173.8	3,496.8	137.9	11,897.7	4.6	7,585.8	1,165.8	2,775.8	71.5	2,126.3	5,998.7	9,214.6	52,649.5
2021	Q3	9,244.3	3,958.1	141.2	11,865.4	4.9	8,273.8	1,184.7	2,782.5	82.2	2,504.6	6,706.8	10,280.5	57,029.0
2021	Q4	12,519.8	5,442.5	214.3	18,305.8	7.2	11,714.0	1,800.0	4,283.2	111.1	3,305.5	9,318.9	14,313.3	81,335.6
2021	TOTAL	37,874.1	15,924.4	627.7	53,644.0	21.1	34,969.5	5,281.7	12,537.2	326.8	9,775.4	27,642.0	42,438.7	241,062.7
2022	Q1	10,284.4	4,760.8	166.1	13,520.6	5.8	9,401.5	1,375.4	3,221.4	97.7	2,988.4	7,957.2	12,192.5	65,971.7
2022	Q2	9,676.6	4,397.2	159.9	13,121.8	5.5	8,962.0	1,320.8	3,108.6	90.1	2,736.2	7,414.1	11,368.0	62,360.7
2022	Q3	9,808.2	4,293.6	150.7	12,325.4	5.2	8,870.8	1,242.7	2,907.2	89.1	2,732.0	7,254.8	11,114.4	60,794.1
2022	Q4	12,958.5	5,710.2	222.6	18,645.2	7.5	12,218.3	1,844.1	4,377.0	116.6	3,487.6	9,762.4	14,988.0	84,338.0
2022	TOTAL	42,727.8	19,161.8	699.2	57,612.9	24.0	39,452.6	5,783.1	13,614.1	393.5	11,944.1	32,388.5	49,662.9	273,464.5
2020-22	TOTAL	96,118.9	41,574.6	1,592.0	135,408.0	54.0	89,067.3	13,415.7	31,397.0	853.3	25,667.9	71,456.1	109,655.2	616,260.0

Table 41: COVID Revenue Loss Projection with Phase 3 Interventions implemented

SUMMARY OF EMPLOYMENT IMPACT

	MODEL SCENARIOS	JOBS LOST Post COVID	Phase 1	Phase 2	Phase 3
2020	Accommodation for visitors	76,839	73,001	68,625	65,477
2020	Restaurants and similar services	83,229	79,517	76,138	73,715
2020	Railway passenger transport services	2,752	2,623	2,436	2,302
2020	Road passenger transport services	129,800	123,623	112,054	103,797
2020	Water passenger transport services	1,046	997	933	888
2020	Air passenger transport services	16,055	15,309	14,305	13,584
2020	Transport equipment rental	7,424	7,066	6,472	6,048
2020	Travel agencies and reservation services	18,731	17,777	16,412	15,433
2020	Cultural services	21,071	20,135	19,288	18,679
2020	Sports and recreational services	14,201	13,562	13,070	12,716
2020	Tourism-connected products	67,634	64,407	61,153	58,823
2020	**TOTAL**	**438,781**	**418,018**	**390,884**	**371,462**
		JOBS RECOVERED			
2021	Accommodation for visitors	12,150	25,693	24,370	26,960
2021	Restaurants and similar services	10,892	26,224	25,377	27,456
2021	Railway passenger transport services	480	932	868	961
2021	Road passenger transport services	23,635	45,482	41,220	45,790
2021	Water passenger transport services	170	348	327	360
2021	Air passenger transport services	2,663	5,343	5,020	5,568
2021	Transport equipment rental	1,261	2,558	2,345	2,585
2021	Travel agencies and reservation services	3,429	6,537	6,063	6,729
2021	Cultural services	2,747	6,624	6,416	6,955
2021	Sports and recreational services	1,728	4,402	4,299	4,638
2021	Tourism-connected products	9,452	21,854	20,932	22,764
2021	**TOTAL**	**68,607**	**145,998**	**137,238**	**150,766**
2022	Accommodation for visitors	20,620	22,073	21,571	19,258
2022	Restaurants and similar services	23,458	24,531	24,637	23,130
2022	Railway passenger transport services	712	797	764	664
2022	Road passenger transport services	32,816	37,343	34,819	29,003
2022	Water passenger transport services	277	303	295	262
2022	Air passenger transport services	4,234	4,673	4,519	3,974
2022	Transport equipment rental	1,927	2,131	2,021	1,732
2022	Travel agencies and reservation services	4,761	5,336	5,075	4,352
2022	Cultural services	5,947	6,221	6,248	5,862
2022	Sports and recreational services	4,072	4,196	4,250	4,039
2022	Tourism-connected products	18,745	19,626	19,512	17,993
2022	**TOTAL**	**117,570**	**127,229**	**123,710**	**110,269**

Table 42: Summary of job loss scenarios taking account of Phase 1,2,3 interventions