

■ BUSINESS

Jobs bloodbath, tourism gutted

With most key overseas markets cut off, the tourism industry would be doing well if it could get even 20%-25% of the normal number of overseas tourists

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04 OCTOBER 2020 - 00:10 by HILARY JOFFE



A general view of the V&A Waterfront on September 8 2020 in Cape Town, South Africa. Picture: GALLO IMAGES/JACQUES STANDER

The partial reopening of SA's borders to international tourists is expected to go only some way to rescuing businesses and jobs hit hard by the Covid crisis, with leisure tourists from 60 "high-risk" countries barred from entry ahead of the lucrative summer tourism season.

With most key overseas markets cut off, the tourism industry would be doing well if it could get even 20%-25% of the normal number of overseas tourists, who account for almost 70% of the R120bn in tourist revenue SA earns each year, said Gillian Saunders, who advises the Tourism Business Council.

The restart of limited international tourism has come in a week in which official statistics showed a record 2.2-million job losses in the second quarter, with some of the most labour-intensive sectors of the economy (tourism included) proving the slowest to recover as the lockdown is lifted, economists say.

Tips senior economist Neva Makgetla said recent data indicated the manufacturing, mining and utilities sectors were almost back at normal output and employment levels - but those are among the economy's least labour-absorbing.

Meanwhile, Stats SA's labour force data this week showed that 640,000 of the 2.2-million job losses were in the informal sector, with a further 311,000 in domestic work.

The community and social services sector lost more than half a million jobs, while trade - which includes services such as tourism - shed almost 380,000 more.

A quirk of statistical reporting saw the unemployment rate decline, because so many people couldn't look for work in the lockdown. However, the broadly defined unemployment rate rose to 42%, which is one of the world's highest.

And while economists cautioned that Stats SA's survey data didn't adequately distinguish between people who were furloughed during the lockdown and those who had lost their jobs altogether, the latest National Income Dynamics Study: Coronavirus Rapid Mobile Survey (NIDS-CRAMS) - a socioeconomic study conducted by a consortium of academics from SA's universities - has found that many of those who were furloughed ended up losing their jobs.

The second wave of the NIDS-CRAMS survey found the 3-million jobs lost between February and April had not returned by June, despite the easing of the lockdown.



Tips senior economist Neva Makgetla said some sectors were almost back at normal output and employment levels.

"The evidence to date suggests that these losses may be long-lasting," Stellenbosch economist Nic Spaull and his colleagues said in a report on the survey. Only half of furloughed workers were re-employed, with 40% becoming unemployed.

The job losses could themselves further hamper the economic recovery, reducing consumer spending, and there are concerns that more firms will retrench once the partial pay provided by the Unemployment Insurance Fund's temporary Covid scheme ends.

Absa economist Peter Worthington said (of the 2.2-million): "If sustained for a full year, job losses of this scale ... would cut household income by about 5.5% - a hit equivalent to about 3.5% of GDP. Thus a key question here is whether or not SA will mimic the robust and rapid post-lockdown recovery in employment seen in some economies such as the US. We are doubtful that it will."

The tourism sector is estimated to account for 8.6% of GDP, employing 1.5-million people directly and indirectly, and although just over 70% of SA's 10.2-million yearly tourists come from the African region, it is overseas tourists who account for most of the spending, and of the leading spending countries only Germany is not on SA's high-risk list.

The list and the new rules have caused confusion and raised questions about consistency. Though leisure tourism from high-risk countries is prohibited, business tourism may be allowed with permission from the home affairs minister.

Western Cape MEC for finance David Maynier said this was unfair, arbitrary and irrational.

"There is some risk of importing cases of Covid but the best way to deal with that is robust protocols, diligently applied but with no distinction between the purpose of travel or the country of origin."

The Western Cape last year accounted for almost 20% of SA's international tourist arrivals and 23% of tourist spend, with numbers climbing from the UK and US last year. Both of these are on the banned list.

Even if the borders were to be reopened to all, many people will still be reluctant to travel.

A snap survey of business people and tourism operators who attended a British Chamber of Commerce webinar hosted by Virgin Atlantic this week found that while more than half would be comfortable to get on an international flight, most were concerned about the risk of getting stuck because of changing travel regulations, and a quarter were put off by the possible need to self-isolate during or after their trip.

In the UK, the largest source of overseas tourists to SA, SA is on the list of countries from which returning travellers would have to self-isolate for two weeks.

UK high commissioner Nigel Casey told the webinar he was urging the UK government to add SA to the list of lower-risk countries for which this was not required.

Though several airlines, including KLM and Emirates, have been flying "repatriation" flights to and from SA, the first scheduled passenger flight into SA in six months was Lufthansa's, landing on Thursday morning.

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andrew merrifield • a month ago

the government's approach to tourism is as illogical as everything else it has done on the pandemic... I hate to agree with Derek Hanekom (who has some expertise in this area) but it doesn't make sense to ban complete countries if the protocols already screen for infected persons (the three day test results etc.) ... in addition, tourists are the easiest people to track since they come through a choke-point (passport control) and by tracking their movements with the app (already required) it should be possible to keep track of any potential clusters... the tourism ban is a ridiculous as the cooked chicken ban which shows that this government is not serious about addressing unemployment....

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Lloyd Macklin → [andrew merrifield](#) • a month ago

it's not about the government/ANC being serious; they are totally incapable of even understanding the problem. [sorry, challenge]

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Joe Irwin → [Lloyd Macklin](#) • a month ago

You are being polite by saying illogical Andrew. Pathetically incompetent is the description I would use.

There's trouble on the not to distant horizon, and when it comes the decisions upon how to prevent it will be made by a pathetically incompetent "WTF do we do now" NEC.

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Derek Salzmann • a month ago

Is there anything the ANC gets right?. Theft and corruption is a wrong answer. Combine this with Hillary Joffe's recent article on government spending crowding out investment. Add also crime, incoherent policies, untouchables in the ANC, cadre deployment, BBBEE costs in coal and fuel at Eskom etc etc.

If the intention were to destroy, not save, an economy, you would bring in ANC policies.

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