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Columnist

NEVA MAKGETLA: New business models needed for tourism and other Covid-sensitive industries

The highest-risk economic activities such as public transport just can’t return to pre-pandemic practices

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14 SEPTEMBER 2020 - 14:14 *by* NEVA MAKGETLA

Picture: 123RF/DAWID KALISINSKI

In these plague-ridden days we all dream of time travel: to return to December 2019, when we only had to worry about Eskom and corruption; or fast-track to December 2021, when the pandemic should be over. But daydreaming doesn’t help manage the economy today, when a resurgence in the pandemic remains a real threat.

In current circumstances, the phased relaxation of disaster regulations lays bare a stark reality: as industries that are likely to spread Covid-19 reopen they can’t just return to pre-pandemic practices.

The highest risks emerge from activities that have traditionally served the public indoors in large groups — notably public transport, indoor entertainment and personal services (and by extension tourism), as well as shopping malls and education.

In the time of Covid-19, these business models cannot be both profitable and safe. Their problems won't be solved by letting firms hang an "open" sign on the door.

Consider overseas tourism. Overall, according to Stats SA, tourism accounts for almost 3% of the country's GDP and 4.5% of employment, providing livelihoods for about 600,000 people. The bulk of the revenue comes from domestic and regional travellers, but a high-profile, albeit small group of enterprises depends heavily on tourists from outside Africa.

The pandemic in effect shuttered these businesses. In March, even before the lockdown, hotel occupancy was down by a third. Then the lockdown pushed it to near zero. In June, which has the latest available data, domestic business travel was allowed, but occupancy rose to only 10% of 2019 levels. While domestic tourism has revived somewhat since then, foreign travel is still banned.

In response, tourism associations have lobbied loudly for an end to international travel restrictions. But that won't bring back a surge of overseas tourists. How many people will risk a long-haul flight, often with a two-week quarantine when they return home?

Moreover, physical distancing makes restaurants, bars and clubs both less fun and less profitable — but experience in Europe, the US and Korea shows that opening without safety restrictions will revive the pandemic.

Even within the EU, domestic self-catering and camping holidays have grown at the expense of cross-border tourism. And the context is not promising — despite the hype, international tourism revenues in SA have been flat for a decade.

It follows that for the next year or two, SA tourism needs a new model, with safer activities, and largely replacing overseas travellers with local and domestic customers (which usually means cutting prices).

From a policy perspective, the challenge is to help entertainment and accommodation venues as well as cultural workers adjust, while ensuring that working people, poor communities and small businesses don't end up bearing the burden of change.

In practice, however, the government is ending most of its (inadequate) relief for workers, firms and households in September, with no plans in sight for industries that face a prolonged downturn.

The challenges around high-risk economic activities underscore the difficulty of managing risk collectively. By definition, in a public-health emergency, individual choices affect everyone else. That means we need to choose collectively, not just individually, between activities that can lead to super-spreader events.

Judging by government decisions, SA has preferred to open schools and churches and allow full-capacity taxis, in exchange for maintaining safety restrictions on bars, clubs and family events. In a complex and divided society, this kind of choice inevitably brings pushback, but that doesn't make the trade-offs disappear.

Ultimately, we should do more to promote the cheapest ways to manage risk — which are to wear a mask in public, keep our distance and get air moving. But we also need to help affected industries identify viable new business models, rather than just fighting to return to high-risk activities, while assisting their workers and communities on the long road back to prosperity.

• Makgetla is a senior researcher with Trade & Industrial Policy Strategies.

Anton van Niekerk • an hour ago

This article is totally confused and fails to make a case for the continued lockdown of the tourism economy. Please, Ms. Makgetla, show us some evidence for the wild statements.

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Derek Salzmann • 17 hours ago

The main problem is the ANC. Nothing is going to work effectively while that bunch of clowns is in charge.

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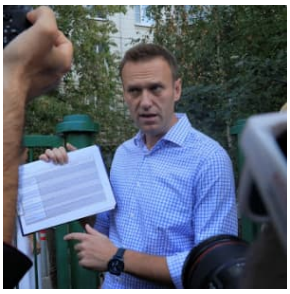

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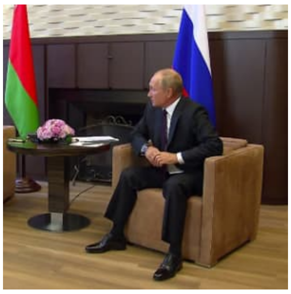

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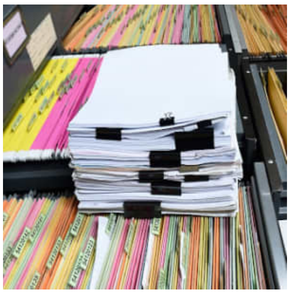

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