

New report: Cape Town's tourism sector could see more than 90,000 jobs lost

Cape Town Tourism has released a new report showcasing how the local tourism industry is suffering under Covid-19 regulations. The report includes insight into how prepared businesses are financially to ride out this storm, as well as what help businesses wish to receive from government and local organisations, with many desperately needing better access to relief funding and loans.



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The survey was done in order to get a clear understanding of what support these member businesses need.

The report is the outcome of a survey conducted via email among members of Cape Town Tourism (of which 35% of respondents are accommodation providers, 29% are tour operators, 15% are attractions or activities, 7% are restaurants and the rest are made up of shops and shopping centres, transport operators, car rentals, conference venues, travel agents, language schools and wine estates).

"It is important for us to get a clear picture and understand the current landscape According to the latest available figures from Statistics South Africa, tourism value added to the South African economy was roughly R118,4bn, tourism value added to Cape Town's economy in 2018 was roughly R18,1bn. In the same year, according to the same source the tourism sector in South Africa directly supported almost 740,000 jobs and just over 113,000 jobs in Cape Town," says Enver Duminy, CEO of Cape Town Tourism.

These numbers illustrate how vital this sector is to our economy. This is why it is important for us to understand where our members and other industry stakeholders need the most help so that we can ensure that we provide them with the support they need in order to survive."

The Cape Town Tourism Covid-19 Impact Report noted that 56% of businesses do not have a recovery plan in place. While many have explored various relief options, some have noted that the vast amount of paperwork has deterred them, while others explain that they do not meet the requirements for relief they so desperately need.

Businesses hard it

There has been a significant impact on employees of tourism businesses as 36% of respondents mentioned that they are only able to provide partial pay to staff, 31% have staff on unpaid leave, and a further 18% have had to retrench employees.

Revenue for many businesses has dropped substantially with one accommodation provider stating that guests who were due to stay during lockdown had cancelled, and all stays were refunded. "The total loss of income due was R89,000," says the establishment. In addition, owing to the ban on travel during the lockdown, no replacement bookings could be secured.

A large majority of respondents expect the impact of the lockdown to last between four and 12 months. The Cape Town Tourism Covid-19 Impact Report found that 37% of respondents expect the impact of the lockdown to last between four and six months, 33% expect it to last between seven and 12 months, with 25% believing that the impact will be felt for well over a year.



#Covid19 and the current state of tourism in SA

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Most businesses will not be able to survive under an extended lockdown. 83% of businesses indicated that they would not survive longer than 6 months under the current lockdown conditions. Only 4% of the businesses surveyed noted that they have the resources to survive more than a year.

The report at a glance

- 70% expect the impact of the lockdown to last between 4-12 months
- 43% have the resources to survive less than 2 months
- 86% forecast their business performance for April-June to decrease at a rate of between 75%-100% year-on-year
- Most businesses have explored multiple relief options
- 56% of businesses do not have a recovery plan in place
- 43% indicate that recovery to 2019 levels will only be seen by 2022
- 62% indicated that they need more information about loans and financial support.

"These results paint a grim picture of how tourism businesses are struggling as a result of Covid-19 lockdowns and travel restrictions," says Duminy.

"We see many tourism businesses coming to a standstill and fighting for survival due to extensive travel bans imposed by government as a measure to stop the spread of Covid-19. However, with continued lockdown and tourism being relegated to

Level 1 of the risk-adjusted strategy schedule, means that the closure of tourism businesses including the significant shedding of jobs will continue unabated. We implore government on all levels to consider working with tourism in applying our enhanced safety protocols to reduce health risks and upgrading local tourism to at least Level 3, and domestic tourism at Level 2 in the short term" concludes Duminy.

The [Cape Town Tourism Economic Impact](#) report was compiled by Martin Jansen van Vuuren of Futureneer Advisor

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