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FINAL REPORT

THE IMPACT OF COVID-19 ON THE TOURISM-TRANSPORT INTERFACE IN SOUTH AFRICA

University of Pretoria

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EXECUTIVE SUMMARY

The research project focusses on the interface between tourism and transport, with specific reference to South Africa and the two most important modes of transport, namely air and road. The study aimed to explore the impact of COVID-19 on the Tourism-Transport Interface with a view to proposing a scenario/s where this relationship might create opportunities for tourism to prosper post COVID-19.

This research followed a three-pronged approach: Firstly, a literature survey was undertaken to review previous studies, both in academia and industry, in order to gain an understanding of the transport and tourism environments. Secondly, a number of discussions were conducted with leaders in the transport and tourism sectors to gain an understanding of the current state of the sector, challenges faced by each sector and their views on the future post-COVID. Thirdly, full-day Future Scenarios Planning Workshops were held to develop a strategic perspective on the future prospects of the aviation and car rental industries. The outcomes of these scenarios were used to guide the recommendations as stated in this report.

The research delivered a number of key findings and conclusions.

Key findings

In road transport:

- Road transport is used by an overwhelming majority of overnight tourists with about half of the trips being taken by private cars, and about a third using taxis. The main purpose of these trips were mainly for visiting friends and relatives.
- Inbound tourists mainly use road transport with about 70%, of tourists coming in from neighbouring countries.
- Both road and air inbound arrivals demonstrate substantial variation in monthly seasonal trends.
- Rail travel, both short- and long-distance, has been declining for a number of years.
- Bus/Coach travel consists of mainly cross-border (C-BRTA), inter-urban and small operators and has remained fairly stable (with little to no growth) over the last number of years (pre-COVID). The tourism component experienced

financial pressure due to increasing costs and currency fluctuations and declining market effects even before the pandemic.

- The bus/coach industry faces other challenges, with the complexity of doing business and the issuing of permits and operating licences being the most severe.
- Car rental for tourism has been declining for a number of years due to depressed economic growth and declining international and domestic tourism demand. It is
    - Highly dependent on air travel, both inbound and domestic
    - Derive bulk of revenue from airport locations - limited airport operations severely affected their bottom line.
    - Dominated by a number of large corporations:
    - Responsible thousands of jobs directly and thousands more across the value chain (vehicle sales, insurance, repairs, maintenance)

In air travel:

- The high level of growth in inbound tourism, experienced from 2005 to 2013 (due to the opening-up of air transport barriers), flattened out into a steady decline from 2017 to the end of 2019.
- Foreign airlines generated most inbound tourists to South Africa without any subsidies from the South African Government.
- SAA, the South African State-owned flag carrier, only generated about 12% of inbound passenger traffic by the end of 2019, at a high cost.
- By 2019, about 70% of inbound tourists entered South Africa through whilst Oliver Tambo International Airport (JNB) or (ORTIA) as gateway airport, 28% through Cape Town International Airport (CPT and about 2% through King Shaka International Airport (DUR).

The impact of the COVID-19 lockdown measures on transport modes

- All modes of transport were severely impacted by the pandemic with an immediate decline in passenger numbers and resultant loss of revenue, job losses and closures of businesses in all sectors.
- Cruise travel came to a complete standstill.
- In the bus/coach sector:
    - Little to no revenue has been generated for the sector;

- Fleets have been stationary;
- Closures and retrenchments with the most in the tourism part of this industry (employees range from general labour to specialized tasks such as tour operators /guides/ translators / drivers)
- In the cross-border market, no tourism licenses have been issued since March 2020
- Small tour operators reliant on international visitors have been most severely affected
- The possible impact for the year to date is approximately R 4, 6 billion
- There has been limited government assistance
- The loss of revenue has been exacerbated by the high costs of safety protocols
- Associated licence costs compounded the problems

- The car rental industry experienced
  - the cancellation of all bookings in all the non-essential businesses.
  - Decrease of the fleet size down by a third
  - Kilometres driven down by two-thirds
  - Revenue down by approximately 71%
  - Rental days down by two-thirds.
- The air transport industry
  - The dramatic drop in demand for passenger air transport (and freight, to a lesser extent) due to the COVID-19 containment measures is threatening many airlines' viability, with many jobs at stake.
  - Inbound tourists reduced by 74% for the 2020 year. This includes a few months early in the year, which were positive, flowed by an almost cessation of inbound tourists in later months. In 2020, there was a 78% decline through Oliver Tambo International Airport, 70% decline through Cape Town International Airport (CPT and 79% decline through King Shaka International Airport (DUR).
  - Cape Town International Airport (CPT) was more resilient than ORTIA during the COVID19 period. In 2020, about 63% of inbound tourists entered South Africa through whilst Oliver Tambo International Airport (ORTIA) as a gateway airport, 36% through Cape Town International

Airport (CPT) and about 2% through King Shaka International Airport (DUR).

- All the inbound tourists entering through Cape Town International Airport (CPT) and King Shaka International Airport (DUR) were generated by foreign airlines. Most of the inbound tourists at ORTIA was also generated by foreign airlines.
- COVID19 restrictions seem arbitrary, excessive concerning their purpose, cause uncertainty and hamper air transport movements.
- Due to limits on workforce capacity and work-from-home, some administrative measures have been abandoned pr require excessive time for adjudication.

Conclusions:

- Transport modes are currently experiencing a worst-case scenario due to the pandemic. Transport modes influence potential tourists' decisions as it is a driver of demand and through factors such as distance and cost, determines the selection of South Africa as a tourist destination.
- Transport mode, infrastructure and intermodal connectivity influences the tourist experience contributing to positive or negative perceptions of the trip as a whole.
- Transport forms a substantial portion of tourism expenditure, especially in the domestic travel market in South Africa.
- Tourism makes a substantial contribution to the transport sector's revenue.
- Transport is a determinant of the competitiveness of South Africa as a tourist destination and there has been a declining trend in the rating of the TTCI on perceptions of transport infrastructure over the past few years.
- While South Africa has a sophisticated transport network, tourists are not well served in entering South Africa from neighbouring countries where a variety of challenges are experienced in the cross-border bus/coach industry.
- Although the main road infrastructure is generally of a good quality, the infrastructure in the more rural and small-town areas present challenges.
- Safety and security, affecting tourist perceptions and decision on where to travel is a major challenge.

- While investment in road infrastructure is evident from the Department of Transport and the private sector, negative perceptions still persist.
- The rail transport network and infrastructure requires serious investment and marketing as a potential means of transport for both international and domestic tourism.

Post-COVID Scenarios and Strategies

- Great uncertainty persists on future COVID19 restrictions, their timing and effect. Upon recovery, demand will be lower and structurally different from that before the crisis.
- This uncertainty requires a shift in the regulatory policy approach towards a more flexible and open enabling environment, maximum economic freedom for the transport tourism industry to respond to market opportunities (which may be transitional) to support the agility required under these circumstances. This is especially the case for sub-sectors with substantial regulatory or compliance requirements and where adjudications' timing is problematic.
- Develop an enabling regulatory framework and sector cohesion
- Transport and tourism are mutually dependent and requires a whole government approach to ensure its competitiveness within an international market.

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PART 1: INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION AND BACKGROUND

This report provides the final results and conclusions of the research project. The report sets out the background to the study and its motivation, the overall purpose of the research and the specific objectives that had to be addressed. As an introduction a brief historical context of the development of transport in South Africa is provided where after a theoretical discussion, based on previous work done on the interface between transport and tourism, is presented. The components of the Transport/Tourism Interface model are broadly applied to South Africa. Within this discussion an overview of where transport and tourism is placed within government structures in South Africa and the level of collaboration between the departments in policy formulation, the major focus of strategies in tourism and transport and the cooperation through the various working groups, is presented. The ensuing discussion covers the modes of transport as they relate to tourism, specifically air and road where issues of intermodal connectivity are also highlighted. In discussing the selected modes of transport three questions informed the structure of the discussion: what the trends were pre-COVID-19; how they have been affected by COVID-19; and finally, what the potential for recovery is post-COVID-19. Each mode is considered separately against the research methodology used to gather the information namely secondary sources, discussions with leaders in the industry and scenario planning workshops. After the discussion of each mode the report focusses on consolidating the information from the various modes and taking a broad view of what opportunities exist for transport tourism sector post-COVID-19. The report concludes with a discussion on certain challenges such as a lack of data on transport and tourism which is a serious gap in providing relevant and strategically useful information for decision-makers and potential areas for further research.

1.2 CONTEXT/RATIONALE OF THE STUDY

The research project focusses on the interface between tourism and transport, with specific reference to South Africa and the two most important modes of transport, namely air and road. Air travel and road transport play a vital role in the expansion of both international and domestic tourism with air travel enabling a comfortable long-haul transition from tourist originating regions to global destinations and road

infrastructure enhancing the accessibility of tourists to regions located in different parts of a country. Road transport, as a cheaper form of travel is regarded as most popular with more than 70% of tourism trips in industrialized countries being taken by car. Intermodal travel (air and road) is generally the means used by international travellers. While research on air travel in South Africa and its impact on tourism is quite abundant, the same cannot be said for road transport. Despite the fact that road transport exerts a profound influence on destination attractiveness and development, research on this interface is practically non-existent. Transport, as part of tourism, has been acknowledged by the Department of Tourism in South Africa through its National Tourism Sector Strategy and allocates resources to undertake research on the topic although the same level of recognition to the influence of tourism on road transport does not appear to be given by the Department of Transport. This gap is evident through limited data on the role of tourism in road transport development and growth in South Africa and the categorisation of transport for the purpose of tourism. The gaps have been exacerbated by the onset of the pandemic and its disastrous consequences on the tourism industry in South Africa.

As a first step in this research a systematic description based on literature and available models is provided to contextualise the overall Tourism-Transport Interface in South Africa. Thereafter, each mode of transport is discussed in terms of the secondary data collected and discussions conducted thus far. Each mode is separately discussed for ease of understanding. In the discussion on the challenges in describing the Tourism-Transport Interface, the definitional problems related to transport for the purpose of tourism are highlighted and this has necessitated some clarification on the meaning of the terms used for analysis purposes.

Before the abrupt arrival of COVID-19, tourism has been a driver for the South African economy over the last decade with consistent growth in tourism arrivals. This growth has been supported by all transport modes. We have seen that tourism significantly impacts on employment with 31,752 net jobs being created in 2017 of which two-thirds are in the transport sector (TSA, 2018). The sharing economy has grown quickly over the past five years capturing a sizable portion of economic activity with growth being most notable in transportation and accommodation. South Africa's success in inbound tourists has been based on removing barriers to entry and expansion in bilateral air

services agreements (BASAs). This enabled foreign airlines to increase their offer of flights to South Africa. Direct (non-stop flights) increased notably as well as one-stop flights via intermediate airports. It is generally accepted that at least one tourism job is created for every 7 inbound tourists. Before 2020 and COVID-19, IATA (2018) forecast that the number of air passenger journeys to, from and within South Africa would more than double from the 23.6-million in 2016 to more than 54-million by 2036. It was expected that this would be the result of an average annual growth rate in the country's local and international air travel of 4.3%, significantly above the expected rate of 3.5% for the aggregated global industry. This potential growth has been abruptly interrupted by the consequences of the pandemic.

The interface between transport and tourism represents one of the more important relationships in the tourism system and has been described as "symbiotic". Although this relationship is undeniable, to date there has been little engagement between scholars across the divide (Hopkins, 2019). Transport has emerged as one of the more universal and complex global economic sectors that forms the backbone of national and international commerce by acting as a mechanism for the movement of freight and people. As a result, growth and change in the transport system share synergies with growth and development in tourism and vice versa. Transport firstly connects the market in tourism generating regions to destinations and secondly, transport facilitates the internal movement of visitors within destinations, linking the components of the tourists' experience (attractions, accommodations, commercial services *etc*). Hopkins (2019) adds a third typology namely 'transport-as-tourism' which she says can be conceptualised in numerous ways such as taking a tour by bike, car, coach or train. The location, capacity, efficiency and connectivity of transport can play an important role in how a destination physically develops, significantly influencing the mobility of visitors and enhancing tourist experiences within destinations. Transport allows a wider dispersal of visitor movement and, as a result, maximum exposure of visitor flows to areas perhaps not otherwise possible. The development of transportation, transport infrastructure and advanced new technologies in this sector facilitates the development of tourism. New technologies in transport reduce the cost and increase the speed of travel thus increasing accessibility and connectivity to various destinations although Hopkins (2019) is of the opinion that time savings and cost

reductions lead to tourists travelling more and this exacerbates the environmental issues the technology was attempting to solve.

More than a decade ago there was already a growing concern that the future configuration of tourism, as shaped by transport in terms of accessibility, ability to travel and personal mobility may change in the next 15 – 20 years (Page, Yeoman, Connell & Greenwood, 2010). These concerns centred around the environmental impact of tourism and transport (e.g. climate change and sustainability), various technological advances in transport, inequalities related to the social dimensions of transport and tourism and the impact of transport and tourism on host communities. While these concerns will continue to receive attention in the future, the sudden impact of the novel coronavirus 'COVID-19' and the resultant wide-spread restrictions on mobility has meant that tourism largely ceased in March 2020. The consequences have brought into sharp focus questions relating to the possible reconfiguration of the transport-tourism interface as the world and South Africa slowly emerges from this crisis.

1.3 PROBLEM STATEMENT

An analysis of the impact and challenges of the COVID-19 pandemic must recognise the complexities of the transport-tourism interface in order to fully understand the implications on the future development of tourism. Most of the tourism literature acknowledges transport as one of the most significant factors to have contributed to the development of tourism world-wide but few ever address in any level of depth this symbiotic relationship or the dependencies which exist between tourism and transport. The transport-tourism relationship has been viewed from different perspectives. At an operational level, transport is normally understood from a narrow modal (road, rail, air and sea) perspective with little interconnection between modes and the impact and significance of integrated journeys for tourists (Page *et al*, 2010). In this respect much of the research into the tourism-transport interface has been concentrated on air transportation and airline passengers (Bieger & Wittmer, 2006; Duval, 2013; Spasojevic, Lohmann & Scott, 2018; Surovitskikh & Lubbe, 2015). In their study, Khan, Quanli, SongBo, Zaman & Zhang, (2017) looked at the how the impact of air and rail transportation on international inbound and outbound tourism affects the competitiveness of a destination. There is also a growing body of knowledge being

developed on the environmental impact of transport modes and tourism and sustainability, especially given the rapid growth of tourism globally (Peeters, Szimba & Duijnisveld, 2007; Simonsen, Gössling & Walnum, 2019). The literature on tourism-transport often centers on tourists as the unit-of analysis limiting the scope of the tourist-transport relationship and separating the tourist and their travel practices from the associated infrastructure, policies, regulations, ideas and technologies which facilitate these (Hopkins, 2019). Stanford and Guiver (2015) suggest that this may be because tourism transport is a "messy" topic, often overlapping with non-tourism transport. Lumsden and Page (2004) recognize that there are conceptual challenges in developing the Transport-Tourism Interface highlighting barriers such as the lack of definitional clarity in distinguishing between transport and transport for tourism and what is being measured. They further state that, in reality, the relationship between transport and tourism is asymmetrical because transport is the facilitator without which tourism could not exist whereas the reverse is not true, and as such, recreational trips tend to be subsumed in a generalized modelling of transport systems. They then ask the question "whether tourism trips are sufficiently different to utility trips to warrant specific attention?" They argue for a need for clarity in definition, the building of a sound understanding of tourist travel behavior as well as the implications for destination development the identification of the key transport factors which stimulate or inhibit the growth of tourism places. Authors such as Gross and Klemmer (2014) and Page and Connell (in Lew, Hall & Williams, 2014) have attempted to bring some order to the confusion by presenting systematic descriptions of all the modes of transport used by tourists, both for functional purposes (to reach a destination) and for intrinsic purposes (to enjoy as a tourist experience). Page *et al* (2010) say that in the public policy domain, tourism does not explicitly feature in national transport planning models and this is also evident in South Africa as will be discussed in ensuing sections.

The novel coronavirus (COVID-19) is challenging the world and unprecedented global restrictions and stay-at-home orders are causing the most severe disruption to the global economy since World War II (Gössling, Scott & Hall, 2020). Many tourism enterprises are facing an acute liquidity crisis and many are expected not to recover at all with severe impacts on jobs. Following the restrictions on international travel and internal movement, global and domestic tourism came to a virtual standstill placing a severe strain on the tourism-transport relationship, the long-term repercussions of

which are still largely unknown. Although some indications exist on how prior crises affected the tourism and transport industries, there is little to no literature that points to the implications of COVID-19 on the tourism-transport relationship. Current debates all across the world centre on the restoration of unrestricted free movement and reopening of borders, safely restoring transport and connectivity, safely resuming tourism services and restoring consumer confidence. Despite initial optimism of a quick recovery, it now appears that tourism growth may take a number of years to recover to pre-COVID-19 levels. While tourism will recover in time, the tourism offering and environment will probably be changed forever. According to Gössling, Scott and Hall (2020) there is much evidence that COVID-19 will be different to previous crises and will be transformative for the tourism sector.

1.4 PURPOSE OF THE STUDY

The study aims to explore the impact of COVID-19 on the Tourism-Transport Interface with a view to proposing a scenario where this relationship might create opportunities for tourism to prosper post COVID-19.

1.5 OBJECTIVES OF THE STUDY

- To describe the Tourism-Transport Interface in South Africa
- To identify trends and factors in the tourism-transport relationship that have an impact on the growth of tourism
- To assess the impact of COVID-19 on the tourism-transport relationship.
- To develop a future scenario where the tourism-transport relationship might create opportunities for tourism to prosper post COVID-19.

1.6 RESEARCH METHODOLOGY

This research followed a three-pronged approach:

Firstly, a literature survey was undertaken to review previous studies, both in academia and industry, in order to gain an understanding of the transport and tourism environments. In this theoretical review a number of areas were studied: establishing what is meant by the concept tourism/transport interface and the underlying principles; the position of transport and tourism in government structures and the level of

collaboration on policy-making for tourism transport as well as the priority areas; the various modes of transport, with particular reference to air and road as well as inter-modality connectivity; and finally the impact of the COVID-19 pandemic on each mode of transport as well as the tourism/transport relationship. Secondary information in the form of statistical data was sourced for each sector through publicly available sources. This data relates to trends in passenger arrivals and departures on the various modes as well as the impact of COVID on passenger trends.

Secondly, a number of discussions were conducted with leaders in the transport and tourism sectors to gain an in-depth understanding of the current state of the sector, challenges faced by each sector and their views on the future post-COVID. These discussions were used to draw conclusions which would contribute to the recommendations made in this report. Discussions served the purpose of adding information that is difficult to find through secondary sources and was not conducted as a qualitative research methodology

Thirdly, it was initially envisaged to have a full-day Future Scenarios Planning Workshop for the Transport/Tourism industry as a whole but, after some reflection and discussion with stakeholders, it became apparent that the three sectors (aviation, car rental and coach/bus transport) preferred to each do their own workshop. The Coach/bus sector arranged their own Workshop as they wished to include a number of broader issues facing the sector and not only focus on tourism. The other two workshops were arranged by the research team. The overall purpose of the Workshops was to develop a strategic perspective on the future prospects of the subsectors post-COVID-19 by examining the economic, political and regulatory, market, technology and other factors that shape the industry going forward, and to explore what strategic options are available for business and their counterparts in government, to make the most of the post COVID-19 period. It was envisaged to develop three or four scenarios which examine alternative future pathways, shaped by the key uncertainties and trends. The outcomes of these scenarios were used to guide the recommendations as stated in this report.

1.7 HISTORICAL CONTEXT OF TRANSPORT IN SOUTH AFRICA

Transport in South Africa developed very much along racial lines affecting the development of tourism directly. As Pirie (1989:114) says "*Passenger class distinctions on public transport in South Africa have always been colour conscious. Even before the beginning of the twentieth century, discrimination between passengers occurred not only in terms of fares, comfort, privacy and gender, but also in terms of race*". Before 1994, the idea of tourism was foreign to most black people in South Africa. The notion of a journey was usually associated with migrant labour. "It was ridden with "mental and emotional trauma," a "series of anxieties to be endured" without the time and space of "pleasure of movement" (Witz, Rassool & Minkley, 2001). This was the result of the spatial development of settlements in South Africa under colonialism which occurred in the 19th century and Apartheid in the 20th century where the black population was attracted as labourers and displaced into the rural-urban periphery of cities created by whites for whites. Mass transportation closely followed the radial nature of both colonial and Apartheid-era town planning and until the 1960s, spatial interaction over long distances in southern Africa was shaped by the political economy of colonialism (Pirie, 1991). The late 19th century saw the first substantial single line railways which linked the major seaports to agricultural heartlands in the 'white' interior. Gradual elaboration of the railway map involved connecting the prime agricultural, industrial and commercial nodes to each other, and consolidating rail axes to the ports. Under various governments, during the period 1806 to 1895 ambitious and expensive road schemes for that time were undertaken, linking all parts of the country. Pirie (2011) says that the capabilities and geographies of motorised colonial mobility showed a new technology of empowerment mediating colonial governance, science and leisure along racial and gender lines. Motoring in Africa in the 1920s and 1930s involved white settlers and visitors travelling on government or scientific assignments, on safari and to promote road provision. Passenger transport under Apartheid, and white minority rule before Apartheid, was, for black South Africans, by and large designed for daily transportation of labour to and from the workplace (Khosa, 1998) with little concern for tourism. During key periods in South Africa's development, namely the 1940s, 1950s and in the 1980s, the delivery of essential services such as transport became an area of popular protests and mobilisation (Khoza, 1998). Where tourism was non-existent for the black population, whites, both domestic and overseas visitors, enjoyed a western-type

tourism experience with ‘adventurous” road trips by private motorcar, luxury rail travel across South Africa and bus and coach tours into the interior of South Africa. The period of 1975 – 1990 saw the slow dismantling of bus apartheid as it became increasingly unaffordable and as the political climate changed with desegregation being seen as a way to relieve traffic congestion, keeping fares low and reducing the need for expensive bus subsidies. The operation of mini-bus taxis was restricted by the Apartheid state but since the 1980s the number has grown substantially, some licensed but most not. Despite considerable public and private investment in mass transportation over the last several decades, commercial taxis are the most visible choice of black South Africans. By 2004 the Johannesburg municipality indicated that 72% of all mass transport trips in the city were by way of kombi-taxis (Czeglédy, 2004). Unlike the relatively staid bus or train terminals, the larger kombi-taxi terminals are often referred to as “chaotic” (Czeglédy, 2004). Long-distance travel, particularly for the purposes of visiting across provinces and returning home for short periods e.g. weekends, has also moved towards the kombi-taxi mode. The new dispensation in South Africa brought about very different development behaviour with settlement and travel patterns changing drastically over the past decade. The rapidly changing spatial development and the lack of the required land-use/transport integration, together with low levels of rail development and investment over a number of years, have left the rail mode as a declining choice of public transport. The taxi industry has also slowly but effectively eroded rail and bus patronage levels dropped.

The 1990s brought a change in the form of politics in South Africa and as Donaldson (2006:344) explains, “*One of the greatest spatial challenges to overcome in the post-apartheid city is the inequality and spatial inefficiency caused by apartheid planning. Not surprisingly a World Bank report of the early 1990s considered South Africa’s cities among the most inefficient in the world. Cities were (are) characterized by low-density sprawl, fragmentation and separation, all of these contributing to the dysfunctional structure where privilege was racially determined. Over a period of four decades, black South Africans were systematically marginalized, among others, in terms of accommodation, leisure, employment, and transport. Structural deficiencies in the former apartheid city, resulting from segregation and low-density sprawl, created long-distance work-travel patterns*”. However, more than 21 years into the democratic era, South Africa’s dreams of efficient, affordable and integrated public transportation

systems remain deferred (Mthimkhulu, 2017). Mthimkhulu argues *that "existing challenges that are present emanate from years of poorly provided, yet heavily subsidized, systems and networks among spatial segregation and other roots of unequal provision of infrastructure".* Efforts have been made to transform the provision of public transport infrastructure (Walters, 2008) as is seen through the scope of documents such as the 1996 White Paper on National Transport Policy and past pioneering papers such as the Moving South Africa (MSA) strategy, the Public Transport Strategy (PTS) and Action Plan as well as the later Integrated Public Transport Network (IPTN) plans.

Although black leisure mobilities are no longer spatially restricted, these processes continue to influence and shape black leisure practices in South Africa today. Despite ongoing efforts from South African Tourism to further develop this market there are still barriers that remain. The continuing exclusion of the majority of black South Africans from participating in tourism could be ascribed to transport difficulties such as, amongst others, low access to private vehicles; affordability issues linked with high levels of reliance on public transport and the use of minibus taxis; distances to travel to participate in leisure activities; and safety concerns.

PART 2: THE TOURISM TRANSPORT INTERFACE

2.1 POINTS OF INTERSECTION

Baranowski (2007) argues that the historical study of tourism has been dominated by the consumption and consumer cultures which has focussed heavily on consumer motivations and desires while the study of transport is embedded in economic history and the history of technology. As a consequence, she asks the question "*Why, if the desire to travel 'elsewhere' provides the most common motivation for tourism, should tourism history pay less attention to the means by which tourists travel to and from their destinations than to their 'experiences'?*" (Baranowski, 2007:120). She argues that despite different points of departure, transport and tourism history can profitably intersect. The first point of intersection is that since mobility has a crucial place in tourism the definition of tourism should be expanded to include the experience of "displacement" because what makes tourism 'tourism' is the decision of tourists to leave the familiar behind in order to participate in something new. A second point of intersection between transport and tourism is the recognition that tourism includes the modes of transport that facilitate it and requires a vast material infrastructure to sustain it. As such this intersection blends production and consumption through the labour, technology and business sophistication that enables it. Thirdly, the relevance of transport is seen in the development of tourism e.g. the construction of tourist sites where none existed previously, with transport providing access to the site, both at the construction phase and afterwards as an enabler for tourist visitation. Finally, such development produces economic value for both tourism and transport and is a driver of economic growth in a country.

2.2 TOURISM TRANSPORT ECONOMIC VALUE

Tourist expenditure on transport

In looking at tourism expenditure in South Africa from both domestic and inbound tourists over the period 2014 – 2018 we can see that transport is the largest component of tourism expenditure for domestic tourists with road transport constituting approximately 28% over the last number of years and between approximately 13% to 18% for air transport as shown in table 2.1.

Table 2.1: Domestic tourism expenditure by type of product, 2014–2018 (%)

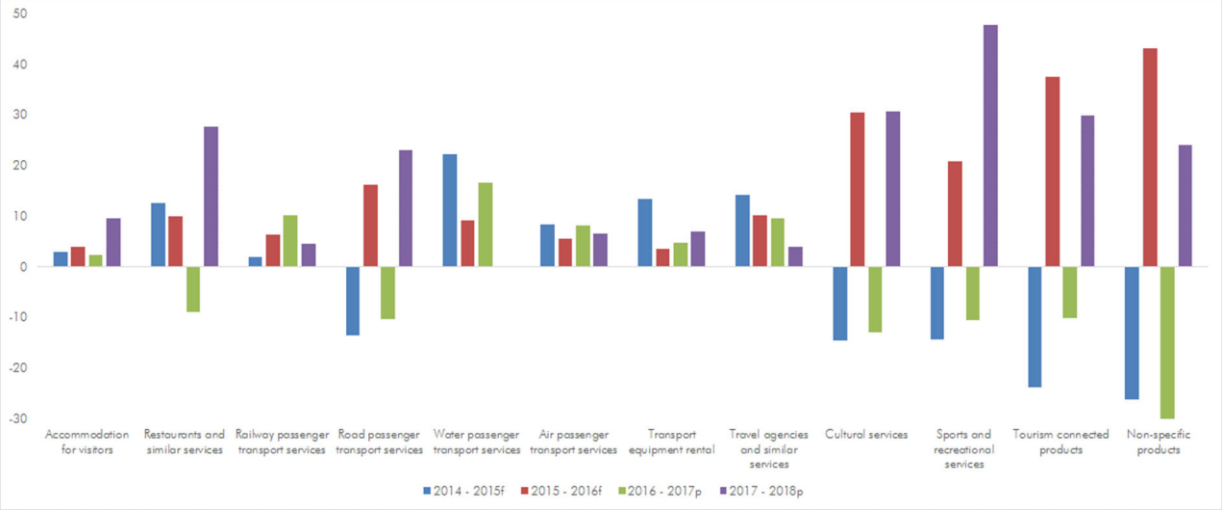
Tourism product	2014	2015	2016	2017	2018
Accommodation for visitors	14,6	16,3	14,5	16,4	15,3
Restaurants and similar services	4,2	5,2	4,9	4,9	5,3
Railway passenger transport services	0,3	0,3	0,3	0,3	0,3
Road passenger transport services	29,3	27,6	27,4	27,1	28,4
Water passenger transport services	0,0	0,0	0,0	0,0	0,0
Air passenger transport services	13,8	16,3	14,7	17,6	15,9
Transport equipment rental	2,2	2,7	2,4	2,8	2,5
Travel agencies and other reservation services	5,1	6,4	6,0	7,2	6,4
Cultural services	0,1	0,1	0,1	0,1	0,1
Sports and recreational services	2,6	2,4	2,5	2,5	3,1
Tourism-connected products	9,9	8,2	9,6	9,5	10,5
Non-specific products	17,9	14,5	17,7	11,6	12,2
Total	100,0	100,0	100,0	100,0	100,0

Individual figures may not add up to stated totals due to rounding.

Source: Stats SA, Tourism Satellite Account (2019)

Figure 2.1 shows the corresponding annual growth rates for domestic tourism expenditure on the various types of products for the period 2014-2018(p).

Figure 2.1: Domestic tourism expenditure: Annual growth by type of product, 2014–2018 (%)



Source: Stats SA, Tourism Satellite Account (2019)

Inbound tourists have spent between 11% and 13% on road and air respectively over the last number of years, as shown in table 2.2.

Table 2.2: Inbound tourism expenditure by type of product, 2014–2018 (%)

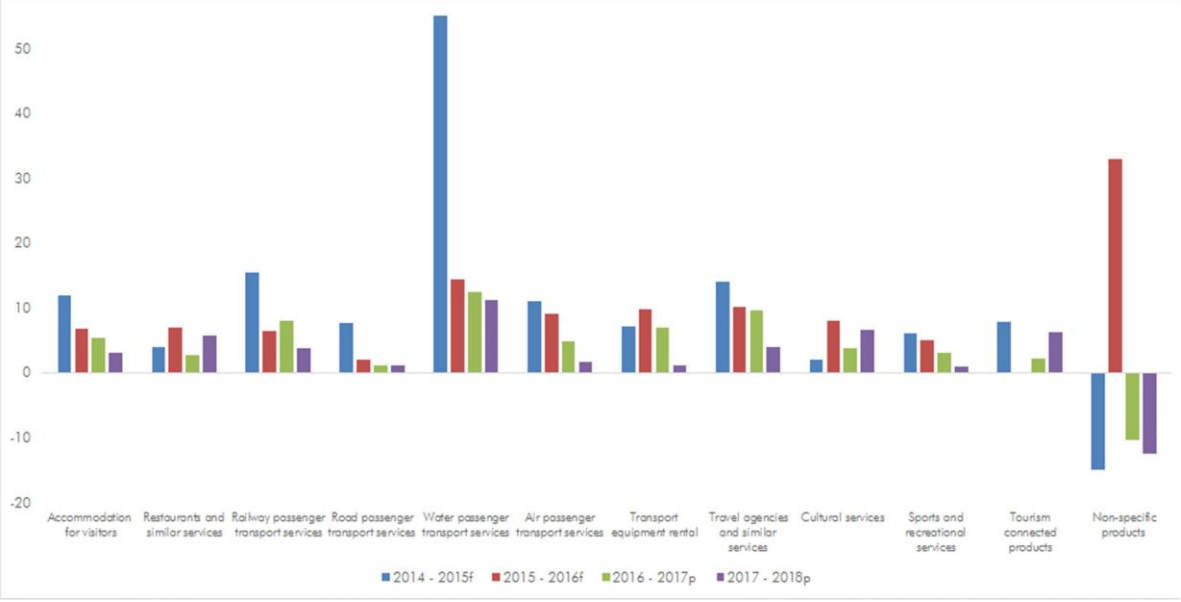
Tourism product	2014	2015	2016	2017	2018
Accommodation for visitors	13,8	15,1	14,5	15,3	15,9
Restaurants and similar services	9,0	9,2	8,8	9,1	9,7
Railway passenger transport services	0,2	0,2	0,2	0,2	0,2
Road passenger transport services	12,3	13,0	11,9	12,1	12,3
Water passenger transport services	0,0	0,0	0,0	0,0	0,0
Air passenger transport services	11,2	12,2	11,9	12,5	12,9
Transport equipment rental	1,4	1,5	1,4	1,5	1,6
Travel agencies and other reservation services	2,7	3,0	3,0	3,3	3,4
Cultural services	0,2	0,2	0,2	0,2	0,2
Sports and recreational services	6,4	6,7	6,3	6,5	6,6
Tourism-connected products	14,3	15,1	13,5	13,8	14,8
Non-specific products	28,5	23,8	28,4	25,5	22,5
Total	100,0	100,0	100,0	100,0	100,0

Individual figures may not add up to stated totals due to rounding.

Source: Stats SA, Tourism Satellite Account (2019)

Figure 2.2 shows the corresponding annual growth rates for inbound tourism expenditure for the period 2014-2018(p) where we can see a declining growth rate in expenditure (except for rail in the 2016-2017 period, and rental services in the 2015-2016 period) on all transport modes.

Figure 2.2: Inbound tourism expenditure: Annual growth rate by type of product, 2014 – 2018 (%)



Source: Stats SA, Tourism Satellite Account (2019)

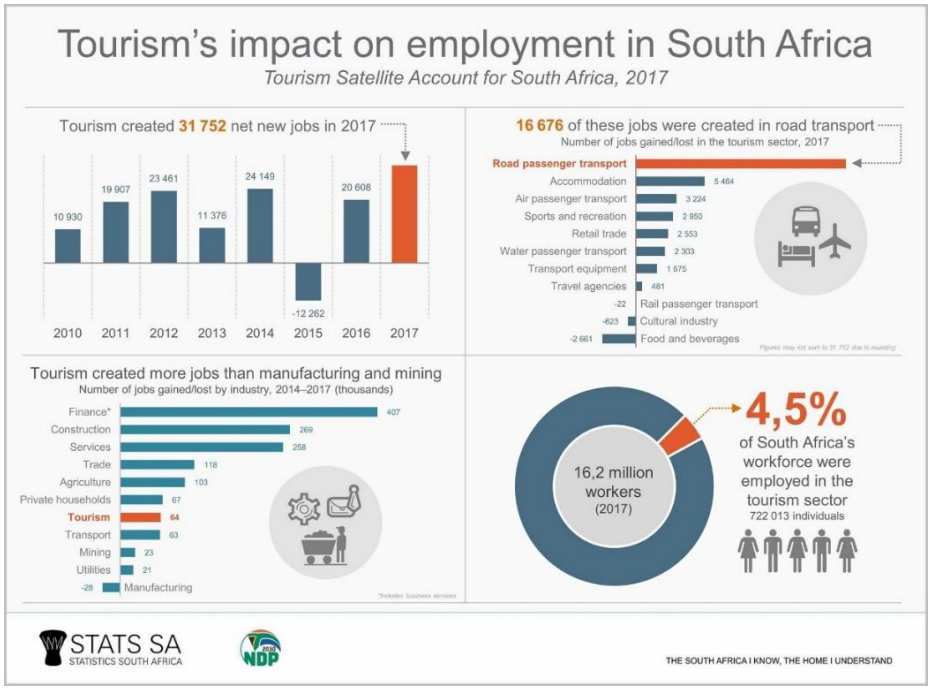
The trend observed in the declining tourism expenditure rates reflects the decline in the growth of inbound tourism to South Africa over the last number of years.

Tourism transport and employment

According to the OECD (2020) in 2017, the direct contribution of the tourism sector to GDP was ZAR 130.3 billion, constituting a 2.8% direct contribution to GDP. This level of contribution has been stable at around 3% over the past decade.

Direct employment in tourism was 722 013 in 2017, representing 4.5% of the total workforce. Passenger transport constituted the highest number of employees in the tourism industry as can be seen in figure 2.3. Table 2.3 indicates the number of enterprises and employees in the tourism transport sector. Although the tourism sector offers job opportunities for people of different ages and skill levels, and provides important employment opportunities for women, where about 40% of employment in tourism industries consists of women, the passenger transport sector is way behind on female employment with only 15% of women being employed in this sector (OECD, 2018).

Figure 2.3: The contribution of tourism transport to employment in South Africa



Source: Stats SA (2019)

Table 2.3: South Africa: Enterprises and employment in tourism

	Number of establishments	Number of persons employed[1]				
	2018	2014	2015	2016	2017	2018
Total	..	..	..	..	..	..
Tourism industries	**46 461**	**681 916**	**669 652**	**690 262**	**722 012**	..
Accommodation services for visitors	10 489	115 364	136 120	130 256	135 720	..
Hotels and similar establishments	3 003	..	..	..	..	..
Food and beverage serving industry	18 217	137 789	141 709	146 534	143 873	..
Passenger transport	6 833	235 649	217 910	232 663	254 844	..
Air passenger transport	1 217	34 765	31 669	23 253	26 477	..
Railways passenger transport	40	6 135	5 205	5 168	5 146	..
Road passenger transport	5 290	193 870	179 047	203 481	220 157	..
Water passenger transport	286	879	1 989	761	3 064	..
Passenger transport supporting services	..	..	..	..	..	..
Transport equipment rental	368	7 770	10 282	8 068	9 743	..
Travel agencies and other reservation services industry	2 057	30 132	29 120	30 749	30 960	..
Cultural industry	4 383	15 817	15 392	17 268	16 645	..
Sports and recreation industry	4 114	16 845	20 539	16 560	19 510	..
Retail trade of country-specific tourism characteristic goods	..	122 550	98 580	108 164	110 717	..
Other country-specific tourism industries	..	..	..	..	..	..
Other industries	..	..	..	..	..	..

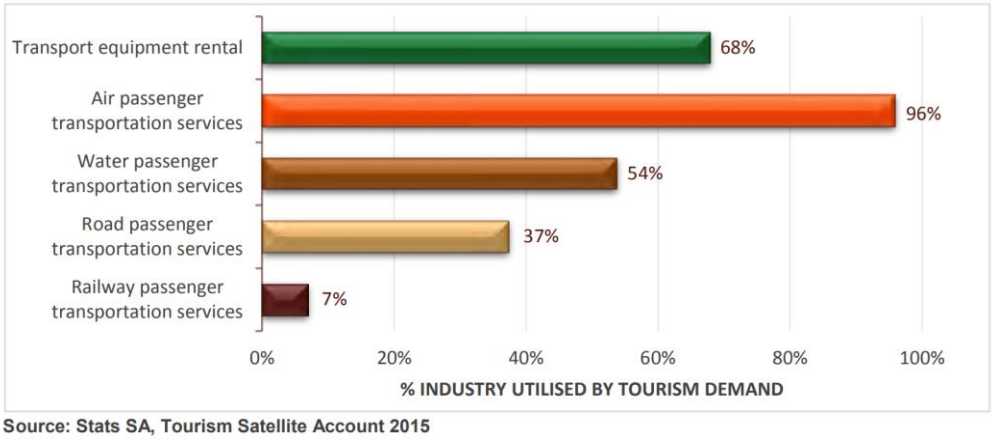
.. Not available
1. Data refer to number of jobs.

Source: OECD Tourism Statistics (2020)

Transport revenue from tourism

Tourism demand for transport-based generates income for the transport sector. As can be seen in figure 2.4, 96% of air passenger transport is generated by tourism-related demand, 54% by water passenger transport, and 37% by road passenger transport (TSA, 2015).

Figure 2.4: Tourism Expenditure by product (%), 2015



Source: Stats SA, Tourism Satellite Account 2015

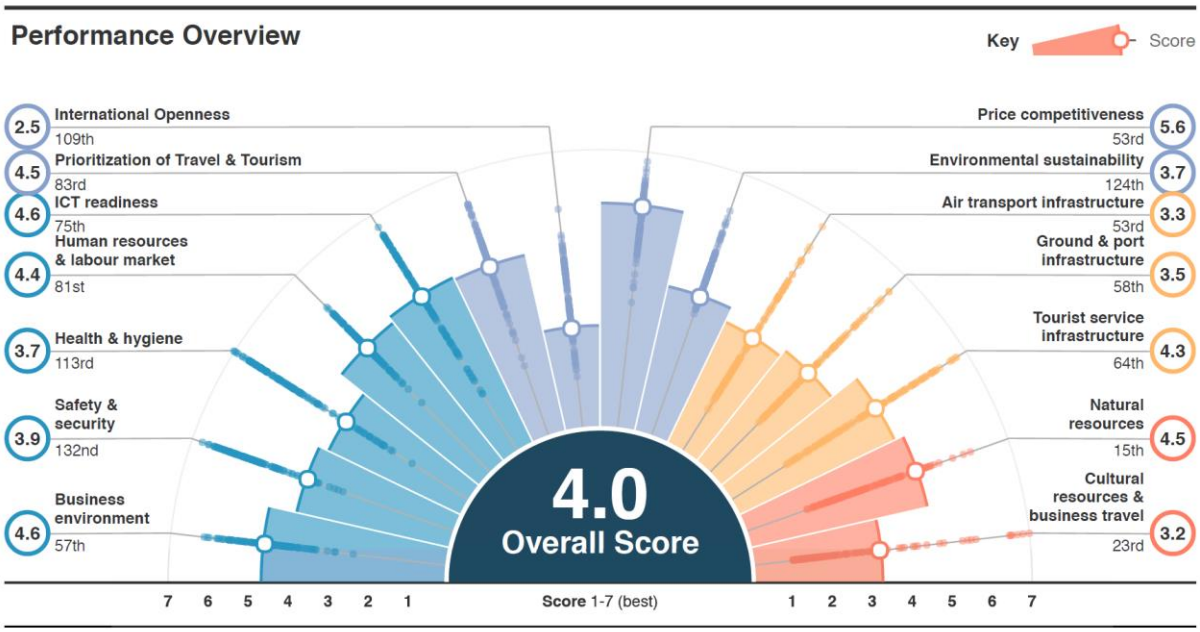
Source: Stats SA, Tourism Satellite Account (2015)

Transport is a determinant of tourist destination competitiveness

The most generally accepted index used for a destination's competitiveness is the WEF Travel and Tourism Competitiveness Index (TTCI) which measures a destination

against a range of factors, including transport-related variables. The Index is updated every second year. The competitiveness of a destination must not be confused with its attractiveness. Competitiveness is the sustained ability of a destination to increase tourism expenditure and capacity to attract visitors while providing them with satisfying, memorable and unique experiences in a profitable way, while enhancing the well-being of residents and preserving the natural capital of the destination for future generations, within a changing macro environment. This illustrates that competitiveness is a much broader concept which reflects four main components: the ability to deploy resources; memorable experiences for tourists; superior performance other destinations; and a contribution towards the economic welfare of the resident population. Transport infrastructure is one of the factors used to measure a destination's competitiveness as shown in figure 2.5.

Figure 2.5: The performance of South Africa on the TTCI



Source: TTCI (2019)

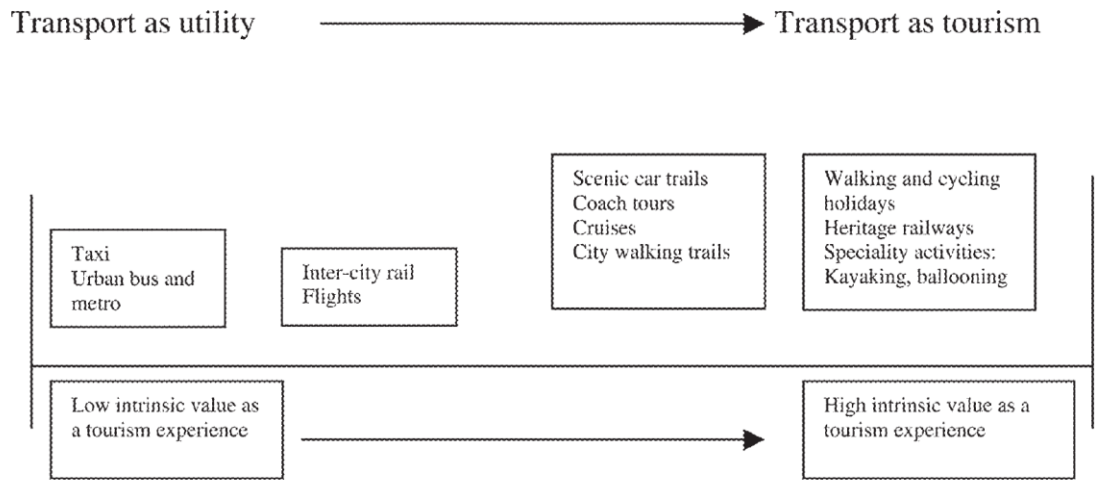
South Africa continues to slide in the rankings on a number of variables. Overall on the measure "Air Transport Infrastructure" South Africa moved from 46th (in 2017) to 53rd (2019) which was driven by an apparent perceived weakening in the quality of air transport infrastructure and number of operating airlines. On the ground and port

infrastructure South Africa fell steeply on the quality of roads, quality of port infrastructure and ground transport efficiency (TTCI, 2019).

2.3 CHALLENGES IN DESCRIBING THE TOURISM-TRANSPORT INTERFACE

Analysing the Tourism-Transport Interface is not without its challenges. Duval (2007) argues that there is a natural 'blurriness' that features when examining the linkages between transport and tourism which may make its analysis difficult. First, transport can be both a mode of travel and a destination (e.g. luxury rail travel represents a tourism experience). Second, the segmentation of transport use into tourism and non-tourism can be difficult for transport planners as the question of what constitutes a tourism trip and a utility trip is raised. Lumsden and Page (2004) raise the question of whether tourism trips are sufficiently different to utility trips to warrant specific attention and argue that there are discernible differences on the basis of the nature of the trip characteristics and the volume of tourism trips. While there is some complexity in doing this, it is also essential to differentiate transport as a means to an end and transport which is integral to the tourism experience, thus suggesting that transport can be an integrative part of the tourism offering rather than simply providing access to the experience. In this respect Seeteram (2016) says that from the perspective of the tourists, transportation serves two key purposes. The first is where transportation is only a means to an end and has no intrinsic value and for the tourist it is merely an enabler. It is the economic cost that is borne by the tourist to enable them to derive utility by consuming the sought-after tourism product(s). Demand for transportation therefore, is derived from the demand for the tourism products that destinations offer. On the other hand, the travel itself can hold intrinsic values for the tourists, making it the focal element of the tourism product (Lumsdon and Page, 2004), for example luxury cruises and rail trips and in this case, demand for travel ceases to be a derived demand and utility is obtained from the travel itself. Transport is thus tourism. Expenditure on the travel then, is the price paid for the tourism product rather than merely the travel cost. Lumsden and Page (2004) suggest that one way to make the distinction between transport for/as tourism and transport for utility purposes is to view it as a continuum as shown in figure 2.6.

Figure 2.6: The Tourism-Transport Continuum



Source: Lumsden and Page (2004)

These definitional debates impact the measurement of both transport and tourism in terms of what data should be collected and what the contribution of tourism transport is to destination development. Finally, transport relies on the viability and attractiveness of a destination, and a destination relies on transport for visitor access so the underlying strategic perspective of this relationship is manifested in determining whether either (or both) are responsible for ensuring tourist flows are maintained.

At an operational level, transport is normally understood from a narrow modal or operator level; with little interconnection between modes, the impact on tourists and the significance of integrated journey capability to make tourist travel and enjoyable, easy and rewarding experience. The integration of the transport system through inter-modality (the ability to connect two or more different modes of transport) is an essential element of tourism development.

The lack of recognition of the tourism-transport interface in the public policy domain and transport planning models (with South Africa being a case-in-point) presents a further challenge to analysing the transport-tourism relationship.

Apart from the above-mentioned challenges and the legislative framework within which the transport system operates (which is particularly critical in air and road transport), the tourism transport relationship is also confronted with a number of critical aspects

such as sustainability issues, passenger security, shifts in supply and demand (particularly as a result of externalities outside of the control of transport providers), and the role of technology. Hall also raised a number of questions on the social dimension of leisure transport (Hall, 1999) stating that transport has the potential to either constrain or encourage host-tourism interaction. He says that the role of tourist mobility at a local level can be critical for issues of inequality and externality effects. These various challenges and issues in the transport tourism interface are the subject of ongoing debates and cannot be ignored in the discussion on the interdependent relationship between transport and tourism.

One debate that has the potential to transform the entire tourism-transport interface is the health issues which travellers encounter on tourism transport systems. Even before the COVID-19 pandemic this assumed a significant profile for transport operators, with concerns about reducing the stress of travel through better design and ease of access to terminals. While similar health scares have had an effect on travel (SARS, MERS, Ebola) COVID-19 has brought about a completely new dimension in the travel health literature and what the potential consequences are for tourist travel on a global scale.

While not all the issues highlighted in the above discussion will be addressed in this research, the interdependence of all these factors will be mentioned where appropriate.

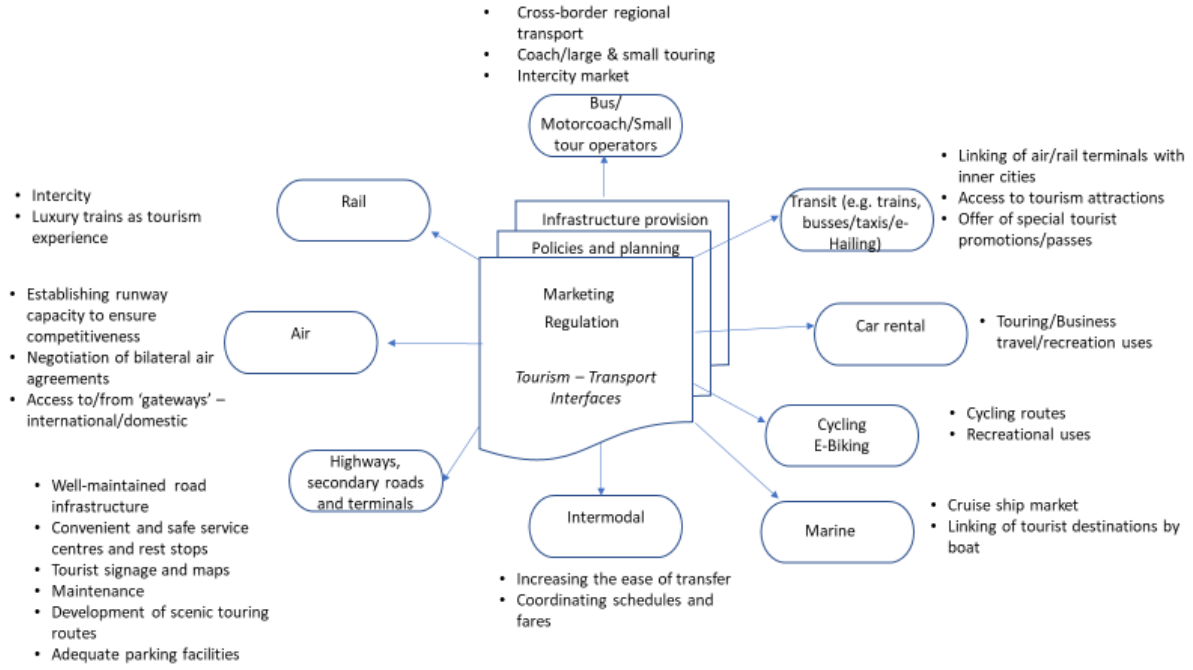
2.4 THE TOURISM-TRANSPORT INTERFACE MODEL

Clearly, tourism cannot occur without transport. Transport connects the markets in tourist generating regions to destinations and facilitates the internal movement of visitors between components of the tourist experience (e.g. attractions, accommodation, commercial services) and can be a major element of the attraction or an experience in its own right. The location, capacity, efficiency and connectivity of transport can therefore play an important role in how a destination physically develops and can significantly influence the mobility of visitors and the connectivity of tourist experiences within destinations. As transport develops with the application of technological innovations more tourists are able to access more destinations. This is particularly evident in the growth in global tourism which lies parallel to the rapid growth

and developments in air travel since the end of World War 2. The OECD (2016) does point out that the growing number of tourists creates numerous challenges in terms of transport infrastructure and capacity which includes border crossings, inter-modality, information provision, accessibility and seamless connections between the various transport service providers. While the overlap and interdependence of tourism and transport is recognised, the analysis of this interface is much more difficult. Page (2009) says that to understand the complexity and relationships that coexist between tourism and transport, a framework should be built which can synthesise the different factors and processes affecting the organisation, operation and management of activities associated with tourist transport. He says that the objective of such a framework is to provide a means of understanding how tourists interact with transport, the processes and factors involved and their effect of the travel component of the overall tourist experience.

Through a study of the literature a conceptual theoretical framework was derived for this research. This framework is graphically depicted in figure 2.7 and identifies the various modes of tourism transport and their functional roles in creating accessibility and connectivity which are dependent on marketing and regulation, policies and planning and infrastructure provision. In the ensuing sections each of the components will be discussed.

Figure 2.7: Tourism-Transport Interface Theoretical Framework



Source: Adapted from Page (2004:11) and Lamb and Davidson (1996)

2.5 THE MARKETING FUNCTION IN TOURISM-TRANSPORT

a) <u>The role of transport in facilitating accessibility and connectivity for tourists to- and within destinations</u>

The marketing of transport is critical to the overall development and viability of attractions, destinations and countries and is based on the demand for tourist transport. Transport providers need to be as aware as possible, especially when part or much of their core business is involved in the servicing of passengers who are embarking on travel for personal, pleasure or business reasons. Page (in Lew, Hall & Williams, 2014) says that an important starting point for any analysis on the demand for tourist transport is to recognise four spatially expressed roles that meets demand: linking the source market with the host destination; providing mobility and access within a destination/area/region/country; providing mobility within an actual tourism attraction; and facilitating travel along a recreational route which is itself the tourism experience. These roles embody the entire tourist experience and enables the identification of modes, networks and organisations which influence and regulate tourist transport.

Linking the source markets with the host destination

The ability to travel freely from source markets to ports of entry and then on to the final destination, including crossing borders, is a key aspect of linking South Africa's source markets to the destination. South Africa is geographically remote and regarded as a long-haul destination for its non-African core markets, which means long travel times for many potential tourists. This means that tourism strategies to attract international visitors have to improve accessibility and connections to existing and potential source markets. Airport connections are fairly well developed and within sub-Saharan Africa, South Africa has the most developed air transport infrastructure and ranks well with respect to the quality and the number of operating airlines (World Economic Forum, 2019). The Yamoussoukro decision on liberalising air implemented in 2018 to stimulate the development of inter-African air transport and improve the quality of service to the consumers, has already had positive impacts on air access and tourism to South Africa (Glocker & Haxton, 2020).

According to the Tourism Business Council of South Africa collaboration efforts between public and private sectors on the the air connectivity project, Cape Town Air Access, Cape Town has seen an estimated increase of ZAR 4.8 billion in tourism spend, due to the launch of 13 new routes and the expansion of 14 existing ones within Africa (Glocker & Haxton, 2020).

Providing mobility and access within a destination area

Road transport dominates transport infrastructure within and between places in South Africa and once visitors have arrived in South Africa (either by car from neighbouring countries (70%) or by air (30%), private cars, taxis and minibuses are the most used mode of transport among international and domestic tourists alike. Road transport allows for the highest flexibility but it also adds to the already existing pressure on traffic and road infrastructure and this can have adverse effects. Those negative effects can include:

- Congestion – means delays which leads to waste of time and energy. Serious congestions may have a negative effect on transportation modes, especially on airports and roads during peak times. Cape Town is one of the most attractive cities for tourism but an unprecedented growth in tourism numbers can (and

has) placed a burden on the road and traffic infrastructure in the city, especially in the peak seasons, where congestion is a major problem.

- Seasonality – seasonal patterns of travel demand create overcrowding at certain times. Adversely low occupancies and load factors will occur at other periods.
- Safety and security – making sure that the transportation mode is safe and secure is a basic and important requirement for tourism. South Africa's reputation as a dangerous destination is negative (in the 2019 TTCI South Africa was rated 134th out of 140 countries on its Safety and Security indicator).
- Environment – an increase in traffic may have disastrous effect on the environment if that area does not have the carrying capacity for additional tourists. Before the pandemic, and with over-tourism occurring the environment was impacted by carbon emissions, particularly from road and air transport. South African transport policy - as in many other countries - almost exclusively prioritized the extension of its road network, which in turn promoted private transport in cities. The expansion of public transport and infrastructure for non-motorized transport (NMT), such as by bicycle or on foot, has been neglected in cities. South Africa signed the Paris Accord on climate change in 2016 and is therefore legally bound to uphold its principles and take steps to diminish the impact of carbon emissions. In this respect the Department of Environmental Affairs together with other sector departments has committed to the implementation of programmes such as the NMT initiative. However, the challenge is that whilst walking and biking is promoted as a healthy cost-effective choice the barriers associated with this form of transport relate to safety and the provision of adequate infrastructure. This again has a detrimental effect on tourism which in turn impacts the development of environmentally sound transport infrastructure in

Glocker and Haxton (2020) say that as tourism strategies aim for increasing tourist numbers over the coming years, more sustainable and environmentally friendly alternatives should be considered. They state that across the 37 OECD member countries, convenient multimodal transport options to access destinations, efficient connections between interregional and local modes, integrated ticketing, multilingual user information and wayfinding, as well as ease of access for travellers with limited

mobility have been shown to increase the geographic spread of tourists in a more environmentally friendly and less car-dependent way. They say that it crucial that transport policies are well aligned and co-ordinated with tourism policies to improve visitor mobility to and within destinations, enhance visitor satisfaction, and help to secure the economic viability of local transport systems by servicing both residents and tourists. Infrastructure projects that aim to increase the number of visitors cannot be developed in isolation and depends on the availability of supporting infrastructure and basic services such as water, sanitation, electricity etc., all of which adds to the competitiveness of the destination. Rogerson and Nel, (in Glocker & Haxton, 2020) say that promote the geographic spread of tourists into more remote and distressed areas it requires the establishment of sufficient capacity at the local level to ensure basic service delivery to support new and emerging attractions and destinations.

Facilitating travel along a recreational route which is itself a tourism attraction

According to Glocker and Haxton (2020) tourist routes are an increasingly popular initiative implemented by countries to support the geographical spread of visitors. Tourists routes are used by tour operators in many provinces in South Africa but well-marketed tourist routes can tap into the segment of tourists that prefer to plan their route individually. Glocker and Haxton (2020) suggest that digital platforms can provide information on local sights outside of main tourist hotspots complementing signage on the ground. One example of this is the well-established and well-travelled Garden Route, which stretches about 300 km along the coast from the Western to the Eastern Cape. Other tourist routes that play an important role in tourism development and branding for South African tourism, as well as the economic development of rural communities, are the 21 well-organised wine route associations in South Africa, which enjoy an increasing number of visitors. These offer experiences relating to history, culture, nature and cuisine in addition to the complete wine experience (Ferreira & Hunter in Glocker & Haxton, 2020). Not only have the wine tours supported tourism development in rural areas, but have also raised the profile and profitability of South African wine in general.

Providing mobility within an actual tourism attraction

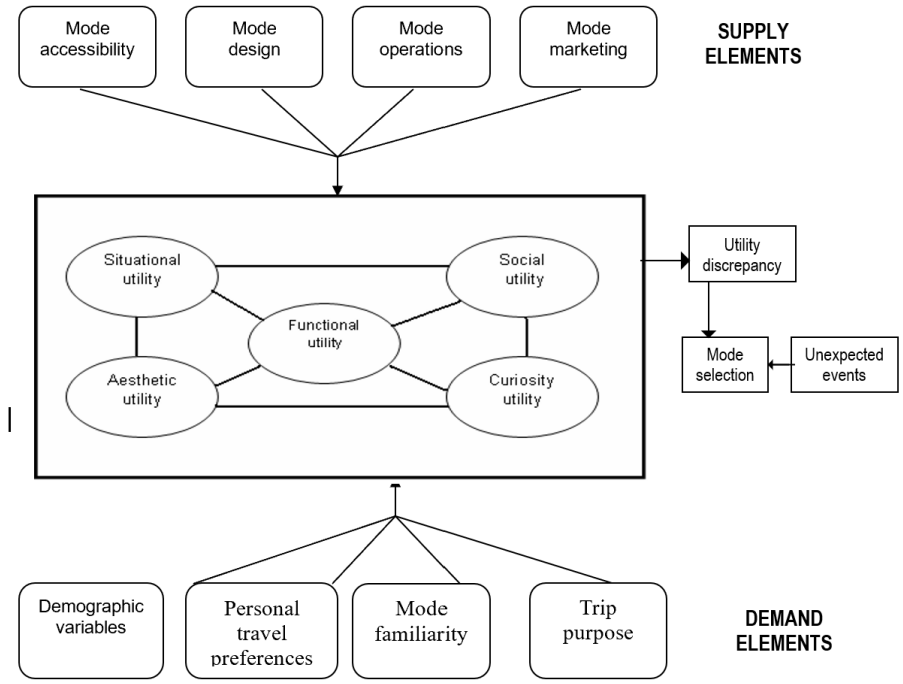
Tourist attractions themselves should be accessible and easy to navigate, with numerous factors determining the effectiveness of transport-related services within the

site. A number of studies have been done on specific tourist attractions within South Africa (Lubbe *et al*, 2013; 2016; 2017; 2018) against which the tourists experience was measured. Effective transportation depends on accessibility and movement within the site. Accessibility to the attraction is dependent on various factors such as route capacity (how many passengers can it carry on average), schedules (if not self-drive) i.e. how many departures per day, affordability and time (seasonality periods), information (e.g. on Google Maps), signage and road infra-structure (for various types of vehicles. Mobility within an attraction is determined by factors such as information, maps, signage, parking bays, security and surface conditions.

b) The role of transport in meeting tourists' needs

Why tourists' travel and their motivations goes beyond the boundaries of this research but should be understood in the context of providing what tourists want from their whole experience and this includes the transport element. What is relevant here is why people select one transportation mode over another for business or leisure trips. Transport providers need to recognize the tourists' choice, behavior and travel intentions at destinations to understand fully the wider transport requirements. This means understanding more than simple patterns of travel statistics and it also allows effective marketing. Decisions on mode selection are often seen from the demand-perspective with the following general variables being used as a determinant of choice of transport mode: availability; frequency; cost/price; speed/time; comfort/luxury; safety; convenience; ground services; terminal facilities and location; status and prestige; and departure and arrival times. A useful model that provides both supply and demand elements is that of Sheth (in Duval, 2007: 210) which is illustrated in figure 2.8.

Figure 2.8: Travel Mode Selection Model



Source: Duval (2007:210)

This model depicts how supply elements and demand elements are met in a tourists' slection of a mode. Travellers select a mode based on five dimensions which they consider and evaluate. These are the functional, aesthetic/emotional, social/organisational, situational and curiosity utilities of the alternative modes.

Briefly explained:

Functional utility means the performance of a mode for a specific purpose e.g. departure and arrival times, safety record, route directness, frequency etc.

Aesthetic/emotional utility relates to fears and/or social concerns such as its comfort, luxury, style and safety.

Social/organizational utility relates to way in which people the stereotype a mode which may influence a decision e.g. coach travel, cruise travel.

Situational or organizational utility considers location convenience and the total set of activities associated with a trip e.g. time to terminal.

Curiosity relates to where people may like to try something new or different.

The model presumes that the individual has desired expectations on these five utilities and that the discrepancy between the image or perception of the utility and the actual experience determines the extent to which that mode of travel is acceptable or not (Duval, 2007).

On the supply side factors influence the tourists' utility assessments. The availability of the mode (e.g. the number and convenience of flights and the way the mode is operated (e.g. on-time departures, quality of service etc.) influences the perception of functional and situational utilities. The mode design, including the variety of products or services offered, and the way the mode is marketed will impact the functional, curiosity and aesthetic/emotional utilities. These supply-oriented factors combine to generate differential psychological utilities for different modes. Differences in acceptance or rejection of a mode can also be expected on the basis of personal demographics, personal life-style, familiarity and satisfaction, and the purpose of the trip. For example, income will influence the choice of mode. Finally, an unexpected event can influence the choice of mode (e.g. death in the family may result in a more costly but quicker choice of mode).

This model also illustrates the interface between tourism and transport taking both supply and demand into account. Duval (2007) also says that the planned development, maintenance and operation of transport infrastructure under a well-conceived overall transport policy, to meet the present and future technology and demand requirements, is the key to the success of the transport system contributing to the growth of tourism.

2.6 POLICIES AND PLANNING

The ITF (2015) Report says that the potential synergies between transport and tourism are clear and that governments have an important role to play in addressing the interlinkages between these policy areas, these include:

- Transport policy (e.g. airport/cruise hubs, roads, public transport) can shape access to and travel patterns within destinations, influencing visitor accessibility, mobility and satisfaction;
- Transport policy can facilitate a shift to more eco-friendly transport options, enabling destinations to position themselves as sustainable
- Tourism policies can stimulate movement to and within a destination, which can in turn emphasise seasonal peaks and troughs, push transport capacity limits, and place pressure on existing infrastructure capacity;

- Conversely, tourism policies can help to secure the economic viability of local transport systems.

The Department of Transport is responsible for regulation and coordination of Transportation in South Africa covering Public Transport, Rail Transportation, Civil Aviation, Maritime Transport and Road Transport.

The Constitution of the Republic of South Africa of 1996 identifies the legislative responsibilities of different spheres of government with regards to all modes of transport and its associated infrastructure.
The Department of Transport (DoT) is responsible for the legislation and policies for rail, pipelines, roads, airports, ports and the intermodal operations of public transport and freight. The department conducts sector research, formulates legislation and policy to set the strategic direction of subsectors, assigns responsibilities to public entities, regulates through setting norms and standards, and monitors implementation.
The work of the DoT contributes to the realisation of the vision of improved social and economic development articulated in the National Development Plan, and priority (economic transformation and job creation) and priority 4 (spatial integration, human settlements and local government) of government's 2019-2024 Medium Term Strategic Framework.
https://www.gov.za/about-sa/transport

Currently, transport and tourism policies are not well-aligned and coordinated to improve visitor mobility. The DoT, in its latest Annual Report 2019/2020 mentions tourism in only two instances. First, where the Department of Tourism was included as part of a large delegation to the 40th International Civil Aviation Organization (ICAO) Assembly in 2019 in Montreal and secondly where tourism operators are described as transport users in the DoT's Integrated Service Delivery Model and there were administrative improvements in the issuing of licences.

Revised White Paper on National Transport Policy 2020-2025

In analysing the Strategic Plan for 2020-2025 tabled by the Department of Transport in South Africa in March 2020 what is striking is that there is very little mention made of tourism. Where it does occur, it is merely to state that civil aviation and an integrated airport infrastructure is vital to tourism, with limited supporting strategies. As far as ground transport is concerned operational issues such as the issuing of tourist transport permits is mentioned. The Department of Transport is currently awaiting Cabinet approval of the revised White Paper on National Transport Policy.

The Department of Tourism has a greater appreciation of the vital role of transport with a number of priority areas identified in their National Tourism Sector Strategy (NTSS, 2017) where trends in transport that affect tourism is recognized, the key roles of the various modes of transport highlighted and strategies, actions and deliverables on transport's contribution to tourism presented.

The revised White Paper on National Transport Policy addresses a number of gaps and challenges experienced in transport which has implications for transport for tourism purposes. These gaps are listed below (for a full report refer to http://www.governmentpublications.lib.uct.ac.za/news/revised-white-paper-national-transport-policy):

- Policies related to the National Road Safety Strategy seeking safer roads and mobility, post-crash response and road safety management – improving traffic conditions and road safety in South Africa.
- Promotion of a modal shift towards more sustainable transport modes (non-motorised transport – NMT) and development of low-cost mobility options for consumers.
- The role of Government will be clarified in terms of ensuring the provision of public transport services and, where appropriate, undertaking the planning, design, construction, maintenance and funding of public transport operations and infrastructure.
- Updating the approaches and relevant terminology thereby clarifying policy direction "To promote and implement a system of competition for the market,

related to public transport routes or networks based on Operating Licenses; concessions and negotiated and tendered contracts, with all public transport operators registered as formalised commercial entities, bound by the regulations of their Operating Licenses."

- Focus on transport-related environmental issues.
- Clearer focus on planning that is integrated and coordinated stated as "An integrated transport planning framework should be established that integrates infrastructure planning across modes for both freight and passenger transport, integrates the transport system with other sectors, and fosters integrated transport planning between the Department of Trade and Industry and other departments, across and within the three spheres of government using shared data and information."

The National Tourism Sector Strategy (NTSS) 2016-2026

The NTSS was adopted in 2017 and has five strategic pillars: Effective Marketing; Facilitating Ease of Access; The Visitor Experience; Destination Management and lastly Broad-Based Benefits. The targets set in the NTSS are no longer achievable as a result of the 2020 State of Disaster which has had serious consequences for the tourism industry in South Africa, and of which the long-term damage is still unknown. Notwithstanding this major catastrophe for tourism, and the consequential recovery strategies and plans, the principles set out in the NTSS are still valid for the long-term positioning of the tourism industry.

Pertinent to this research are:

Pillar Two – Facilitate Ease of Access

Outcome Statement: Seamless travel facilitation and access to participate in tourism. This pillar specifically focuses on addressing impediments that limit the ability of potential international and domestic tourists to travel to and within South Africa. Even with the best branding, marketing and product, the growth of the sector will be impacted if restrictive conditions are maintained in the regulatory environment. If there is improved ease of access, tourism numbers will increase.

The focus of this pillar is on four areas: easing visa regulations to ensure greater accessibility for international tourists; improving airlift; creating a conducive and

legislative and regulatory environment for tourism development and promotion; facilitating the ease of doing business.

International travellers, mainly from Africa, undertaking cross-border road transport generally require visas which have been shown to be a challenge in the processing and issuing of such visas. Another important issue which is addressed through this Pillar is the ease of doing business (or lack thereof). As will be shown in the ensuing discussion this is one area that is presenting challenges in road transport for tourism purposes. A further problem which links to the challenge of doing business is the current regulatory environment where business are actually being prevented from' operating through the current challenges in the issuing of operator licences and permits.

Pillar Three - The Visitor Experience

Outcome Statement: Provide quality visitor experiences for tourists (both domestic and international) to achieve customer satisfaction and inspire repeat visitation.

The provision of experiences that are distinctive, environmentally friendly, authentic and deliver unique stories and outstanding services to tourists at all stages of their journey is key. This pillar includes enhancements to elements of the visitor experience across all visitor touch points. Areas that relate specifically to road transport and shown in Table 2.4 are addressed as follows:

"General infrastructure supply considerations of particular importance to tourists and tourism businesses include:

(a) Enhancing the capacity of telecommunications to ensure connectivity (particularly Wi-Fi access and speed) – users are increasingly demanding WIFI on transport modes.

(b) Ensuring appropriate tourism signage.

(c) Providing effective and intermodal ground transportation links – both private and public – and the regulations that govern these (including licensing) to support independent tourist movement including to more out of the way destinations.

(d) Augmenting tourism safety and security through building on the success of tourism safety programmes."

Extract from the NTSS Pillar Three

Facilitate tourist travel through improved private and public transport for tourists	Identify actions to support tourist travel and industry performance (Set up a Tourism and Transport Forum).	**Lead:** DoT and NDT **Contributing Partners:** • Industry (SATSA, SAVRALA, AASA - with regards to	• Status quo report that highlights critical areas to be addressed with short, medium and

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NATIONAL TOURISM SECTOR STRATEGY(NTSS) 2016-2026

OBJECTIVE	ACTIONS	ROLE PLAYERS	KEY DELIVERABLE
	Engage directly with the National Master Action Plan for Transportation Committee, to ensure the inclusion of tourism needs.	domestic air carriers, coach and bus • Private rail operators • PRASA	long term action plans. To be updated quarterly as an input into the National Master Action Plan for Transportation Committee. Quarterly Tourism and Transport Forum reports.

As a guiding document in providing an enabling environment for transport for the purposes of tourism, the NTSS has recognised the issues that can limit the growth of tourism in South Africa and the ensuing overview of the industry shows that the challenges remain, and if anything, have been exacerbated by the State of Disaster.

In summary, in South Africa the Department of Transport sets policies and does planning based on its overall aim of achieving an integrated transport network and the Department of Tourism sets its policies to achieve growth in tourism through an effective transport system that meets tourism's needs. However, there does not appear to be a mechanism where an integrated tourism/transport plan is derived. This has been achieved in Australia.

In 2015 the Queensland Government committed to the development of a tourism and transport strategy, with the aim of improving the visitor experience. This was one of Transport and Tourism Forum of Australia's key asks in the lead up to the 2015 State election succeeding with the Government's decision to proceed with the development of a policy. The strategy was aligned between the tourism industry and

Government, and outlined priorities to ensure connected, integrated and active destinations. These priorities included:

- Cementing the tourism transport policy
- Extending the reach of visitors through improving visitor infrastructure
- Improving the visitor's journey by:
    - Visitor-friendly ticketing
    - Private sector involvement
    - Access to information
    - Improve coordination with other transport providers

Source: QUEENSLAND TOURISM ON THE MOVE An integrated tourism and transport policy June 2016 www.ttf.au.org

2.7 REGULATION

An important influence on the transport tourism relationship are the regulations that govern modal operations. Regulation and deregulation refer to aspects such as price and market control, the facilitation (or otherwise) of competition and legislation through policy frameworks. Through these regulations, governments can influence pricing and frequency of demand. Regulation will be discussed more specifically under each mode in the sections relating to air and road transport.

2.8 INFRASTRUCTURE PROVISION

Planned development, maintenance and operation of transport infrastructure under a well-conceived overall transport policy, to meet the present and future technology and demand requirements, is the key to the success of the transport system contributing to the growth of tourism. The satisfactory development and equipping of terminal and en-route facilities the systematic improvement in infrastructure, the absorption and adoption of new technology and appropriate mass marketing techniques in transport would have a pervasive impact in the continued growth of future tourism.

South Africa has a modern and well-developed transport infrastructure which is dominated by road transport. the roads are generally in good condition, although some concern has been expressed by the South African Road Federation on the

maintenance of roads and infrastructure with insurers also stating that there has been a significant increase in claims as a result of motor vehicle damage due to poor road conditions (Coetzee, 2021). Approximately 70% of tourists from neighbouring countries enter South Africa by car with private cars, taxis and minibuses being the most used mode of transport for international and domestic tourists in the country (Department of Tourism, 2017). Approximately 30% of tourists enter South Africa by air with the air network in South Africa being the largest on the continent. South Africa's rail network, while also being the largest on the continent has experienced a sharp decline, particularly as a mode of transport for tourists.

The country's ports provide a natural stopover for shipping to and from Europe, the Americas, Asia, Australasia and both coasts of Africa. The tourism industry in South Africa benefits from the cruising industry with Cape Town and Durban ports investing substantially in this market. Table 2.4 presents the total number of tourists in South Africa by mode of transport between 2009 and 2019.

Table 2.4: Tourists by mode of travel, 2009-2019 (thousands) South Africa

	Mode of travel					
	Road	Air	Sea	Rail	Unspecified	Total
2009	4 854	2 152	1	3	2	**7 012**
2010	5 328	2 739	5	1	1	**8 074**
2011	3 849	1 569	6	..	0	**5 424**
2012	6 240	2 937	12	..	0	**9 188**
2013	6 365	3 164	7	..	0	**9 537**
2014	6 971	2 573	4	..	..	**9 549**
2015	6 361	2 535	7	..	..	**8 904**
2016	7 140	2 893	11	..	..	**10 044**
2017	7 216	3 060	9	..	..	**10 285**
2018	7 368	3 089	15	..	..	**10 472**
2019	7 206	3 006	16	..	..	**10 228**

Source: Stats SA (2020) Stats in Brief

As can be seen road travel is the most popular, followed by air. Passenger rail travel for tourism purposes is negligible. International and regional tourists access South Africa through its air, sea and land borders. Table 2.5 shows the main transport and infrastructure characteristics in South Africa.

Table 2.5: Main transport and infrastructure characteristics in South Africa

	total	per 1 mio inhabitants	per km^2
Roadways	750,000 km	12,807.76 km	615.21 m
Railroads	21,000 km	358.38 km	17.21 m
Waterways	0 km	0.00 km	0.00 m
Commercial harbors	103	1.76	0.000
Airports	407	6.95	0.334

Source: World Data (2021)

The net of streets and highways has a total length of 750,000 km. Theoretically, this is 12.81 meter for each of the 58.56 million inhabitants of the country. According to World Data (2021) South Africa ranks 40th in a worldwide comparison and with a length of 0.36 meters of railway tracks per person South Africa ranks 47th worldwide.

In a recent Daily Maverick special report, Passenger Rail Agency of South Africa (Prasa) confirmed that only 16 out of 46 rail corridors in South Africa were fully operational, and that only three out of 17 stations were functional. The rail agency also reported that there had been over 1 800 incidences of vandalism over the past three years, costing in excess of R2bn to repair.

Prasa's acting general manager for corporate affairs, ***Bane Ndlovu****, said in the Daily Maverick report that there was a fully-fledged rollout plan to rehabilitate the network and deploy security, but that several key projects had been affected by lockdown. These included the recovery programmes on the Central Line (Western Cape) and Mabopane (Gauteng) corridors.*

Source: https://www.tourismupdate.co.za/article/new-rail-tourism-model-cards-it-feasible

There are 90 airports in South Africa of which 25 are commercial airports. There are three major international airports namely OR Tambo in Johannesburg, Cape Town International and King Shaka Airport in in Durban which accommodate inbound tourists. Regional tourists mostly use road transport and access through the various land borders neighbouring South Africa. South Africa has a total of 54 border posts the 20 busiest of which are shown in figure 2.9.

Figure 2.9: South Africa's land borders

Domestic tourists use mainly private vehicle to travel in South Africa and rely heavily on the quality of the road infrastructure and maintenance of tourist routes, especially recreational routes where the route itself is the attraction. A number of public entities are responsible for providing services on behalf of government. Table 2.6 provides a brief outline of these entities and the services they render.

Table 2.6: Public entities and their services

Name of Entity	Legislative Mandate	Nature of Operations
Airports Company South Africa SOC Limited (ACSA)	Airports Company Act, 1993 (Act No.44 of 1993)	To own and operate the republic's nine principal airports and provide airlines with world-class safe and secure airports infrastructure
Air Traffic and Navigation Services (ATNS)	Air Traffic and Navigation Services Company Act, 1993 (Act No.45 of 1993)	To provide for the establishment, development, provision, maintenance management and operation of air navigation infrastructure and air navigation services
Cross-Border Road Transport Agency (C-BRTA)	Cross-Border Road Transport Agency Act, 1998 (Act No. 4 of 1998)	To provide for cooperative and coordinated provision of advice, regulation, facilitation and law enforcement in respect of cross-border road transport by the public and private sectors.
Passenger Rail Agency of South Africa	The primary focus of the Passenger Rail Agency of South Africa (PRASA), as an arm of the National Department of Transport (the Shareholder) is on the mandate as contained in the Legal Succession to the South African Transport Services ("SATS") Act, 1989 (Act No. 9 of 1989 as amended in November 2008, and listed as Schedule 3B of the PFMA.	To ensure that rail commuter services are provided in the public interest and to provide for the long-haul passenger rail and bus services within, to and from the Republic in terms of the principles set out in section 4 of the National Land Transport Act, 2000 (Act No. 22 of 2000)

Ports Regulator of SA	It's a schedule 3A public entity established in terms of the National Ports Act No;12 of 2005 which mandates the entity to function as an economic regulator of the ports system of South Africa	The entity performs functions that relate mainly to regulating pricing and other aspects of economic regulation, promoting equal access to ports facilities and services, monitoring the industry's compliance with the regulatory framework, and hearing any complaints and appeals lodged with it.
Railway Safety Regulator	Established in terms of the National Railway Safety Regulator Act, 2002 (Act No. 16 of 2002) (as amended), and listed as Schedule 3B of the PFMA. The mandate of the RSR is to oversee and promote safe railway operations through appropriate support, monitoring and enforcement, guided by an enabling regulatory framework, including regulations.	Provide a conducive regulatory environment Improved levels of safety and security in the railway industry Sustainable institutional effectiveness
Road Traffic Management (RTMC)	Road Traffic Management Corporation Act, 1999 (Act No. 20 of 1999)	To enhance the overall quality of road traffic services provision, and in particular ensure safety, security, order, discipline and offences in terms of national and provincial laws relating to road traffic
Road Accident Fund (RAF)	Road Accident Fund Act, 1996 (Act No. 56 of 1996)	To provide for the payment of compensation for loss or damages wrongfully caused
South African Maritime Safety Authority (SAMSA)	It's responsible for executing the following legislative objectives as set out in the SAMSA Act No.05 of 1998: • To ensure safety of life and property at sea • To prevent and combat pollution of the marine environment by ships; and • To promote the Republic's maritime interests.	Develop maritime –undertake activities to cause the maritime transport system to grow, transform and support sustainable development. Promote maritime- undertake activities to support and actively encourage the registration of ships onto SA ship registry. **Authorise maritime**- undertake activities to register and authorise people, vessels equipment, courses, agencies, recognised organizations, training institutions and shipping organizations. **Monitor compliance –** monitor the compliance of all the authorised maritime actors through audits surveillance, support survey and inspection activities , **Enforce compliance**- compel observance of compliance through fines, detentions, warnings, administering of conventions and any other disincentives for non - compliance **Manage compliance**- undertake activities to manage maritime

		transport outcomes such as incident management, accident management and maritime interventions through among others the Emerging Towing Vessel
South African National Roads Agency Limited (SANRAL)	South African National Roads Agency Limited and National Road Act, 1998 (Act No. 7 of 1998)	To manage and control the Republic's national roads system and take charge amongst others of the development, maintenance and rehabilitation of national roads within the framework of government policy

Source: Department of Transport (2021)

The private sector is a significant contributor to transport projects in the country and also currently employs the bulk of professionals skilled in delivering on transport and major infrastructure projects. While projects are not specifically geared to tourism needs, the infrastructural improvements will obviously benefit tourism as well, and should improve South Africa's TTCI rating on tourism destination competitiveness in the category of ground infrastructure.

In 2021 the Gauteng Transport department announced that they had set aside R23-billion to develop and maintain roads. This is part of their 10-year development plan. The private sector is set to contribute more than R5-billion. The transport department says 67 priority projects are currently underway and all projects are set to be concluded in 2030.

Source: https://www.enca.com/news/gauteng-transport-jacob-mamabolo-e-tolls

2.9 INTERMODALITY

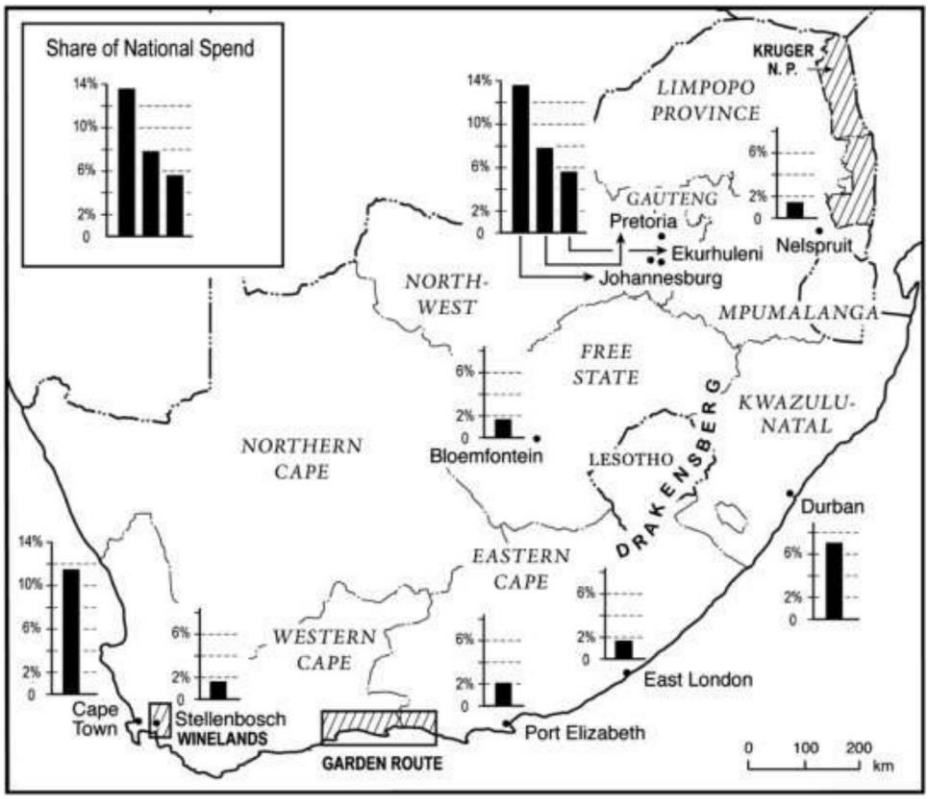
The intersection of transport and tourism is probably most evident in the concept of intermodality where parts of the transport system are configured explicitly for tourists, while other parts are shared between tourists and local communities. The OECD Tourism Trends and Policies Report (2016) says that managed effectively, transport and tourism synergies can improve visitor mobility to and within destinations, enhance visitor satisfaction, and help to secure the economic viability of local transport systems and services by servicing both residents and tourists. Ensuring that the medium- to long-term needs of the tourism industry are considered by governments as part of transport access and infrastructure planning can help to maximise and spread the socio-economic benefits of tourism more widely and manage visitor impacts over time.

Muller et al (in Efthymiou & Papatheodorou, 2015) define passenger intermodality as "a policy and planning principle that aims to provide a passenger with different modes of transport in a combined trip chain for a seamless journey". Infrastructure supports intermodality and the OECD Tourism and Trends Policy (2016) says multimodal infrastructure refers to the network of airports, seaports, roads, railways, public-transport systems, and human powered mobility options that are integrated and coordinated to form a transport system to move people from one point to another. In the case of tourism this includes the journey from a tourist's place of residence until the point of arrival at a major transport hub and the final destination. Airports, cruise terminals and international train stations offering a range of intermodal connections act as major hubs for moving tourists, and are usually located in or near major cities. Modes of transport and infrastructure are not the only component necessary for a seamless door-to-door trip, it also requires intermodal agreements by transport operators which cover aspects like a common reservation process, joint check-ins and coordinated timetables, and adequate information to keep passengers informed. Intermodality is closely aligned with connectivity and interoperability. Connectivity refers to connections between international, national, regional and local networks for users both within and between modes while interoperability concerns the capability to operate on any stretch of the transport network (Efthymiou & Papatheodorou, 2015). Intermodal connections exist in different ways: where terminals integrate two or more modes of transport; where more than one mode is covered by the same fare; where timetables of different modes are synchronised; and where the same organisation operates two or more interconnected modes of transport (Lohman & Duval, 2011). Lohman & Duval (2011) go on to say that transport can often be the single most important factor in determining the viability of a destination's tourism sector if local networks are integrated into regional and international networks in order to maximise visitor flows towards a destination. This is especially the case in a destination such as South Africa, which is geographically remote and thus highly dependent on, for example, international air services. A good example of a regional network is the Single African Air Transport Market (SAATM) which can be viewed as a driver for growth. In recent years technology improvements have also changed the way different modes of transport integrate with each other.

There are three major stakeholders which intermodality brings together: transport operators, customers and destination authorities. Passengers benefit from intermodality in terms of the transportation process, the price of the service, comfort and improved accessibility to various areas. Intermodality also affects destination competitiveness since the time and money components of the cost of transport is crucial for the tourist experience. Intermodality also reduces traffic congestion and emissions.

In South Africa, our airports constitute major hubs which serve tourists in varying degrees of effectiveness. Rail, bar the Gautrain in Johannesburg, has numerous challenges as already mentioned. Bus transfers and coaches are not readily available and while taxis aabound, there are specific concerns related to the perception of safety and security. In looking at how tourism is concentrated in South Africa, intermodality within urban areas present the greatest challenges for transport planners, policy-makers and operators. According to Rogerson 2006) the major geographical poles of tourism activity are concentrated in and around the three main metropolitan areas of the country and centre upon Cape Town, Durban and Johannesburg. Total national tourism spends remain highly concentrated in South Africa's major urban centres. Figure 2.10 shows the polarised character of the contemporary South African tourism space economy. The five most important centres for estimated tourism expenditure are Johannesburg (14%), Cape Town (12%), Pretoria (8%), Durban (7%) and Ekurhuleni (6%) (Rogerson, 2006).

Figure 2.10: Total South African tourism space economy



Source: Rogerson, 2006.

Gumbo and Moyo (2020) point out that a challenge in urban areas such as Johannesburg, Cape Town and Durban is that, although the improvement and efficient development of public transportation is an effective means of ensuring sustainable mobility within urban areas, the majority of travellers in the city still favour the use of their private vehicles. Furthermore, they contend that there still exists a knowledge gap regarding the planning and implementation of sustainable intermodal public transportation systems. They suggest that the identification of hot spots along public transportation networks will inform investment decisions on which nodes require infrastructural upgrades to meet the transportation demands.

The OECD Tourism Trends and Policies Report (2016:5) say that improving institutional co-ordination with transport policy makers and operators, and adopting the following strategies can help facilitate the development of transport systems that will enhance the experience of tourists and locals alike:

- *"Ensure that the medium- to long-term needs of the tourism industry are considered as part of the transport access and infrastructure planning process;*

- *Encourage tourism and transport policymakers to work closer together to design transport services and infrastructure that respond to the needs of all travellers;*
- *Better understand and communicate the economic importance of tourism to transport officials, including the travel demands and fare revenues generated by tourists and tourism industry employees;*
- *Identify factors that affect tourist travel demand, including daily, weekly and annual cycles, as well as the effects of holidays, weather, economic conditions and special events.*
- *Work with transport officials and operators to improve forecasting and develop strategies that take such factors into account;*
- *Investigate latent demand (travel that would occur if conditions were changed), to determine, for example, if potential visitors have concerns/perceptions of inadequate or expensive transport.*
- *Encourage integrated ticketing/pricing and destination smart cards to provide a convenient and comfortable travel experience;*
- *The relevant destination marketing and government agencies should work together to create the right collaborative conditions and physical infrastructure so that greater coherence of the destination experience can be achieved;*
- *Apply accessibility-based analysis, which recognizes the important roles that walking, cycling and public transportation (bus, light rail, train, etc.) can play in an efficient and equitable transport system, and contribute to mitigating negative environmental impacts and managing seasonal peaks;*
- *Promote the benefits of timely and accurate information and way-finding (e.g. signs, maps, websites, apps, available in multiple languages) to accommodate people with limited communications abilities and to help tourists confidently navigate a city or region;*
- *Apply universal design principles to cater for tourists of all levels of mobility, and encourage transport providers to offer appropriate services, such as wheelchair accessible buses and taxis;*
- *Encourage critical evaluation of the total transport experience, including the quality of connections between travel modes, the convenience, comfort and attractiveness of transport hubs, and solicit feedback from tourists through*

existing *mechanisms to better understand the problems they encounter and potential ways to enhance their experience."*

2.10 TRANSPORT MODES

The final component of the Tourism Transport Interface Model are the various modes of transport for the purpose of tourism. The discussion on the transport modes begins with an overview of some of the trends in the use of the various modes for South Africa. Thereafter a brief overview of the cruise industry, rail travel and the motor vehicle (private, taxis and e-hailing) is presented with a short perspective on the impact of COVID-19 on each. Following this section, the three selected modes on which primary research was conducted, namely the bus/coach, car rental and aviation sectors are discussed comprehensively.

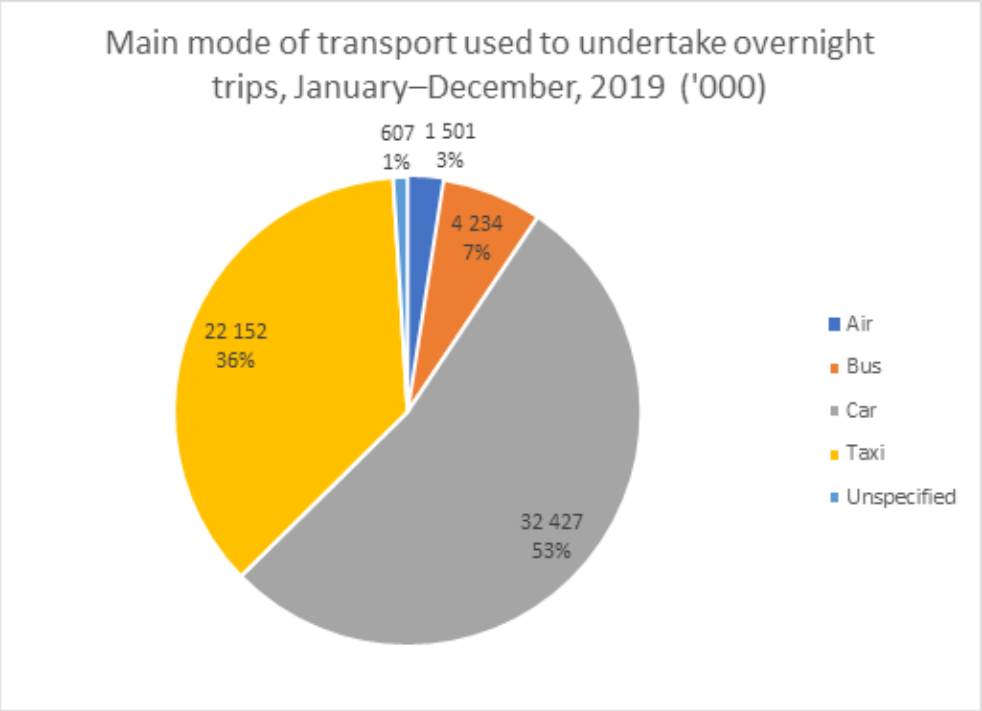
PART 3: OVERALL TRANSPORT TRENDS AND MODES

3.1 OVERALL TRANSPORT TRENDS IN SOUTH AFRICA

Understanding the behaviours and travel patterns of tourists using different modes of transport is useful as there are significant differences in expenditure patterns between drive tourists and public transport tourists. The research undertaken in this project does not cover tourist behaviours so no empirical research will be done on this although mention will be made from secondary sources where relevant.

If we look at the modes used by domestic tourists in 2019 (figure 3.1) we see that road transport was used by an overwhelming majority with about half of the trips being taken by private cars, and about a third using taxis. These overnight tourists were also mainly visiting friends and relatives.

Figure 3.1: Main mode of transport used to undertake overnight trips January – December 2019 (‘000s)

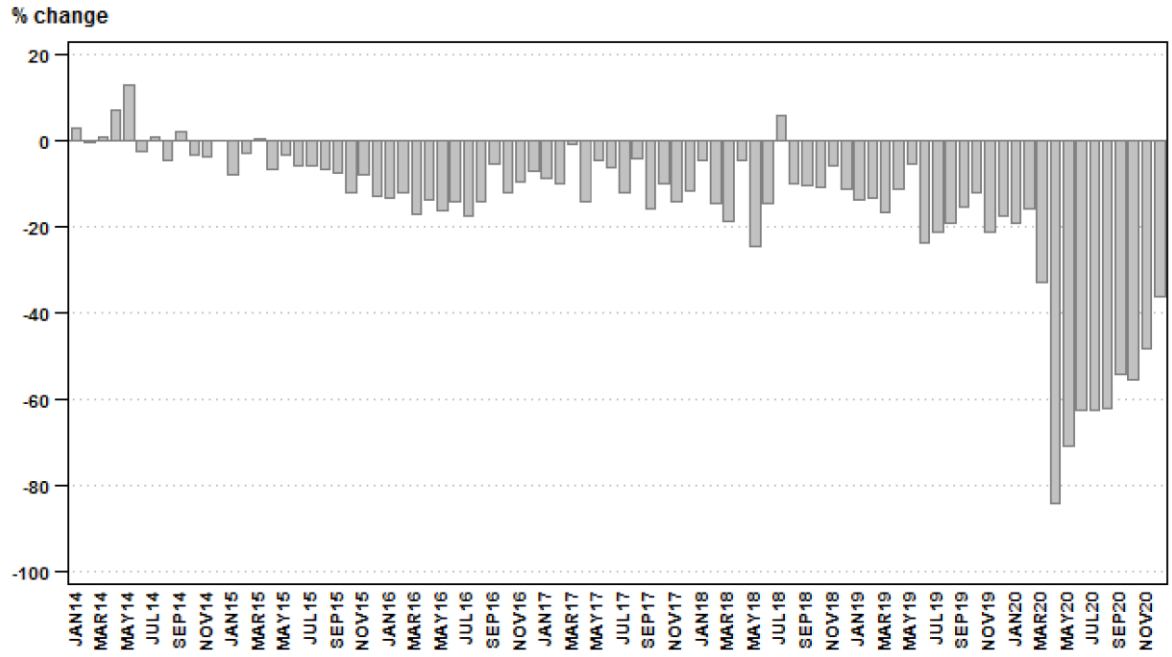


Source: Adapted from the Domestic Tourism Survey (2019)

Since the 2020 Domestic Tourism Survey is not yet available, we relied on the data from the Land Transport Survey to give some indication of the impact of COVID on

domestic travel. We can see from figure 3.2 that the number of passenger journeys decreased by approximately 50% in 2020 with a corresponding decrease in income of about 41%. This is probably quite a lot higher if we look at travel for tourism purposes only as this survey includes transport for utility purposes. This figure includes: Railway transport; inter-urban bus; coach passenger lines; safaris and sightseeing bus tours, metered taxis and 'other' passenger transport including renting of motor cars with drivers.

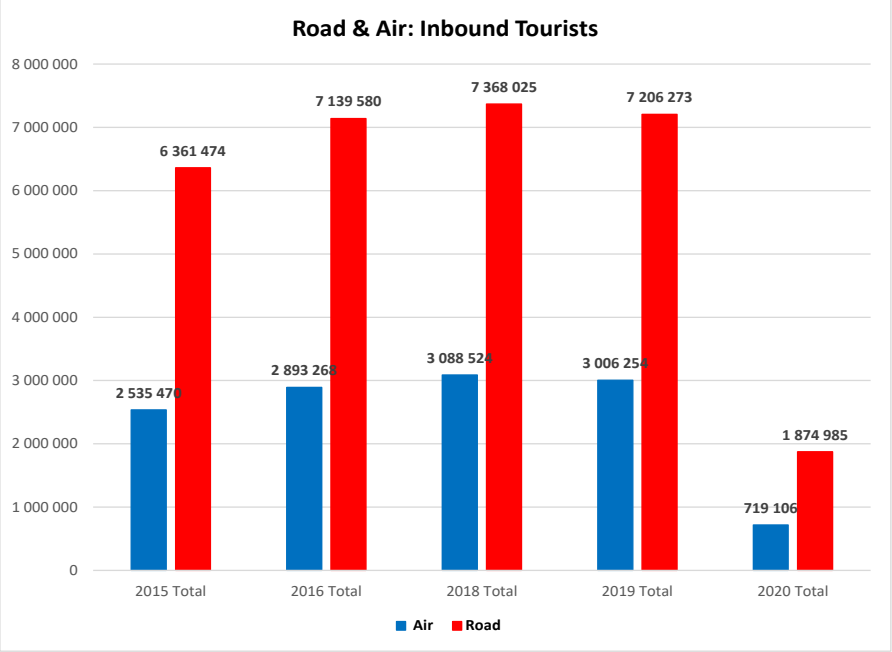
Figure 3.2: Overall passenger transportation: year-on-year percentage change in passenger journeys (road and rail) 2014 -2020



Source: StatsSA Land transport survey (December 2020)

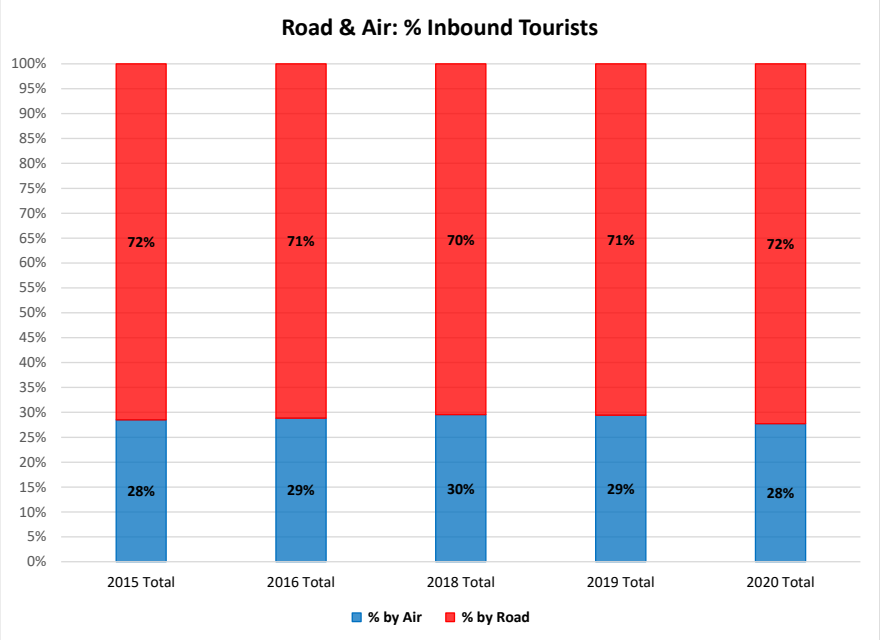
When we turn to international transport we get a good sense of the relationship between air and road in terms of inbound tourists. Inbound road reflects the majority, about 70%, of tourists coming in from our neighbouring countries while air transport includes mainly the overseas tourists with some SADC and other African countries included. What is evident in figures 3.3 and 3.4 is that we have not seen too much growth in these markets over the last number of years and we even see a decline in inbound tourists on both air and road in 2019.

Figure 3.3: Inbound tourists



Source: Consolidated data from StatsSA

Figure 3.4: Inbound tourists (percentage)

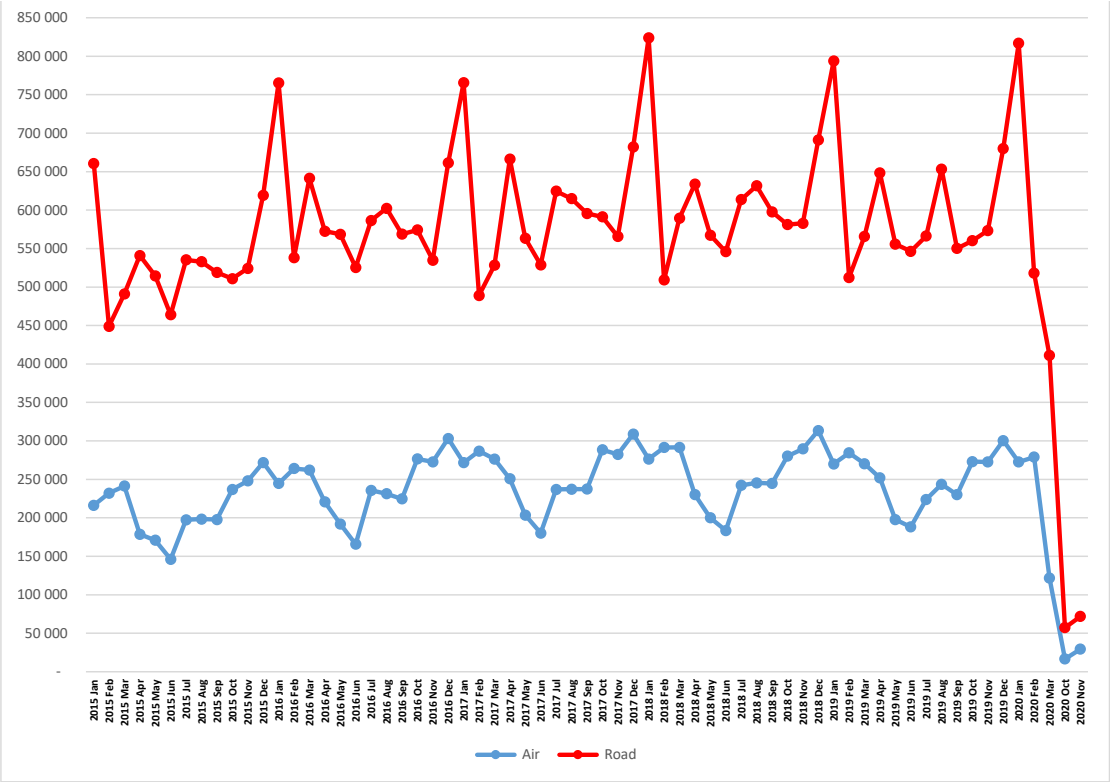


Source: Consolidated data from StatsSA

Figure 3.5 shows us that both road and air inbound arrivals demonstrate substantial variation in monthly seasonal trends which, of course, has implications for the supply side of tourism transport. If we look at the impact of COVID we see that both

experienced a substantial decline as a result of the travel restrictions with very little movement occurring.

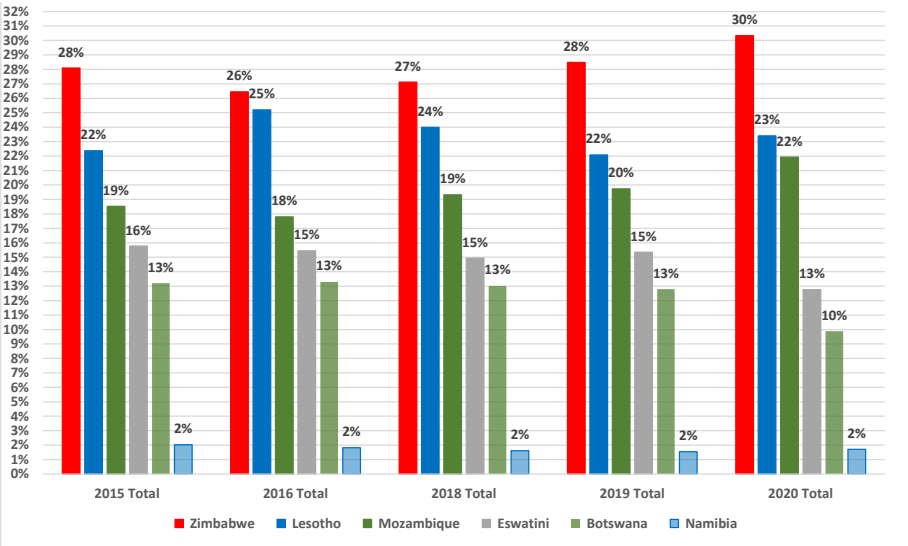
Figure 3.5: Air and Road: Monthly Inbound Tourists



Source: Consolidated data from StatsSA

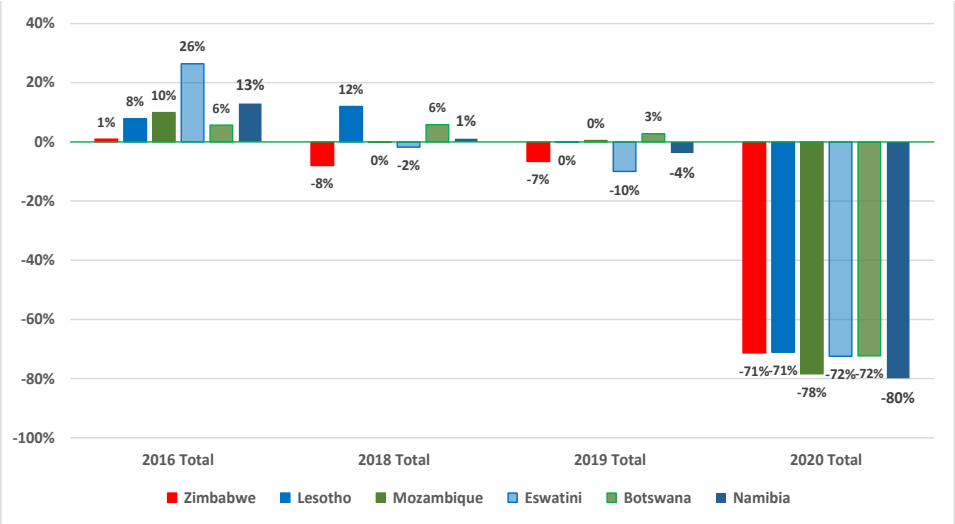
Figures 3.6 and 3.7 show the trends in inbound overland tourists from our major neighbouring source markets where we can see, in figure 3.6 the size of the various market segments and in figure 3.7, the percentage increase/decrease over the last number of years. Only tourists from Botswana have shown positive growth up to 2019. All markets declined between 70 – 80% in 2020. Inbound road tourists are substantially more than air inbound tourists. Both road and air inbound tourists arrivals demonstrate substantial variation in monthly seasonal trends. However, the monthly trends differ between modes of transport. Both experienced a substantial decline as a result of COVID19 travel restrictions.

Figure 3.6: Road: Country of origin of Inbound Tourists



Source: Consolidated data from StatsSA

Figure 3.7: Road: Percentage increase of Inbound Tourists per Country of Origin



Source: Consolidated data from StatsSA

We now take a brief look at the cruise industry, rail travel and the motor vehicle (private, taxis and e-hailing) with a short perspective of the impact of COVID-19 on each.

3.2 CRUISE INDUSTRY

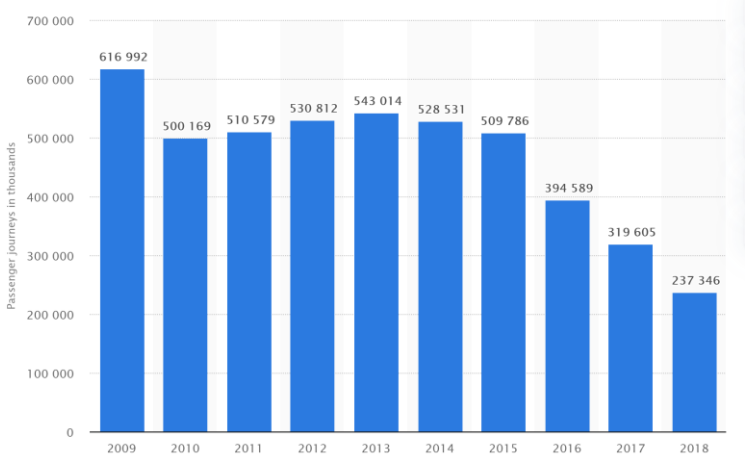
Before the pandemic the cruise industry experienced significant growth to both major harbours, Cape Town and Durban. For example, Cape Town saw 6 050 passengers in 2012, to 29 269 passengers in 2016, and 31 035 passengers in 2017. During the 2016/17 cruise season, approximately 19 vessels visited the Cape Town harbour. Cruise passengers make a strong economic contribution to the cities and sees one job created for every 12 additional tourists. Cape Town recently constructed a dedicated cruise terminal, funded by the V&A Waterfront, which has proven to be a worthwhile venture, showing a massive return on investment. Cruise ships carrying around 2 000 passengers result in spending to the value of R2 million per day. Figures from Cape Town Tourism projected a value of the cruise tourism industry between 2017 and 2027 to be an estimated R220 billion, a period which will have to be revised on the projected long-term recovery of the cruising industry. The cruise industry had the potential to provide substantial economic benefits. These economic benefits arise from a number of sources such as the spending power by cruise passengers and crew, the shoreside staffing by cruise liners for tour operations, the spending by cruise liners for goods and services necessary for cruise operations, and the spending for port services and maintenance.

As of 18 March 2020, a total ban on cruise ships at all South African ports came into effect as a result of COVID-19 which has, to date, not yet been lifted.

3.3 RAIL TRAVEL

Rail travel for tourism has two functions, the first is as a means to reach a destination and represents a “derived” demand and the second is where the rail journey is the tourist experience, thus the attraction itself. Rail as a means of travel has seen a decrease in South Africa over the period 2008 to date when it has all but been brought to a standstill due to the COVID-19 regulations. As can be seen in figure 3.8 in 2009 there 616.9 million rail passenger journeys and in 2018 it had decreased to 237.3 million. The decline in rail passenger traffic has generally been assigned to the lack of funding in the country's transportation infrastructure.

Figure 3.8: Passenger journeys in rail passenger transportation in South Africa from 2009 to 2018 (in 1,000s)*



Source: Statista (2021)

The Passenger Rail Agency of South Africa through its Mainline Passenger Services Division, operates long distance passenger trains throughout South Africa. Shosholoza Meyl currently services 21 routes between major destinations in South Africa. It carries over 3.9 million passengers per annum. Premier Classe is focused on providing luxury services on specific routes. Tourists arriving in South Africa can transit on the Gautrain to Johannesburg or Pretoria. The Gautrain was officially launched in 2010, ahead of the 2010 FIFA World Cup being hosted in South Africa. According to the Bombela Concession Company, it has, since then, ferried more than 60 million passengers along the 80-kilometre route it travels daily between the metropolitans of Johannesburg and Tshwane and operated 380 000-plus individual trips. It is one of the most reliable commuter train services in the world, with an average service availability of around 98.4%[2].

As a tourism experience in itself, South Africa has three luxury trains. The two most famous are the Blue Train and Rovos Rail with the Shongololo Express offering a slightly more affordable option. The Blue Train is part of Transnet and has a long history from the colonial empire-building days and is famous for its luxury and service. Rovos Rail is privately owned and was launched in 1989 achieving a very high rating as one of the best trains in the World. Rovos Rail Tours also operates the Shongololo Express. The COVID-19 regulations have all but brought these

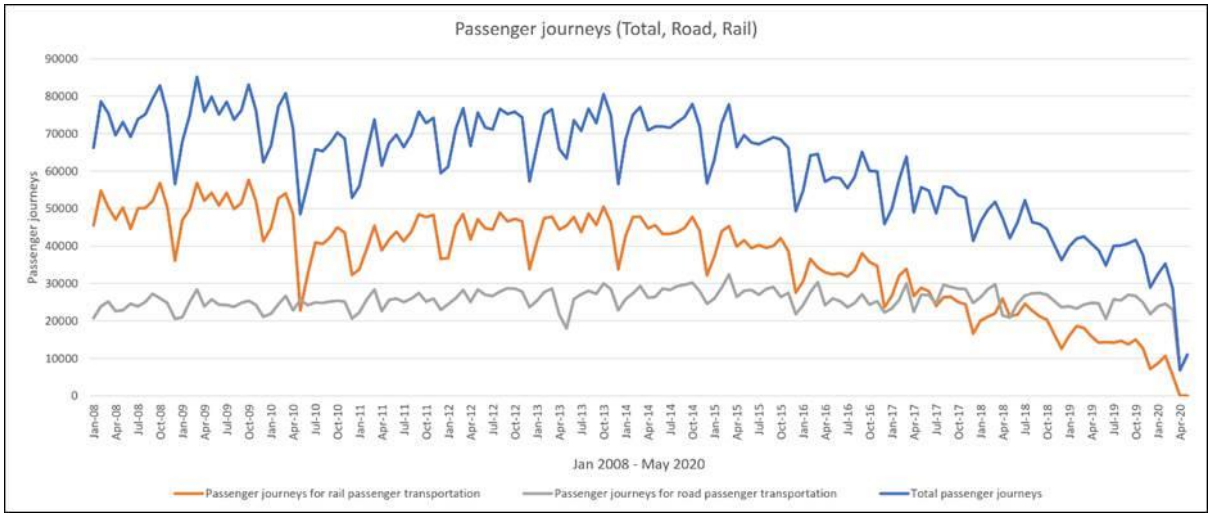
trains to a standstill with limited services being conducted under strict COVID protocols.

During the State of the Nation Address in June 2019, President Cyril Ramaphosa recognised the potential of tourism sector which acts as a catalyst to job creation as well as economic growth and announced a bold new plan to double international tourist arrivals by 2030. Key to this plan was upgrading and expanding the country's rail network since rail is the only sustainable solution of many of today's environmental, social and economic challenges.
"*We want a South Africa that has prioritised its rail networks, and is producing high-speed trains connecting our megacities and the remotest areas of our country," the President said, "We should imagine a country where bullet trains pass through Johannesburg as they travel from here (Cape Town) to Musina, and they stop in Buffalo City on their way from eThekwini back here (Cape Town)*".

Rail is considered a significant engine of inclusive growth and development for South Africa, with the potential to contribute significantly to the Gross Domestic Products (GDP) of the country. Developed rail infrastructure will ensure that tourist and local South Africans can move from one place to another faster and safer, boosting tourism and trade. This will create new jobs, save energy and improve the environment, while moving people, raw materials and goods more efficiently nationwide. Passenger road travel has been fairly steady (little growth) over the last decade as opposed to the declining passenger rail transport sector.

COVID-19 regulations have all but devastated long-distance passenger rail travel which was halted in March 2020 and has not yet resumed. Figure 3.9 provides an overview of passenger journeys for rail and road transportation from Jan 2008 to April 2020 where the effect of COVID-19 is evident in the complete lack of sales of rail travel which at 3 December 2020 was still effectively is at zero. The Gautrain has experienced an almost tenfold drop in ridership as a result of the pandemic (Venter, Hayes & van Zyl, 2021).

Figure 3.9: An overview of passenger journeys for rail and road transportation



Source: Land Transport Survey (2020)

3.4 PRIVATE MOTOR VEHICLE, TAXIS, E-HAILING

Domestic tourists are the biggest users of road transport and more specifically, private motor vehicles and taxis for domestic tourism purposes. As an illustration we can look at figure 3.10 where we can see that cars (53%) and taxis (36%) dominated the modes used by South African residents in the period January to June in 2019. In the category of self-drive cars no distinction is made in the official statistics reflecting private car and rental car use. While statistics from the industry are available on rental cars, in the case of privately-owned cars the lack of rich understanding of their use for the purposes of tourism can be attributed to the absence of a formal, globally established method to gather and collect information in a systematic coherent way. Also, road transport accessibility can disperse travellers over a wide geographic area, making access to them more expensive and difficult.

Private Motor Vehicle

The vehicle population of South Africa has more than doubled since 1995. In 1993 there were 3,150 million motorcars registered and in June 2018 this figure reached 7,270 million motor cars, although the growth in vehicle sales has been declining since 2015. This represents a 131% increase in vehicle registrations (Schussler, 2018). Private motor vehicles are the main mode of transport for domestic tourists with the VFR market dominating its use.

Private motor sales in South Africa have declined sharply as a result of the pandemic and domestic tourism has not yet recovered to pre-COVID levels, thus while the private motor vehicle remains the most used mode of transport for tourism, it remains less than before.

Metered taxis, minibuses and uber

Approximately 90% of the taxi industry is made up of minibus taxis. According to Schussler (2018) there were 322 000 minibus taxis on South African roads in 2018, up from 202 000 in 1993. The primary use for minibus taxis in South Africa is commuting and the fact that the minibus taxi industry has continued to operate mostly unsubsidised, even in the face of reduced passenger numbers due to COVID-19, has demonstrated its importance to society. The use of minibus taxis for tourism purposes is primarily for VFR travel across provinces and to neighbouring countries. Metered taxis in South Africa complement other route-based bus, minibus taxi and commuter rail services and make up about 10% of this market and it is estimated that there are approximately 20,000 metered taxis on the road. Metered taxi operators have had to cope with the disruptive effect of the smartphone-based e-hailing technology introduced by Uber Technologies. Traditional metered taxi operators see Uber as engaging in unfair competitive practices by operating illegally without permits and charging below-cost rates. Companies offer chauffeur driven car hire services, mini-hire services and share shuttle services for tourists while others are awarded tenders for delivering metered taxi services at South Africa's international airports (Kneale, 2016).

COVID-19 has taken its toll on the tourism services provided by metered taxis and Uber. Generally, the restriction of people movement across the globe, the closure of bars and restaurants and the general fear of being in an enclosed car with a stranger who has been in contact with numerous other strangers has led to a major weakening in ride-share company fortunes, with Uber reporting as much as a 70% decline in patronage worldwide (Luke, 2020). Whilst it is assumed that the company has suffered similar losses in South Africa, and anecdotal evidence suggests that some Uber drivers have had to return their vehicles to financiers (Luke, 2020). In

South Africa, Uber has extended its service offering into parcels and business deliveries which has helped to absorb some of the revenue losses from the reduction of the passenger base; however, the pandemic has highlighted the vulnerability of gig drivers to shock (Luke, 2020). Metered taxis fell under the same regulations as those of mini-bus taxis where, during the lockdown periods, only essential workers could be transported with limited capacity. Taxis, normally transporting tourists all but stopped, as tourism came to a standstill and the effect has been as devastating as with other forms of transport.

PART 4: BUS/COACH AND CAR RENTAL SECTORS

4.1 AVIATION, CAR RENTAL AND BUS/COACH INDUSTRY: RESEARCH PROCESS

While each mode of transport (air, water and ground) has its own relevance and importance in the tourism sector, the focus of this study was primarily on air and road (at the same time recognising the interdependence of the various modes). Air travel and road transport play a vital role in the expansion of both international and domestic tourism with air travel enabling a comfortable long-haul transition from tourist originating regions to global destinations and road infrastructure enhancing the accessibility of tourists to regions located in different parts of a country. Road transport, as a cheaper form of travel is regarded as most popular with more than 70% of tourism trips in industrialized countries being taken by car. Intermodal travel (air and road) is generally the means used by international travellers. This, of course has all been severely disrupted by the COVID-19 pandemic.

The novel coronavirus (COVID-19) is challenging the world and unprecedented global restrictions and stay-at-home orders are causing the most severe disruption to the global economy since World War II (Gössling, Scott and Hall, 2020). Many tourism enterprises are facing an acute liquidity crisis and many have already left the sector with severe impacts on jobs. In response to the restrictions on international travel and internal movement, global and domestic tourism came to a virtual standstill placing a severe strain on the tourism-transport relationship, the long-term repercussions of which are still largely unknown. Although some indications exist on how prior crises affected the tourism and transport industries, there is little to no literature that points to the implications of COVID-19 on the tourism-transport relationship. Current debates all across the world centre on the restoration of unrestricted free movement and reopening of borders, safely restoring transport and connectivity, safely resuming tourism services and restoring consumer confidence. Despite initial optimism of a quick recovery, it now appears that tourism growth may take a number of years to recover to pre-COVID-19 levels. While tourism will recover in time, the tourism offering and environment will probably be changed forever. According to Gössling, Scott and Hall (2020) there is much evidence that COVID-19 will be different to previous crises and will be transformative for the tourism sector.

South Africa has been hit particularly hard with the very latest news (IOL, 24 March 2021) headlining the following: "*South African travelers shunned, restricted access to 121 countries……..According to Skyscanner's live interactive map, most countries across the seven continents have restricted access to South African travelers…….As a result, the closure of borders caused airlines to stop flight operations to and from South Africa and made international travelers wary of travelling within South Africa.*"

We began our analysis of the air, car rental and coach/bus sectors by doing a number of individual discussions with key representatives from the tourism and transport sectors in South Africa (APPENDIX A) to determine their perspective on the impact of COVID-19 on the tourism transport relationship (APPENDICES B and C). Thereafter we looked at trends of recovery of air transport and road traffic in selected markets which we used as a context for South Africa. In seeking markets where response seemed quicker in getting their transport networks back on track to rejuvenate tourism, examples from the global aviation market were more readily available than those of road transport where recovery examples do not appear to have been well-documented. However, it is important to note that the pandemic is yet to pass so examples of recovery are also limited. Domestic tourism appears to be the mainstay of most markets. After the discussions we did scenario planning in both the aviation and car rental markets to understand the uncertainty in the future of tourism and transport. This methodology is well-suited to addressing the future of tourism in crisis. The process followed a series of steps (adapted from Page *et al*, 2010) as described below:

Step 1: A review of relevant academic studies on scenario planning, transport and tourism along with current industry and other sources.

Step 2: A brain storming session among the research team and selected individuals to identify and analyse the critical issues from the discussions.

Step 3: We were guided by established scenario planning methodology to consider the range of assumptions identified in Steps 1 and 2 about how the tourism transport relationship and the wider economy might change under each scenario.

Step 4: Two scenario planning workshops (APPENDIX E Car Rental; APPENDIXD Aviation) were held.

Step 5: The results and outcomes of the workshop were analysed and interpreted to produce a series of responses and actions with policy implications for the tourism industry.

Against this background we structured our discussion of the aviation sector, car rental and bus/coach industries around three questions:

1) How did each mode do pre-COVID?
2) How are they doing currently?
3) What is the potential for recovery post-COVID?

4.2 BUS/COACH INDUSTRY

4.2.1 Introduction to bus and coach transport

A distinction should be made between coach travel and bus transport. According to Duval (2007) coach transport is often associated with pleasure travel that encompasses numerous destinations (often in circuit routes, involving destinations or places that are usually geographically proximate to one another) over a specific period of time. As such, coach transport is unique in that it involves 1) multiple nodes or destinations; 2) prescribed flows and networks; and 3) highly structured itineraries. As such, one of the more common manifestations of coach travel is large buses shuttling tourists across a wide geographic region with stops at popular attractions and destinations. Clearly passengers using luxury coach travel do so for leisure purposes and there is little confusion as to the purpose of the transport. Luxury coaches are also generally private sector-owned. Tourists travelling on inclusive or package tours do not only make use of large luxury coaches. A range of coaches varying in size are used to accommodate both large, medium and small groups. Small mini-busses and recreational vehicles are also used for inclusive tours as well as charters. Bus transportation, on the other hand, is more difficult to define purely on the basis of recreational travel since this form of transport is used by both tourists and non-tourists. Busses are used for cross-border inter-regional, intra-regional, inter-city and local transport provision. Long-distance bus transport for the purpose of leisure, visiting friends and relatives and other tourist purposes can be measured as tourist transport, especially where tourists fulfil the criteria of overnight stays. However, tourists also use inner-city busses for local transport together with those persons using the bus for utility purposes such as commuting to work running errands etc. The contribution of such transport to the tourism economy is much more difficult to measure.

4.2.2 Overview of coach and bus travel in South Africa

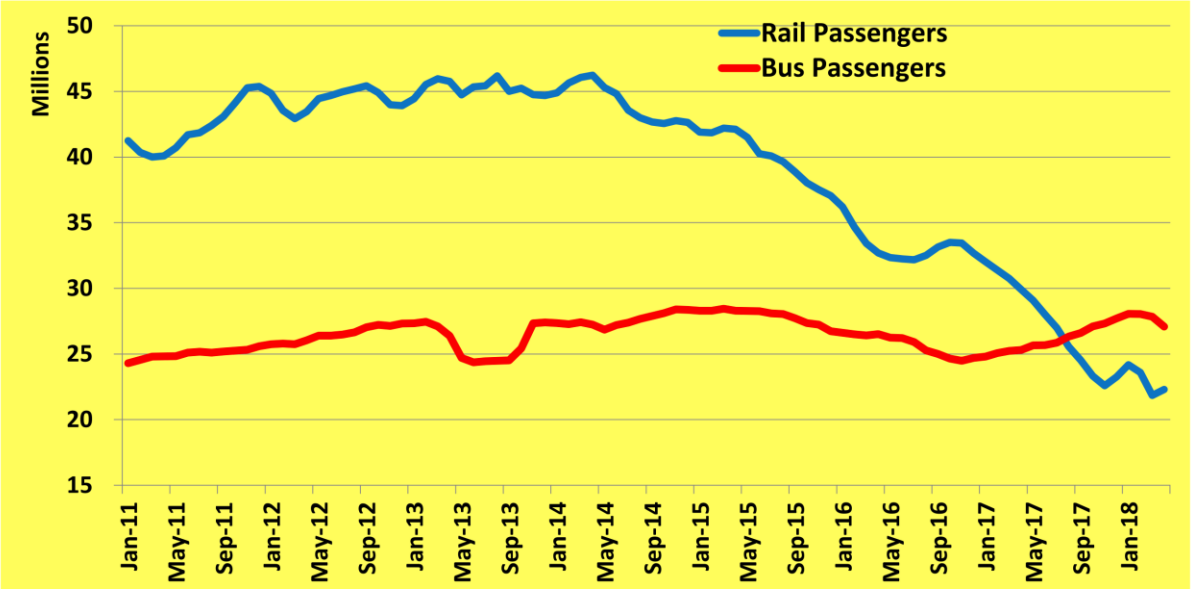
Passenger transport is a generic term used to describe both public and private modes of travel for all purposes, whether commuting or other business-related travel, shopping, tourism, recreational and casual travel (DOT Annual Report, 2019/2020). One of the major challenges in determining the market size of the bus and coach transportation industry where travel is undertaken for the purposes of tourism is the lack of data where a clear distinction is made between “utility” passengers and tourists, this has also been confirmed by concerns expressed in the industry discussions conducted. Research done in this study relies on conclusions drawn from:

- The National Household Travel Survey (NHTS) which is a joint venture between Statistics South Africa (Stats SA) and the National Department of Transport (NDoT) and aims to:
    - Understand the transport needs and transport behaviour of households and individuals;
    - Assess attitudes towards transport services and facilities;
    - Ascertain the cost of transport; and
    - Determine accessibility to services (work, health, education, etc.)
- The Domestic Tourism Survey which is conducted jointly by the Department of Tourism (NDT), Statistics South Africa (Stats SA) and South African Tourism (SAT).
- Industry research conducted by associations and organisations representing these industries although this is also limited and where organisations contract such research, it is not readily available to the entire industry.

The bus industry in South Africa (overall) makes a vital contribution to the economic and social development of the country. According to SABOA (2020) the bus and coach industry in South Africa provides mobility to millions of citizens daily, who are dependent on public transport. There are approximately 25 000 buses and coaches in the industry in South Africa of which about 19 000 are involved in formal public transport activities. Available statistics indicate that 80 percent of South Africa’s population is totally dependent on public transport (bus, coach, commuter rail and taxis) for its mobility needs. The Industry can be categorized into sub sectors that

primarily service segmented markets or contracts but also overlap in service provision. The main funded public transport sector is the Contracted Commuter Transport sector. There are also the sectors for Scholar or Learner Transport, Tourism Transport, Charter Services, Long Distance (Inter City) and Cross Border Transport. The industry also supports a large number of suppliers such as bus and chassis manufacturers, fuel companies, tyre companies, glass and spare part companies, insurance companies *etc*. that are also in some way dependent on the industry for employment. According to Schussler (2018) overall bus passenger numbers have declined since 2011 as shown in figure 4.1 Again, it must be noted that no distinction is made in this graphic between transport for the purposes of tourism so one cannot assume or conclude that bus and coach transport for the purposes of tourism also declined. This figure serves to provide an overall view of bus passenger numbers in South Africa.

Figure 4.1: Trends in bus passenger numbers 2011-2018



Source: Schussler (2018)

Busses for local inner-city transport

These busses generally serve passengers commuting within cities and are mainly used for utility-purposes. However, as already mentioned tourists also use this form of transport to travel within the cities and this segment of the market cannot be ignored. However, there are no national statistics, and limited local data to indicate what percentage of the total passengers can be categorised as tourists, although, according

to Prof Krygsman of the University of Stellenbosch, the percentage is extremely small, perhaps in the region of 0.5% of total passengers.

Bus/coach transport for the purposes of travel and tourism.

This part of the industry offers about 51 000 seating capacity per month and is focused on domestic and international tourism (SABOA, 2020). The industry is formalised and employees' remuneration and conditions of service are governed by Industry Bargaining Council Agreements. In this part of the industry there are several SMME operators that rely on Travel Destination Management companies and corporates to generate revenue. Many of these operators (operating a variety of types and sizes of vehicles/buses) are reliant on international travellers (international tourism) that also attend meetings, conferences, exhibitions and school tours. According to one interviewee growth in this sector was phenomenal before 2016 but has since declined up to 2020 when the impact of the State of Disaster all but decimated the sector. The main players in this market are Cullinan Holdings who provide services such as charters (various sized luxury coaches) and luxury inclusive tours. Cullinan owns established brands such as Hylton Ross Coaches, Springbok-Atlas Safaris and Ikapi Charters, amongst others.

This sector faces numerous challenges, summarised by one interviewee as:

- The complexity of doing business with the issuing of permits and operating licences by the National Public Transport Regulator (NPTR) being the greatest challenge. The NPTR is a regulatory entity established in terms of Section 20 of the National Land Transport Act, 05 of 2009 which:
    - monitors and oversees public transport in the country;
    - receives and decides on applications relating to inter-provincial operating licenses, accreditation of tourist transport services and any other service designated by the Minister;
    - oversees fares charged for public transport services throughout the country and advises the Minister on the making of regulations in relation to fares or fare structures.

- The lack of tourism statistics against which strategic planning can be done, particularly in distinguishing between commuter and tourism-related road transport.
- The current inadequacy of government structures which causes delays in certification related to fitness to operate (i.e. the Certificate of Fitness – COF) and which affects the continuance of business. The Department of Transport also appears to be unresponsive to industry concerns.
- The challenges presented through the labour environment where government, unions and operators are part of the Bargaining Council.
- Although the main road infrastructure is generally of a good quality, the infrastructure in the more rural and small-town areas present challenges.
- Safety and security, affecting tourist perceptions and decision on where to travel.

Bus and coach transportation in South Africa is represented by the South African Bus Operators Association (SABOA) which is active in representing approximately 700 Industry Member Companies made up of around 640 Principal Members and 60 Associate Members of which 95% of the Principal Members are SMME Constituents. SABOA is active in policy formulation / lobbying causes and promotion of the Industry issues and has done so since 1980.

Inter-city/ long-distance/ Cross border transport

According to SABOA (2020) about 1000 coaches are operated in this sector employing in excess of 5000 people with annual revenue estimated at R 5 billion. Operators provide transport in excess of 5 million people who are not able to afford air travel. Significant amounts of personal belongings are also transported. Prior to COVID-19 the sector was under tremendous financial pressure due to increasing costs and currency fluctuations and declining market effects. On average, monthly operating costs amount to R 100m which is only recoverable through the running of services. The COVID measures and phased lockdowns have had an enormous financial impact on this sector, with losses of approximately R100 million per month being incurred due to buses having been parked and not being able to operate during the more stringent lockdown measures with little potential to generate revenue to cover fixed costs. Prof

Krygsman of US was of the opinion that cross-border bus travel had increased over the last few months as there was a shift from air travel to bus travel across borders.

Busses for intercity travel

Intercity travel occurs between the main cities in South Africa and also have routes to the smaller towns. Intercity travel, as depicted in Table 4.1, shows that in 2019 approximately 50% of overnight bus passengers travelled for VFR purposes.

Table 4.1: Main purpose of most recent overnight trips by main mode of transport used, January–December, 2019

	Overnight trips (per cent)			
Main purpose	**Air**	**Bus**	**Car**	**Taxi**
Leisure	39,0	9,6	25,5	4,2
Shopping	-	-	0,4	0,5
Sporting	8,9	0,9	0,8	0,1
VFR	29,1	50,6	47,9	63,8
Business and professional	9,4	5,1	3,2	1,8
Education and training	3,3	13,6	5,1	9,2
Medical	1,9	12,7	10,6	13,1
Religious	0,4	1,3	0,9	0,8
Funeral	-	2,6	0,2	0,9
Other	8,0	3,8	5,4	5,6
Total	**100,0**	**100,0**	**100,0**	**100,0**

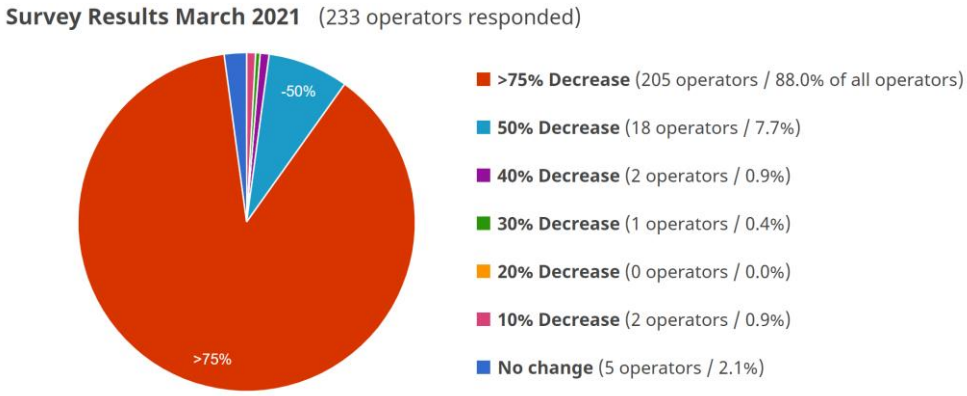
Source: Domestic Tourism Survey (2019)

The main privately-owned luxury operators are, amongst others, Greyhound (which has subsequently closed down due to COVID-19), Intercape and Citiliner, with two bus operators, the luxury brand - Translux and semi luxury brand - City to City, being wholly owned by Auto-Pax, a subsidiary of the Passenger Rail Agency of South Africa (PRASA).

Cross-border bus/coach

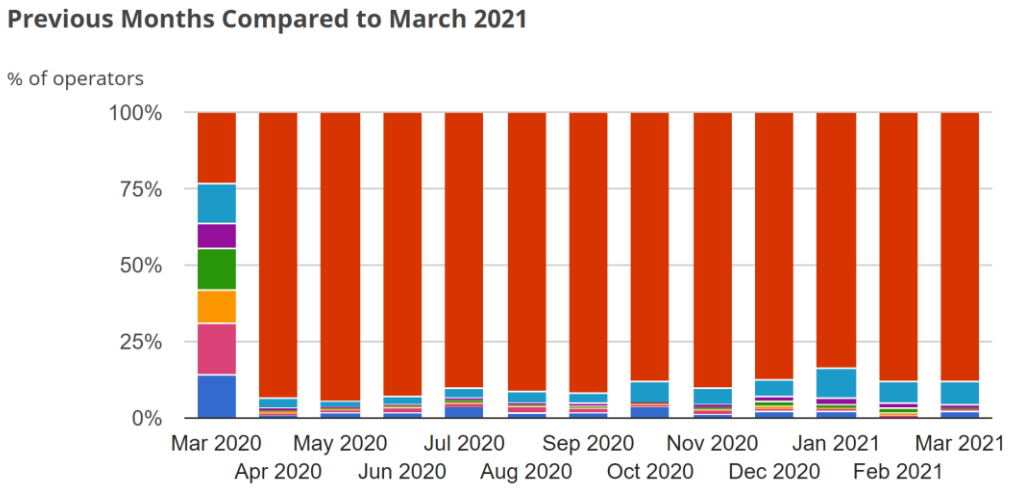
Small tour operators generally serve to provide short, more specialised and bespoke tours such as City tours, wildlife safaris and cultural experiences. These types of operators are generally represented by SABOA and/or the Southern African Tourism Services Association (SATSA)which represents the region's tourism private sector. This sector has been particularly hard-hit by COVID-19. Although no statistics were found that represent this sector in particular, research conducted by Safari Bookings on the impact of COVID-19 on the sector in Africa (including South Africa), showed the high percentage of cancellations resulting from the closure of borders. Figures 4.2 and 4.3 demonstrate the impact of the coronavirus pandemic on Africa's safari industry as a percentage of cancellations for trips planned for March 2021.

Figure 4.2: Safari Industry: Decrease in actual bookings due to the coronavirus outbreak



Source: https://www.safaribookings.com/blog/coronavirus-outbreak

Figure 4.3: Safari Industry: Decrease in actual bookings due to the coronavirus outbreak: previous, months compared to March 2021



Source: https://www.safaribookings.com/blog/coronavirus-outbreak

Cross-border bus/coach transport is regulated by the

4.2.3 The regulatory environment for bus and coach transport

In terms of the National Land Transport Act, 05 of 2009 (NLTA), tourist transport services are regulated by the National Public Transport Regulator (NPTR). Accreditation of tourist transport operators is the only function that the Minister of Transport has allocated to the NPTR so applications for Interprovincial services for buses and taxis must still be made to Provincial Regulatory Entities (PRE's) until such time as the Minister allocates this function to the NPTR. The NTPR has the following functions:

- monitors and oversees public transport in the country;
- receives and decides on applications relating to inter-provincial operating licenses, accreditation of tourist transport services and any other service designated by the Minister;
- oversees fares charged for public transport services throughout the country and advises the Minister on the making of regulations in relation to fares or fare structures.

One of the major and crippling challenges experienced by the industry is the ongoing delays experienced in finalising applications for permits to operate by the NPTR. This situation has been exacerbated by the current State of Disaster. One interviewee is quoted in this regard: "*Government through Department of Transport has been trying to find a one size fits all in an industry that is quite diverse and that has compounded the problems because instead of creating an understanding it is creating more problems than solutions*".

Cross border bus and coach transport operates within the Southern African Development Community (SADC) of which South Africa is a member and the road transport operators are regulated by the Cross-Border Road Transport Agency (C-BRTA) which came into existence to improve the cross-border flow of commuters and freight operators who make use of road transport. Its function as an interstate operations agency is to reduce mobility constraints for road transport operators, in the form of regulating market access and issuing cross-border permits, while facilitating sustainable social and economic development in the Southern African Development Community region. The C-BRTA are responsible for issuing goods, passenger, taxi and tourist operator permits. Statistics that were obtained from the C-BRTA show the number of permits issued in quarter 1 (Apr-Jun) in the period 2018/2019 and 2019/2020.

Taxi Passenger Permit Statistics

Permits issued for taxi operations increased by 44.29% during the quarter under review (Q1 Apr- Jun), up from 4118 to 5 942. Table 4.2 provides a statistical overview of the taxi permits issued per country.

Table 4.2: Permits issued for taxi operations during Q1 (Apr- Jun) 2018/19 and 2019/20 per country

COUNTRY	2019/20	2018/19	% MOVEMENT
Botswana	245	101	142.57
Democratic Republic of Congo	02	0	200
Lesotho	282	230	22.6
Malawi	03	16	(433.3)
Mozambique	1 994	1 563	27.57
Namibia	29	50	(42)
Swaziland	238	169	40.82
Zambia	06	06	-
Zimbabwe	3 143	1 983	58.49
Total	**5 942**	**4 118**	**44.29**

Source: C-BRTA

Bus Passengers Permit Statistics

Permits issued for bus operations increased by 40.15% during the quarter under review, up from 411 to 513. Table 4.3 shows a statistical overview of the bus permits issued per country.

Table 4.3: Permits issued for bus operations during Q1 (Apr- Jun) 2018/19 and 2019/20 per country

COUNTRY	2019/20	2018/19	% MOVEMENT
Botswana	74	22	236.36
Democratic Republic of Congo	03	06	(100)
Lesotho	50	30	66.6
Malawi	34	27	25.92
Mozambique	53	52	1.92
Namibia	12	06	100
Swaziland	21	11	90.9
Zambia	03	03	-
Zimbabwe	263	254	3.54
Total	**513**	**411**	**40.15**

Source: C-BRTA

Tourist Permits Statistics

Permits issued to tourist operations decreased by 9.7% during the quarter under review, down from 577 to 521. Table 4.4 presents a statistical overview of the tourist permits issued for the region.

Table 4.4: Permits issued for tourist operators during Q1 (Apr- Jun) 2018/19 and 2019/20 per country

COUNTRY	2019/20	2018/19	% MOVEMENT
Regional	493	559	(11.8)
Cabotage	28	18	(36.7)
Total	**521**	**577**	**(9.7)**

Source: C-BRTA

In discussions with industry experts a number of challenges in the inter-provincial/long distance and cross border bus and coach transport industry have been identified:

- illegal leasing of permits and vehicles,
- developing a policy for temporary permits over the festive season,

- registering of associations and operators,
- preventing the deregulation of the cross-border bus industry,
- international ranking issues etc.

A Memorandum of Understanding was concluded between SABOA and a number of large operators in 2019 for the purpose of ensuring closer cooperation and support in addressing cross-border issues with the Cross-Border Road Transport Agency (C-BRTA). In addition, an MOU was concluded between the Parties and the C-BRTA. The purpose of the MOU was to ensure that there is a firm commitment from the C-BRTA to diligently deal with the issues and concerns of the cross-border bus and coach sector.

These ongoing challenges in this sector of the industry have also been raised with the Department of Tourism by the cross-border bus and coach sector. However, nothing has been as completely devastating as the impact of COVID-19.

Since lockdown (SABOA, 2020):

- Little to no revenue has been generated for the sector;
- Fleets have been stationary;
- Closures and retrenchments with the most in the tourism part of this industry (employees range from general labour to specialized tasks such as tour operators /guides/ translators / drivers)
- In the cross-border market, no tourism licences have been issued since March 2020
- Small tour operators reliant on international visitors have been hit hit hardest
- The possible impact for the year to date is approximately R 4, 6 BILLION
- There has been limited government assistance
- The loss of revenue has been exacerbated by the high cots of safety protocols
- Associated licence costs compounded the problems

This situation is expected to prevail and uncertainty around the opening of international travel is pervasive with agreement in the sector that there will be a very low initial uptake. Operators will then have been without an income for more than 12

months, and in most instances have faced inadequate government assistance. The resultant impact will seriously affect SAs ability to respond to national and international tourism needs in future.

One of the serious concerns raised by interviewees was the lack of communication and response to the industry by the Department of Transport.

4.3 THE CAR RENTAL INDUSTRY

4.3.1 Introduction to the car rental and leasing sector

The most structured segment in self-drive tourism is the rental car industry. Car rental companies offer customers various combinations of car types, rental periods, and pickup and return locations, as well as temporary insurance and refuelling options. Although more expensive for the users, rental cars have the advantages of flexibility and freedom of movement in common with private cars. The main categories of rental for the industry are: corporate/business (mainly Mondays to Fridays); government contracts; insurance replacements; and local leisure. The industry benefits from partnerships with airlines, tourism companies and accommodation providers.

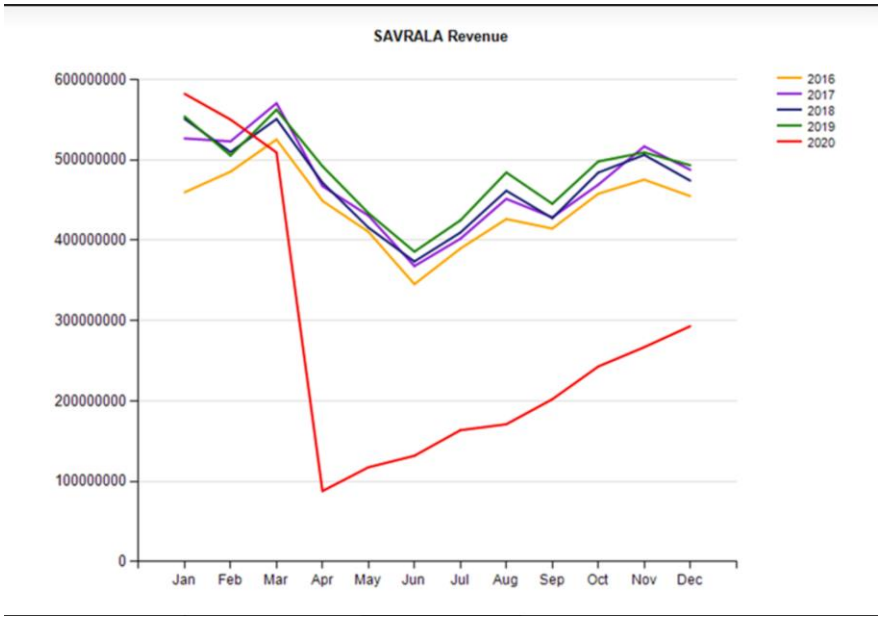
4.3.2 Overview of the industry

In 2017 the South African car rental industry revenue reached an estimated total of R5,2bn with the industry being driven by business travel at 53% (Research & Markets Report, 2018) but has since been struggling to maintain growth. In fact, statistics show that there has been a slight decline over the last few years. According to Statista (2020) up until 2019 there were 2.7m users in the market which has remained the same since 2017.

The car rental market is dominated by a number of large corporations such as Avis (30% market share), Bidvest (15%), Europcar (15%), Budget (10%), Kulula (5%) (Statista, 2020).

The Southern African Vehicle Rental and Leasing Association (SAVRALA) which represents the car rental industry, measures the size and trends in the car rental industry in terms of its revenue, rental days and fleet size/utilisation. Figures 4.4 – 4.6 depict these statistics from 2015 -20199 up to March) and, given the seasonal nature of the industry, over each month of the year.

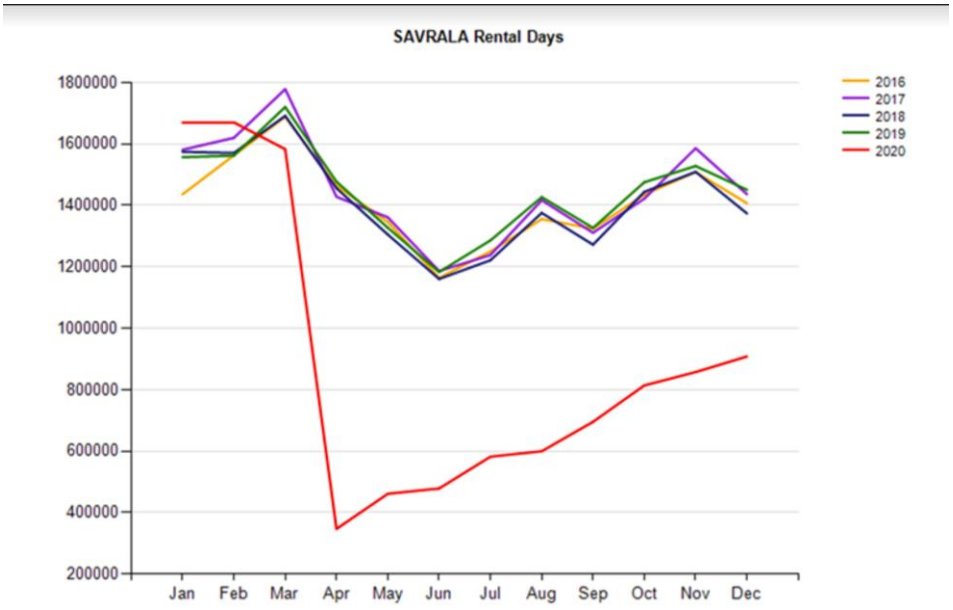
Figure 4.4: Car rental industry by revenue



Revenue (TMW)					Jan to Dec
Segment	**2016**	**2017**	**2018**	**2019**	**2020**
Corporate	1 429 872 391	1 425 997 614	1 418 425 161	1 396 338 020	911 123 704
Total	**5 293 943 435**	**5 641 447 524**	**5 635 946 179**	**5 788 338 279**	**3 318 218 497**
Total Growth	**12%**	**7%**	**0%**	**3%**	**-43%**

Source: SAVRALA (2020)

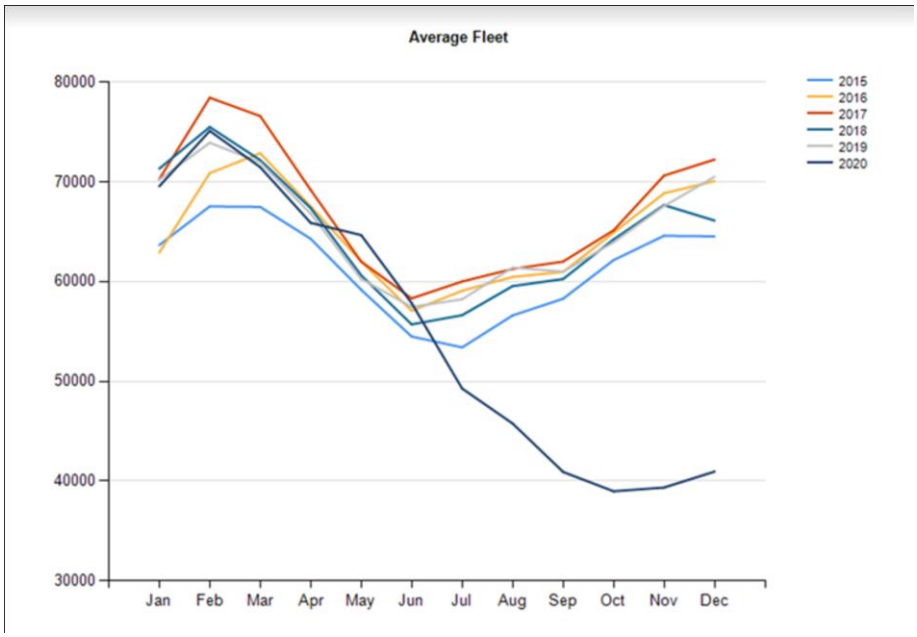
Figure 4.5: Car rental industry by rental days



Rental Days					Jan to Dec
Segment	2016	2017	2018	2019	2020
Total	16 940 512	17 364 267	16 952 946	17 320 111	10 664 365
Total Growth	7%	3%	-2%	2%	-38%

Source: SAVRALA (2020)

Figure 4.6: Car rental industry by fleet size/utilisation



	2016	2017	2018	2019	2020
Avg Fleet	64 784	67 153	64 744	65 253	54 970
Avg Growth	6%	4%	-4%	1%	-15,8%
Avg Util	71,5%	70,9%	71,8%	72,8%	53,1%
Avg Growth	1%	-1%	1%	1%	-27,1%

Source: SAVRALA (2020)

These figures show that South Africa's car rental industry experienced limited/zero growth since 2017. The weak economy caused rental volumes in the corporate, government, local leisure and insurance replacement subsectors to contract in 2019, with declining international and domestic tourism numbers placing further pressure on the stagnating industry.

4.3.3 Challenges facing the industry

Prior to COVID-19 the car rental industry faced a number of challenges i.e. poor economy and declining tourism numbers with certain issues exacerbating the lack of growth namely, the Visa issue, AARTO (infringement/traffic fines redirection) and Natis issues which has resulted in the cost of renting cars to foreigners increasing. Other challenges mentioned by interviewees and substantiated in media remarks made by other executives are safety and security, corruption, over-supply leading to cost-cutting and the potential impact of ride-hailing although one interviewee mentioned

that the impact of this is not as great as was expected. The reason for this is that short-term rental (e.g. one-day rentals) are not profitable for the car rental industry because revenue is earned for one day but the car has to be washed and follow the same processes as for a longer-term rental. Another challenge may be that the domination of the large companies in the car rental industry leave consumers with less choice. The interviewee also mentioned that car rental outlets at the airport should not become over-taxed as ACSA has a monopoly.

The major challenge facing the industry currently is the effect of the lockdown as a result of the pandemic.

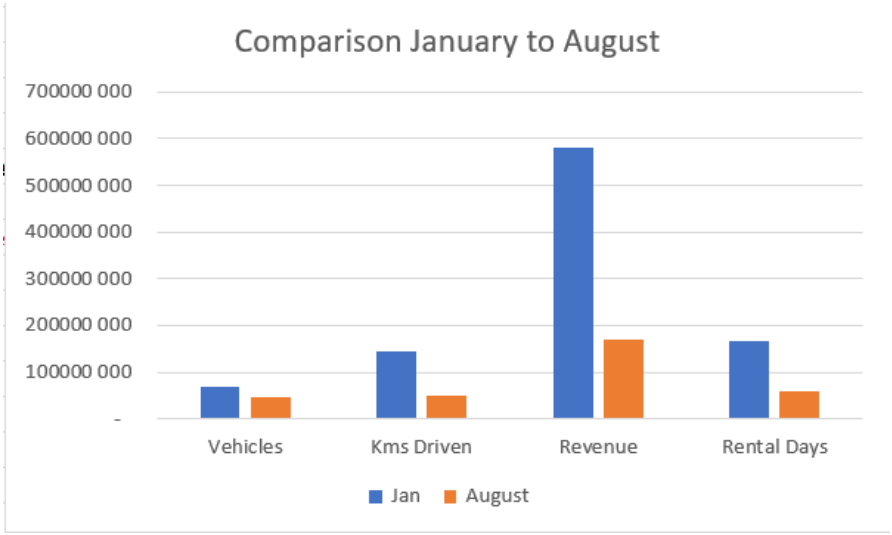
4.3.4 The regulatory environment of the car rental industry

The car rental industry is a self-regulated industry with the members of SAVRALA (which constitutes 90% of car rental companies in the country) committing to their Code of Conduct. Regulations that impact the car rental industry are AARTO and the National Traffic Information System (NaTIS) which is the official register for all vehicle, driving licence, contravention and accident data.

4.3.5 The impact of COVID-19

The coronavirus pandemic and lockdown in South Africa from 26 March 2020 for all non-essential businesses forced car rental companies to cancel all bookings with business returning slowly as the lockdown levels eased but as with the rest of the tourism industry, still very seriously impacted. Figure 4.7 presents a comparison of relevant statistics in the car rental industry.

Figure 4.7: Impact of COVID on the car rental industry in the period



Source: SAVRALA (2020)

From January to August 2020 the impact of the lockdown had the following effect in the car rental industry (SAVRALA, 2020):

- Fleet size down by 34% from around 70,000 to around 45,000 vehicles
- Kilometres driven down 66% from around 150m to around 50m
- Revenue down 71% from just under R600m per month to around R170m
- Rental days down 64% to just under 600,000 rental days
- Utilisation of vehicles is less than 50% with the average rental vehicle being used for only 13 days a month during August. This was the best month since lock down.

As mentioned previously car rental is driven mainly by business travel and one effect that the lockdown has had was on the nature of meetings. With the acceptance and normalisation of virtual meetings such as Zoom and Teams it may take many years before people fly again for meetings. Statista (2020) has predicted that the number of car rental users will only return to pre-COVID levels in 2025.

4.3.6 Results from Car Rental Scenario Planning Workshop

Background to the car rental workshop

Future scenarios were developed during a multi-stakeholder workshop on 23 February 2021 held with representatives of the car rental and leasing industry and stakeholders from the Department of Tourism on CAR RENTAL INDUSTRY SCENARIOS facilitated by Marius Oosthuizen from GIBS.

Participants in the session reflected on the way in which their sector enabled mobility, facilitates human interaction and are crucial to the development of an inclusive and growing tourism sector. This, they noted, was due to their ability to provide accessible, cost effective and technology-based solutions for reliable and affordable transport.

The workshop explored possible alternative future outcomes for the industry, given trends in politics and policy, economics and the business environment, technology, regulation and the post-Covid public health environment.

The scenarios were intended to assist stakeholders in identifying strategic options, supporting their decision-making, finding innovative solutions, and mitigating the risks in the current environment. It was concluded that collaboration was required in the realm of policy and regulatory options and aligning industry stakeholders behind a shared agenda for recovery.

Key Strategic Questions

Participants outlined several strategic issues that were required to enable the industry to survive, return to profitability and thrive, especially given the long-term impacts of the pandemic such as a dramatically reduced demand environment:

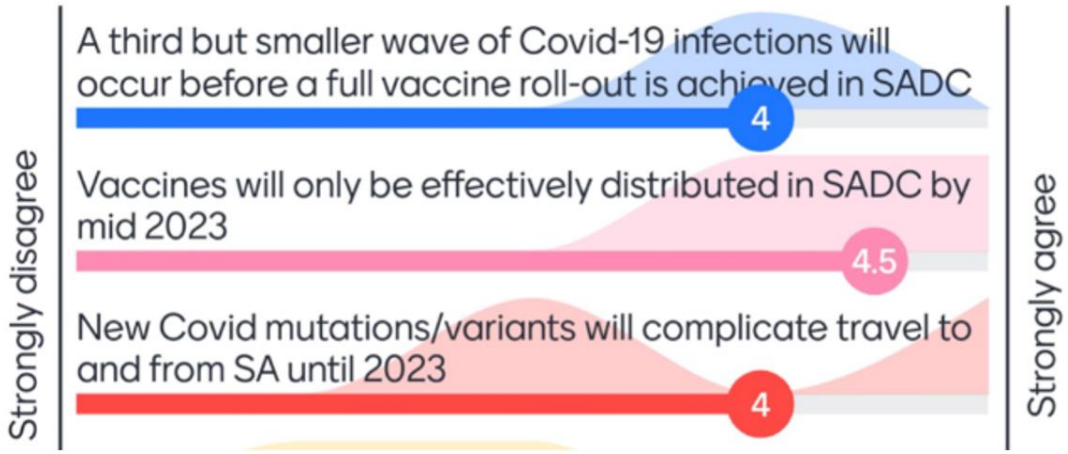
- What will the state and shape of the sector after COVID-19;
- How might the sector coordinate their efforts
- How might the sector enhance the communication between stakeholders

Potential trends identified by participants

Looking at the prospects of the COVID pandemic and recovery, participants identified a number of potential trends and drivers that would shape the industry (figure 4.8):

- a third but smaller wave of infections would occur,
- that vaccines would take two years to distribute regionally, and
- that new variants would likely emerge, but
- that these developments would not lead to a new “hard lockdown” for the country, allowing tourism to resume.

Figure 4.8 Global/Health Pandemic Trends identified by participants



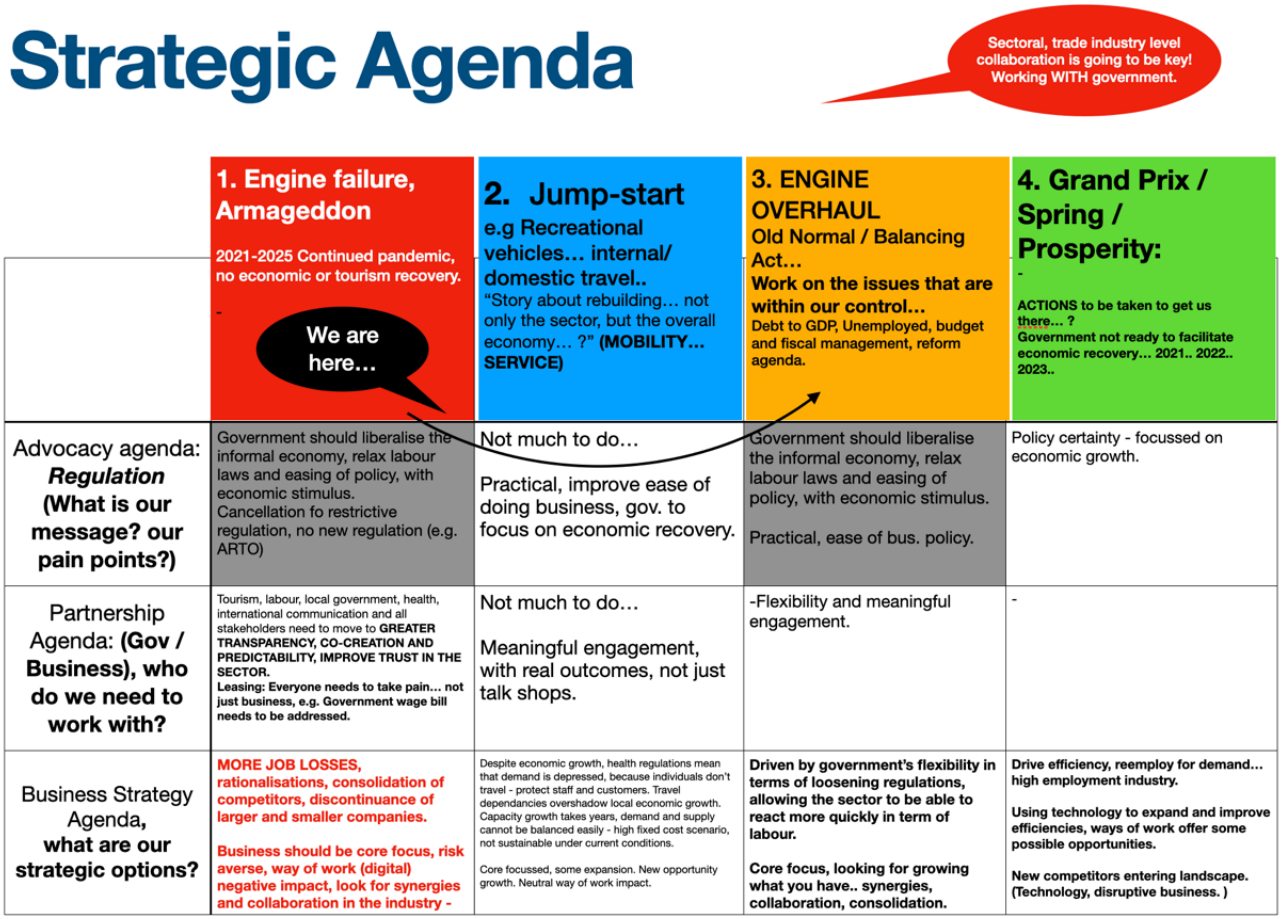
Participants were asked to assess the potential impact and uncertainty of the trends and drivers of change likely to shape the sector. Participants ranked “health developments” and “overall economic performance” the most impactful, and also highly uncertain, but noted that the “recovery of international tourism” was also uncertain (figure 4.9).

Figure 4.9: Impact and uncertainty of the drivers/trends identified

Based on these trends, participants identified four likely scenarios for the sector, and outlined the strategic direction required to towards a prosperous future. The strategic agenda covered (figure 4.10):

- Advocacy: Addressing regulation within the sector
- Partnership: Identifying with whom to collaborate
- Business strategy: the strategic business options within the sector

Figure 4.10 Likely Scenarios and the Strategic Agenda



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Engine failure scenario

The worst-case scenario would be (red) would be a situation where worsening health development and poor economic performance further damage the sector. In addition, international tourism remains depressed or in decline.

Participants felt that this was where they are currently and emphasised the need for government to play a role in liberalising the informal economy as a means to stimulate

the sector. In addition, aggressive steps needed to be taken between tourism, labour, local government, health and their international counterparts to ensure a partnership-approach to dealing with the constraints on the sector.

Given the impending job losses and business pressures that would arise if the current scenario persisted, it is likely that there would have to be rationalisation of the sector, including consolidation between competitors. This called for more focus by business on their core services and the rapid adoption of technologies to make business models more efficient.

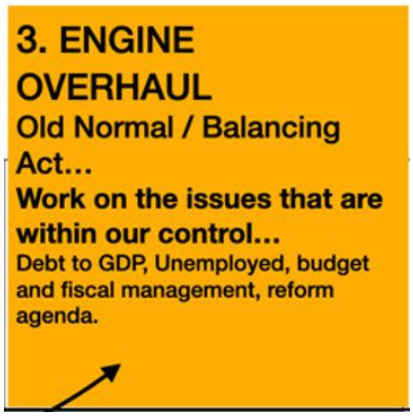
Jump start scenario

It was possible, the participants felt, to move into a better scenario if the economy improved in spite of an ongoing health pandemic. In this scenario work could still be done in improving the ease of doing business in the sector.

The scenario would require meaningful engagement between sectoral stakeholders, with counterparts in government and elsewhere, but these would have to lead to practical outcomes and steps to improve the sector's fortunes.

In this scenario the would be a heightened need for clarity about the health protocols required for businesses to remain operational. Customers and staff would have to be protected from the health risks, while operating fully. This would require improvements in the co-creation and collaboration between business forums and government in formulating regulation.

Engine overall



Participants felt it is very likely that the lingering economic difficulties would persist in spite of a improvement in the health pandemic. This meant that sector was in need of adjustment to cope with national-level economic stagnation and lower demand.
Government would in this environment be called upon to liberalise the sector and the informal economy, to allow businesses to be more flexible and adaptive to changing conditions. This scenario represented the most likely one for the future.

Grand Prix scenario

In the event that an economic upturn accompanied the end of the health pandemic, the sector would expect government to provide policy certainty and a focus on economic growth.
While business would still be driving technology adoption for greater efficiency, there would be a need to rapidly increase capacity to accommodate demand for services.
It is likely in this scenario that new competitors would enter the sector.

In their research of the industry in the USA, the organisation ResearchandMarkets (2020) said that recovery in the car rental industry would depend greatly on a re-

invention of business models through innovative strategies and suggested some of the following:

- Adopting connectivity technologies
- Adding dynamic fleet planning capabilities
- Enabling remote vehicle diagnosis and driver behavior monitoring
- Implementing location detection technologies to increase customer engagement
- App based booking and online booking
- Competitive service pricing on a subscription basis
- Increased adoption of car rental software and self-service technologies to boost competitiveness and quality of service (QoS)
- Development of online social platforms to support peer-to-peer (P2P) car sharing.

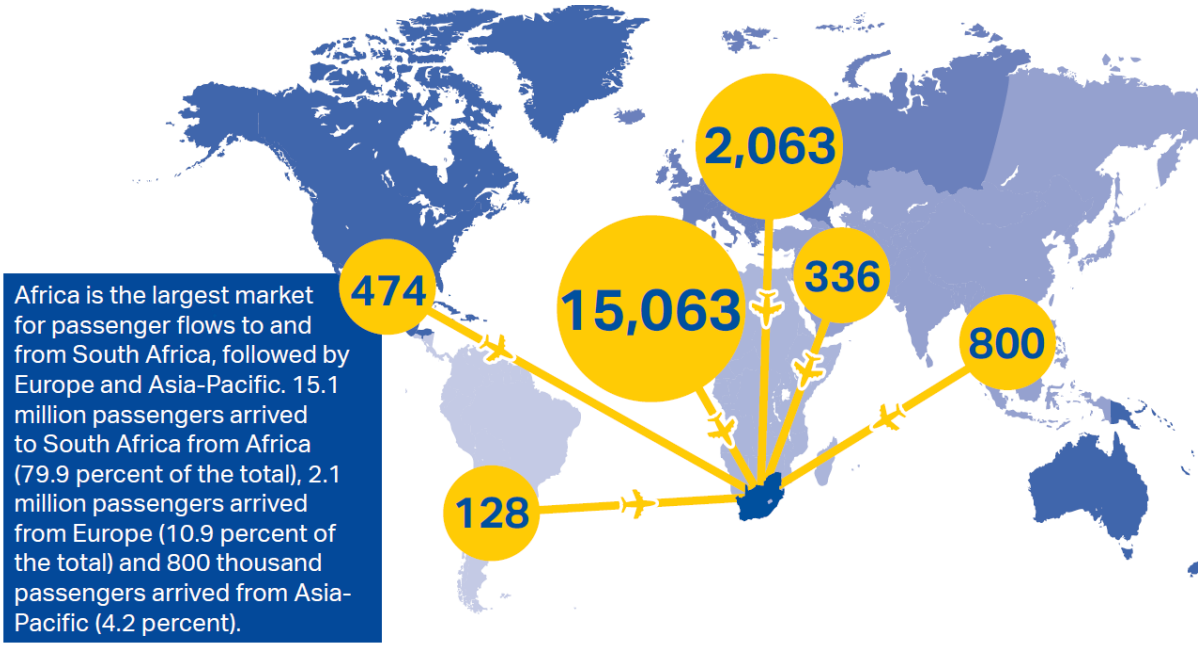
PART 5: THE SOUTH AFRICAN AIR TRANSPORT INDUSTRY

5.1 ORIENTATION TO THE SOUTH AFRICAN AIR TRANSPORT INDUSTRY

Annual passenger flows in 2018

The annual passenger flows in 2018 (origin-destination in 1000s) by region by all airlines (including foreign airlines) are set out in figure 5.1 below.

Figure 5.1: Map of South Africa's Air Connectivity



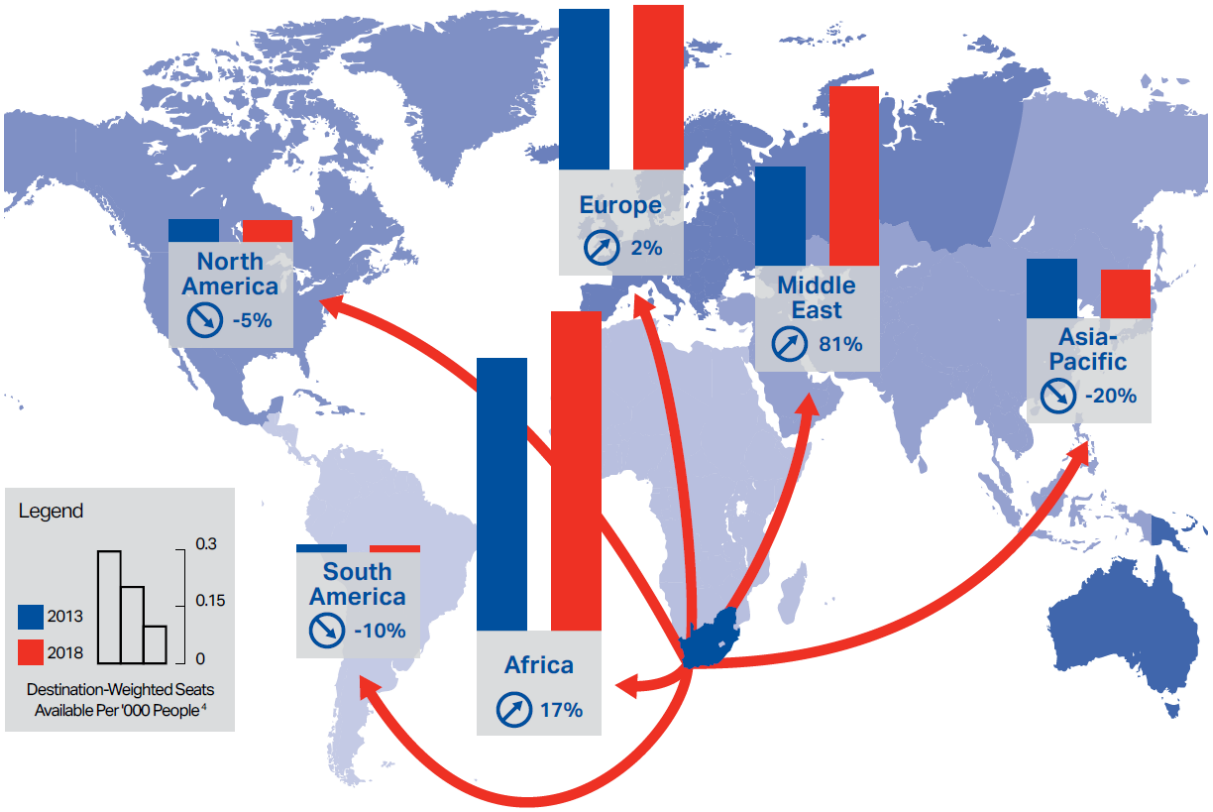
Source: IATA. The Importance of Air Transport to South Africa. 2019

IATA's Air Connectivity Indicator demonstrates South Africa's growth in connectivity to other destinations in figure 5.2 below.

The Air Connectivity Indicator is calculated by the total route capacity (in terms of seats available) weighted by the destination airport's relative capacity (calculated as the ratio of seats available at that airport relative to the capacity at the airport with most available seats) divided by the population size of the country.

It should be noted that connections via the Middle East (which have also grown the fastest of all long-haul routings to higher levels than European routing) have become an essential contributor to South Africa's connectivity to the world.

Figure 5.2: Map of South Africa's air connectivity

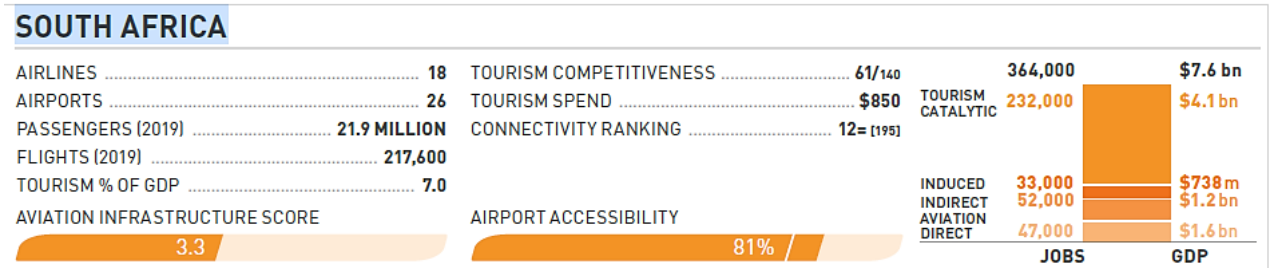


Source: IATA. The Importance of Air Transport to South Africa. 2019

Aviation Benefits for South Africa

The benefits for South Africa of aviation, based on the 2019 calendar year data (Before COVID19) determined by the Air Transport Action Group (ATAG) (in Aviation: Benefits Beyond Borders. September 2020), are set out in Figure 5.3 below.

Figure 5.3: Aviation benefits for South Africa



Source: Air Transport Action Group (ATAG) (in Aviation: Benefits Beyond Borders. September 2020

Explanation:

- Airports: commercial airports in South Africa.

- Passengers 2019: number of passengers departing airports in South Africa, excluding connecting passengers)
- Flights 2019: number of flights operated from airports in South Africa
- Tourism % of GDP: 2019 numbers (World Travel & Tourism Council) including direct, indirect and induced contributions of the tourism sector.
- Aviation infrastructure score: 1–7 score. Higher is better. (World Economic Forum Travel and Tourism Competitiveness Report, 2019). Quality of the aviation infrastructure (Indicators such as available seat kilometres, the number of departures, airport density and the number of operating airlines, quality of air transport infrastructure for domestic and international flights).
- Tourism competitiveness: Ranking out of 140 countries, #1 is the most competitive. (World Economic Forum Travel and Tourism Competitiveness Report, 2019).
- Tourism spend: U.S. dollars spent on average by each arriving foreign tourist, 2018 UN World Tourism Organization Tourism Dashboard and the World
- Bank)
- Connectivity ranking: ICAO Air Transport Bureau 2018 analysis ranking each country based on the number of countries and territories that can be easily reached by air, directly or with one stop in square brackets ([ ]).
- Airport accessibility: Percentage of South Africa's population within 100 kilometres of either
- an international airport or a domestic airport with connectivity to an international airport (ICAO iStars Database). The global average is 74.41%.

Relative Size of South Africa's Air Transport Activities

The production of seats produced and the operation of flights by South Africa's airlines on both international and domestic air services comprise a tiny part of 0,5% (2019) and 0,4% (2020) in comparison to seats produced and the operations of all IATA scheduled airlines worldwide. All Africa's airlines only produced 2,6% and 2,1% of the world's seat production and 2,1% (2109) and 1,5% (2020) of the worlds' airlines' flights. South Africa's airlines produced 18% (2019) and 17% (2020) of Africa's seats and 19% (2019) and 16% (2020) of Africa's flights.

This is summarised in table 5.1 below.

Table 5.1: Relative Size of South Africa's Air Transport Activities

Seats Produced (Domestic & International)						
Region of Origin	2019	2020	Difference	% Difference	2019 % of Total	2020 % of Total
ASIA/PACIFIC	2 113 685 198	1 211 785 747	- 901 899 451	-43%	35,7%	37,5%
EUROPE	1 455 040 163	643 309 920	- 811 730 243	-56%	24,6%	19,9%
NORTH AMERICA	1 534 841 294	994 476 152	- 540 365 142	-35%	25,9%	30,8%
LATIN AMERICA/CARIBBEAN	420 990 220	209 015 389	- 211 974 831	-50%	7,1%	6,5%
MIDDLE EAST	245 788 307	103 888 889	- 141 899 418	-58%	4,1%	3,2%
AFRICA	**156 090 173**	**68 478 761**	**- 87 611 412**	**-56%**	**2,6%**	**2,1%**
Grand Total	**5 926 435 355**	**3 230 954 858**	**- 2 695 480 497**	**-45%**	**100,0%**	**100,0%**
South Africa	**28 556 123**	**11 492 562**	**- 17 063 561**	**-60%**	**0,5%**	**0,4%**
% South Africa to Africa	18%	17%				
Flights Undertaken (Domestic & International)						
Region of Origin	2019	2020	Difference	% Difference	2019 % of Total	2020 % of Total
ASIA/PACIFIC	12 871 466	7 958 163	- 4 913 303	-38%	28,0%	26,2%
EUROPE	9 059 307	4 293 028	- 4 766 279	-53%	0,2%	0,1%
NORTH AMERICA	18 879 052	15 667 774	- 3 211 278	-17%	41,1%	51,5%
LATIN AMERICA/CARIBBEAN	3 035 749	1 566 460	- 1 469 289	-48%	6,6%	5,1%
MIDDLE EAST	1 172 253	499 955	- 672 298	-57%	2,6%	1,6%
AFRICA	**952 740**	**442 475**	**- 510 265**	**-54%**	**2,1%**	**1,5%**
Grand Total	**45 970 567**	**30 427 855**	**- 15 542 712**	**-34%**	**100,0%**	**100,0%**
South Africa	**176 904**	**71 308**	**- 105 596**	**-60%**	**0,4%**	**0,2%**
% South Africa to Africa	19%	16%				

Relative Size of South Africa's Domestic Air Transport Market to all African Domestic Air transport Markets

The South African scheduled domestic air transport market is the largest domestic air transport market in Africa, comprising 39% of pax traffic in all Africa's domestic markets in 2019 and 29% of pax traffic in all Africa's domestic markets in 2020. This is illustrated by table 5.2 below (compiled from ICAO Annual Passengers carried), which reflects the annual number of pax carried by the top domestic pax markets in Africa for 2019 and 2020.

Passengers carried in the top twenty African Domestic Markets are set out in table 5.2 below.

Table 5.2: Passengers carried in African Domestic Markets In 2019 and 2020 (in 1000s)

Rank on 2019	Country	2019	2020	Difference 2019 to 2020	% Decline	% of 2019	% of 2020	Rank on 2020
1	SOUTH AFRICA	131 843	55 530	76 313	-58%	39%	29%	1
2	CANARY ISLANDS	54 656	48 104	6 552	-12%	16%	25%	2
3	ETHIOPIA	26 575	16 531	10 044	-38%	8%	9%	3
4	EGYPT	22 570	6 002	16 568	-73%	7%	3%	8
5	MOROCCO	20 048	8 322	11 726	-58%	6%	4%	6
6	NIGERIA	19 150	12 102	7 048	-37%	6%	6%	4
7	ALGERIA	11 819	3 208	8 611	-73%	4%	2%	10
8	KENYA	10 108	10 410	- 302	3%	3%	6%	5
9	ANGOLA	8 971	2 102	6 869	-77%	3%	1%	12
10	UNITED OF TANZANIA	6 284	6 180	104	-2%	2%	3%	7
11	NAMIBIA	3 758	1 794	1 964	-52%	1%	1%	14
12	TUNISIA	3 473	2 036	1 437	-41%	1%	1%	13
13	CAPE VERDE	1 650	994	656	-40%	0%	1%	16
14	MOZAMBIQUE	1 635	2 467	- 832	51%	0%	1%	11
15	CAMEROON	1 457	976	481	-33%	0%	1%	17
16	MADAGASCAR	1 370	1 134	236	-17%	0%	1%	15
17	CONGO	1 243	888	355	-29%	0%	0%	18
18	BOTSWANA	1 187	395	792	-67%	0%	0%	26
19	DRC (CONGO)	1 092	365	727	-67%	0%	0%	27
20	SENEGAL	867	731	136	-16%	0%	0%	19

Source: Source: ICAO https://data.icao.int/coVID-19/operational.htm

Impact of COVID19 restriction measures on Domestic Markets

The effect of COVID19 restriction measures in South Africa caused an annual reduction of passengers of 58% (from 131 843 000 (2019) to 55 530 000 (2020)), as can be identified in the column '% Decline' in figure 5.3 above. This percentage decline is more significant than the percentage reduction than the 43% reduction experienced overall in African domestic markets.

This implies that South Africa's domestic market has in size reduced more than was the case for African domestic markets as a whole as a result of COVID19 restrictions.

However, the negative impact in some countries was however larger than in South Africa. These include Egypt (73% decline), Algeria (73% decline) Angola (73% decline) and Botswana (67% decline).

However, some African countries achieved positive growth in their domestic markets, despite the impact of COVID19 measures. Notable examples are Kenya (3% increase), Mozambique (51% increase) and a substantial rise in Seychelles (4425%).

Growth in African Domestic Markets from 2019 to 2020

Other than the general declining trend in Africa, some countries achieved growth in the domestic markets from 2019 to 2020, despite COVID19 regulations, as set out in table 5.3 below. They include Seychelles, Mozambique and Kenya.

Table 5.3: Growth in African Domestic Markets from 2019 to 20

Country	2019	2020	Rank on % Decline	% Increase	% of 2019	% of 2020
SEYCHELLES	91	4 118	1	4425%	0%	2%
UGANDA	8	117	2	1363%	0%	0%
REUNION	110	462	3	320%	0%	0%
GHANA	49	201	4	310%	0%	0%
TOGO	21	74	5	252%	0%	0%
MAURITANIA	14	38	6	171%	0%	0%
LIBERIA	14	37	7	164%	0%	0%
BURKINA FASO	95	237	8	149%	0%	0%
MAURITIUS	31	61	9	97%	0%	0%
SUDAN	359	587	10	64%	0%	0%
MOZAMBIQUE	1 635	2 467	11	51%	0%	1%
BENIN	15	22	12	47%	0%	0%
SAO TOME AND PRINCIPE	9	12	13	33%	0%	0%
GAMBIA	5	6	14	20%	0%	0%
EQUATORIAL GUINEA	203	238	15	17%	0%	0%
GABON	159	174	16	9%	0%	0%
KENYA	10 108	10 410	17	3%	3%	6%

Source: Source: ICAO https://data.icao.int/coVID-19/operational.htm

5.2 WHAT WERE THE TRENDS PRE-COVID19?

Long Term Foreign Tourist Arrival Trends

The volume of air traffic, usually measured in terms of passenger (pax) carried by airlines, is directly affected by the airlines' level of openness to enter, operate, and exist air transport markets.

This is regulated (constrained) by legislation and regulations based on an air transport policy (economic regulation) adopted in a particular country (State) and for international (cross-border) routes, by the two countries (State) in which the points of departure and destination on the route are located.

For a very long time (56 years), South Africa's transport policies, including aviation policies, were geared towards protecting the State's operation of air transport activities, South African Airways (SAA), since its acquisition from the private sector in 1934. SAA effectively enjoyed an effective monopoly in the domestic air transport market until 1990, when the domestic market was economically deregulated. Before 1990, the supplier's interest (the monopoly airline, SAA) was paramount in South African air transport policy (as a 'public enterprise').

From 1990, the domestic monopoly market (on trunk routes) was replaced by a competitive market (between suppliers (airlines)) to enable consumers to obtain the benefits of competition. Al domestic licenced airlines could choose which routes to operate, the service levels and frequency, and the pricing that could attract sufficient demand for their service offerings.

In 1992, when South Africa's international air transport market was liberalised, certain restrictive elements (barriers) of bi-lateral air service agreements (BASAs) were removed, which enabled foreign airlines (designated by the BASA partner States) to increase their frequency of weekly services and aircraft seat capacity.

National Interest became a fundamental principle of the Airlift Strategy 2006 to determine the negotiating mandates for BASAs to ensure greater alignment with government policies and strategies, particularly with the Tourism Growth Strategy.

Inbound tourism developed substantially from 2006 due to the lifting (removal) of BASA regulatory capacity constraints (through the Airlift Strategy 2006).

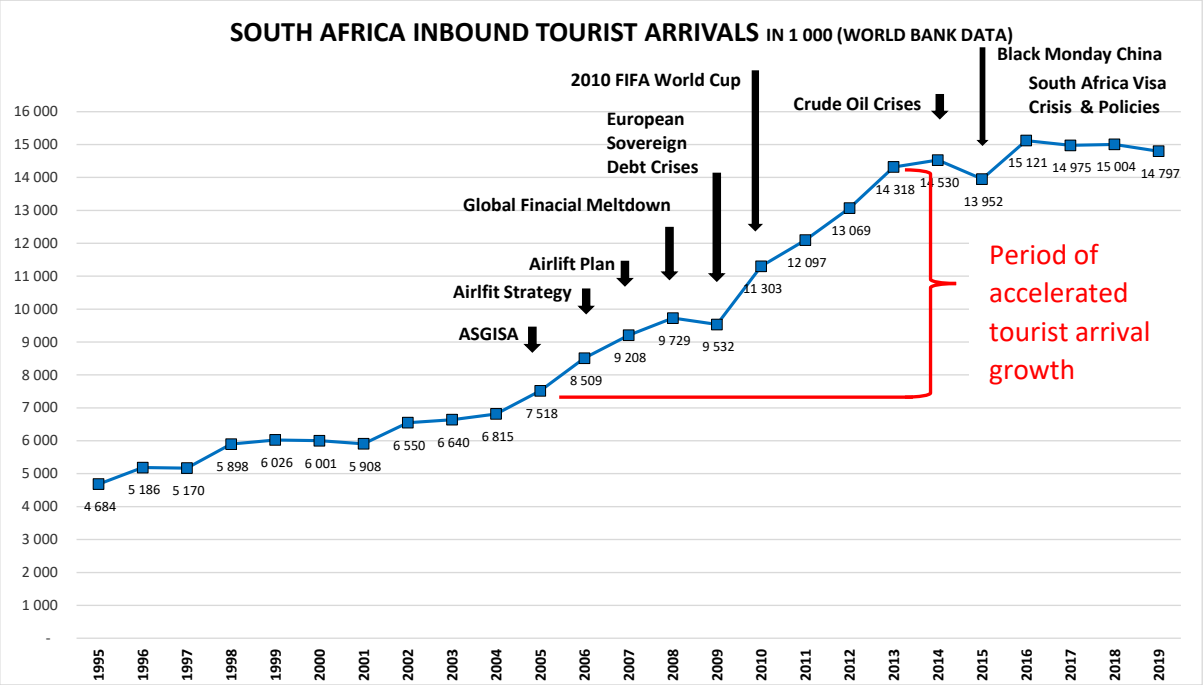
Figure 5.4 illustrates the foreign tourist arrivals and major air transport policy instruments, and some international 'black swan' events.

It is clear that, from 2005 until 2014, foreign tourist arrivals to South Africa increased substantially. Unfortunately, following two major international 'black swan' events, inbound tourist arrivals slowly started to drop off from 2016 until 2019, in which new

VISA restrictions and tourism unfriendly policies reversed the tempo of increases that resulted from more open regulatory regime.

It is clear that, even before COVID19, new policy impetus was necessary to resuscitate a higher trajectory of growth in inbound tourism, which would translate into a higher level of employment and contribute to the economy.

Figure 5.4: South Africa Inbound Tourist Arrivals In 1 000 (World Bank Data)

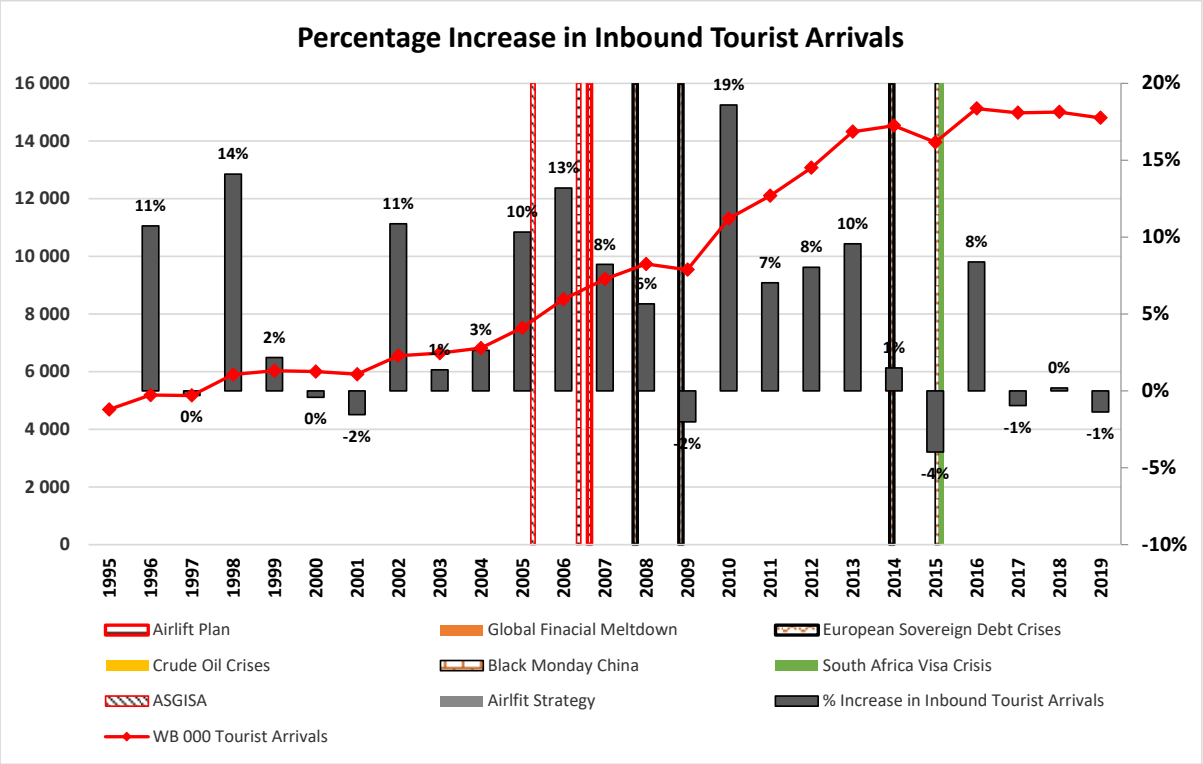


Source: Data from World Bank https://data.worldbank.org/indicator/ST.INT.ARVL

The same line curve of tourist arrivals is compared to the percentage year-on-year increases and significant policy instruments and important 'black swan events.

Apart from the decline in 2009, due to the European Sovereign Debt crisis, the salient air transport policy instruments resulted in substantial increases in inbound tourists between 2005 and the Crude Oil Crises, following which inbound tourism growth levelled out and declined in 2019, ahead of the COVID19 pandemic.

Figure 5.5: South Africa Inbound Tourist Arrivals Percentage increase



Source: Data from World Bank https://data.worldbank.org/indicator/ST.INT.ARVL

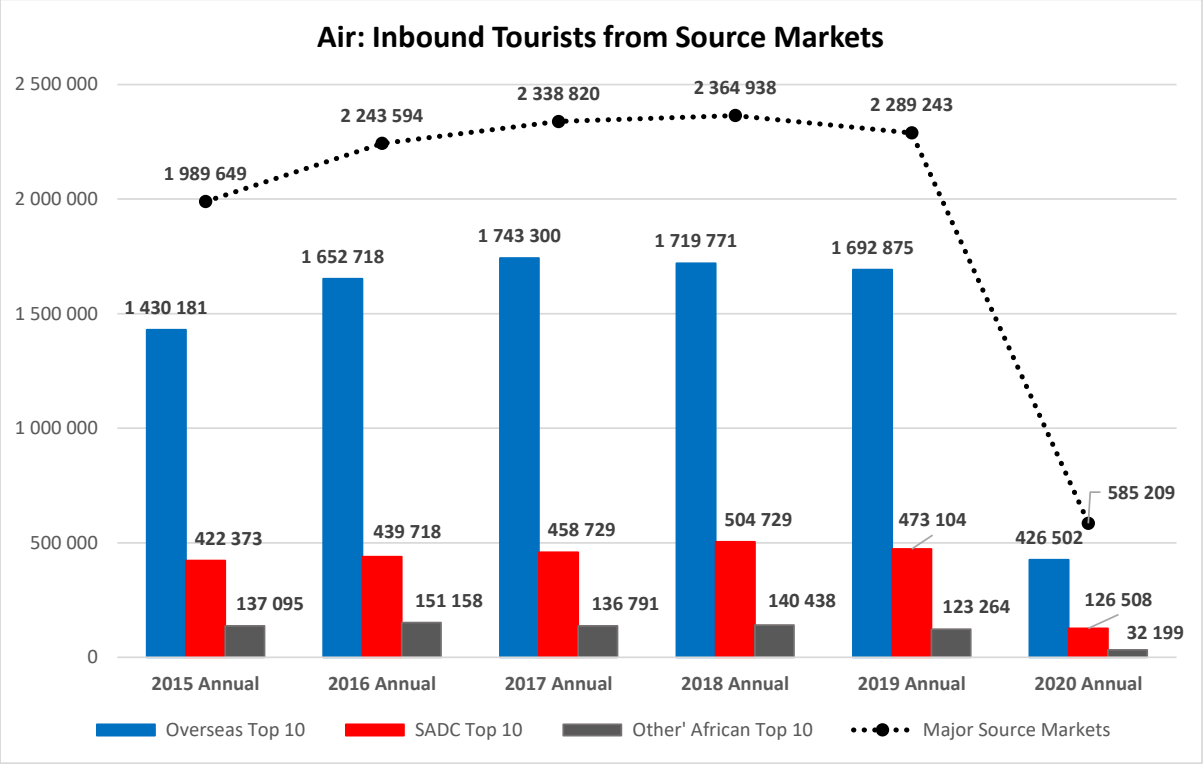
5.3 TOURIST ARRIVAL TRENDS IN THE PERIOD IMMEDIATELY PRECEDING COVID19 MEASURES

INBOUND TOURIST SOURCE MARKETS

This section analyses inbound tourists according to their source markets, classified in three geographic area groupings. The first is the top ten overseas markets (intercontinental routes normally operated by long-haul wide-body aircraft). Then the top ten SADC markets and after that, the top 10 non-SADC (other) African source markets are identified and analysed. Inbound tourists from each of the geographic areas are then analysed by figures that illustrate the numbers graphically, a table demonstrating the number of annual inbound tourists and a table which analyse the relative size (composition of each of the origin of the three main source markets, followed by a table which demonstrates the annual growth (percentage increase) or decline in the annual number of tourist arrivals, compared to the previous' year.

Inbound tourism from all these source markets clearly demonstrates a significant decline in volumes for the 2020 year. These source market also demonstrated a slight decline in 2019, prior to the impact of the COVID19 outbreak.

Figure 5.6 Air: Annual Inbound Tourists from Main Source Market Areas



Source: Data - StatsSA

Table 5.4: Geographic Origin of Inbound tourists

	2015 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Overseas Top 10	1 430 181	1 652 718	1 743 300	1 719 771	1 692 875	426 502
SADC Top 10	422 373	439 718	458 729	504 729	473 104	126 508
Other' African Top 10	137 095	151 158	136 791	140 438	123 264	32 199
Major Source Markets	**1 989 649**	**2 243 594**	**2 338 820**	**2 364 938**	**2 289 243**	**585 209**

Source: Data - StatsSA

Table 5.5 demonstrates that tourist arrivals from the top 10 overseas markets represented 73% of annual inbound tourists, whilst the top 10 SADC markets generated 22% and the top 10 non-SADC (other) African source markets only 6% of inbound tourists. These relationships have been very stable over the 2015 to 2020 period, irrespective on the actual growth or declines in inbound tourists.

Table 5.5: Percentage composition of the three main source origin areas

% Composition of Source Markets	2015 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Overseas Top 10	72%	74%	75%	73%	74%	73%
SADC Top 10	21%	20%	20%	21%	21%	22%
Other' African Top 10	7%	7%	6%	6%	5%	6%
Major Source Markets	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Data - StatsSA

Table 5.6 demonstrates the percentage increases (and decreases) of inbound tourists from all three main source origin areas. In the last year (2020) the three groupings experienced similar percentage declines (73% to 75%). In 2019 all three areas also experienced declines, although at different rates of declines. In 2016 all three areas also experienced growth, although at different rates. The Overseas top 10 source markets however outpaced the SADC and Other African source markets. Divergent rates of growth and declines were experienced during 2017 and 2018.

Table 5.6: Percentage increase of the three main source origin areas

% Annual increase of Source Markets		2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Overseas Top 10		16%	5%	-1%	-2%	-75%
SADC Top 10		4%	4%	10%	-6%	-73%
Other' African Top 10		10%	-10%	3%	-12%	-74%
Major Source Markets		**13%**	**4%**	**1%**	**-3%**	**-74%**

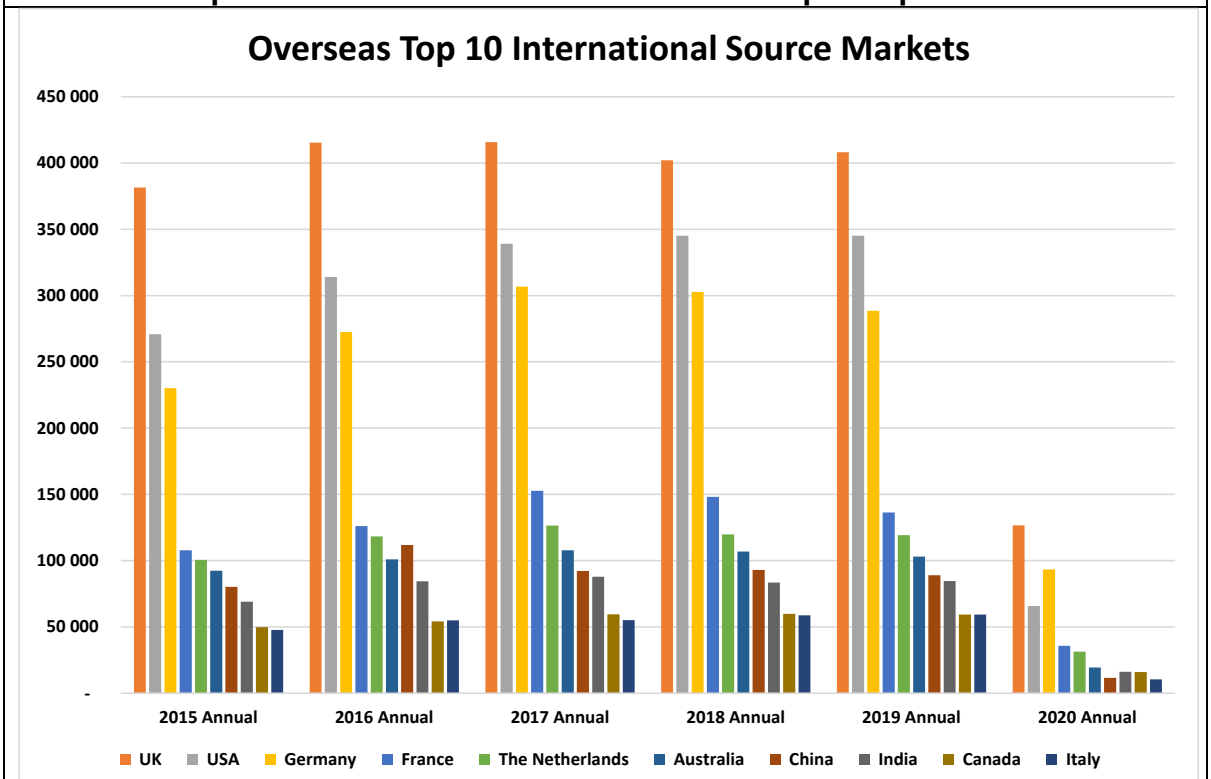
Source: Data - StatsSA

Air: Inbound Tourist Arrivals: Intercontinental Source Markets

Figure 5.7 and 5.8 illustrates the top ten overseas source markets, of which the data is analysed in table 5.7 and 5.8. The dominance of the three origin markets the UK, the USA and Germany is clearly illustrated in figure 5.7.

Figure 5.7: Overseas Top 10

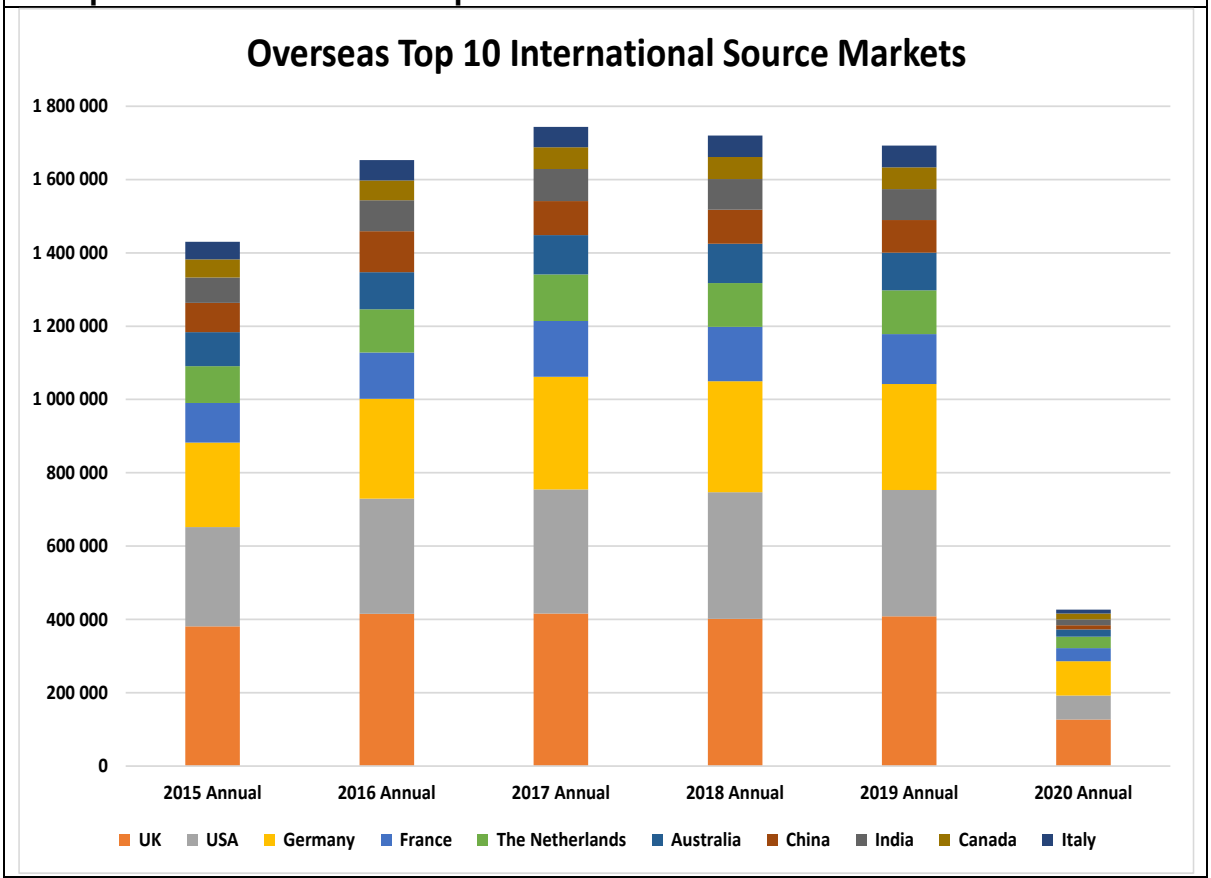
Overseas Top 10 International Source Markets Compared per Annum



Source: Data - StatsSA

Figure 5.8: Overseas Top 10 International Source Markets

Composition of Overseas Top 10 International Source Markets



Source: Data - StatsSA

Table 5.7: Overseas Top 10 - Data

	2015 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Overseas Top 10	**1 430 181**	**1 652 718**	**1 743 300**	**1 719 771**	**1 692 875**	**426 502**
UK	381 446	415 334	415 764	401 943	408 195	126 700
USA	270 873	314 003	339 051	345 102	345 196	65 752
Germany	230 105	272 467	306 795	302 763	288 433	93 435
France	107 920	126 108	152 649	148 137	136 436	35 764
The Netherlands	100 539	118 379	126 535	119 831	119 162	31 477
Australia	92 526	101 073	107 758	106 824	103 044	19 336
China	80 181	111 740	92 327	92 998	89 070	11 530
India	69 118	84 385	87 792	83 559	84 727	16 152
Canada	49 783	54 200	59 511	59 923	59 318	15 914
Italy	47 690	55 029	55 118	58 691	59 294	10 442

Source: Data - StatsSA

The UK generated between 23% and 30% of the top ten overseas markets. The USA represented 19% to 20% which reduced to only 15% during 2020. Germany's generation increased from 15% to 17% and to 22% in 2020.

Table 5.8: Overseas Top 10 – Data Analysis

	% Composition of Total of Each Grouping						% Increase				
	2015 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Overseas Top 10	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**16%**	**5%**	**-1%**	**-2%**	**-75%**
UK	27%	25%	24%	23%	24%	30%	9%	0%	-3%	2%	-69%
USA	19%	19%	19%	20%	20%	15%	16%	8%	2%	0%	-81%
Germany	16%	16%	18%	18%	17%	22%	18%	13%	-1%	-5%	-68%
France	8%	8%	9%	9%	8%	8%	17%	21%	-3%	-8%	-74%
The Netherlands	7%	7%	7%	7%	7%	7%	18%	7%	-5%	-1%	-74%
Australia	6%	6%	6%	6%	6%	5%	9%	7%	-1%	-4%	-81%
China	6%	7%	5%	5%	5%	3%	39%	-17%	1%	-4%	-87%
India	5%	5%	5%	5%	5%	4%	22%	4%	-5%	1%	-81%
Canada	3%	3%	3%	3%	4%	4%	9%	10%	1%	-1%	-73%
Italy	3%	3%	3%	3%	4%	2%	15%	0%	6%	1%	-82%

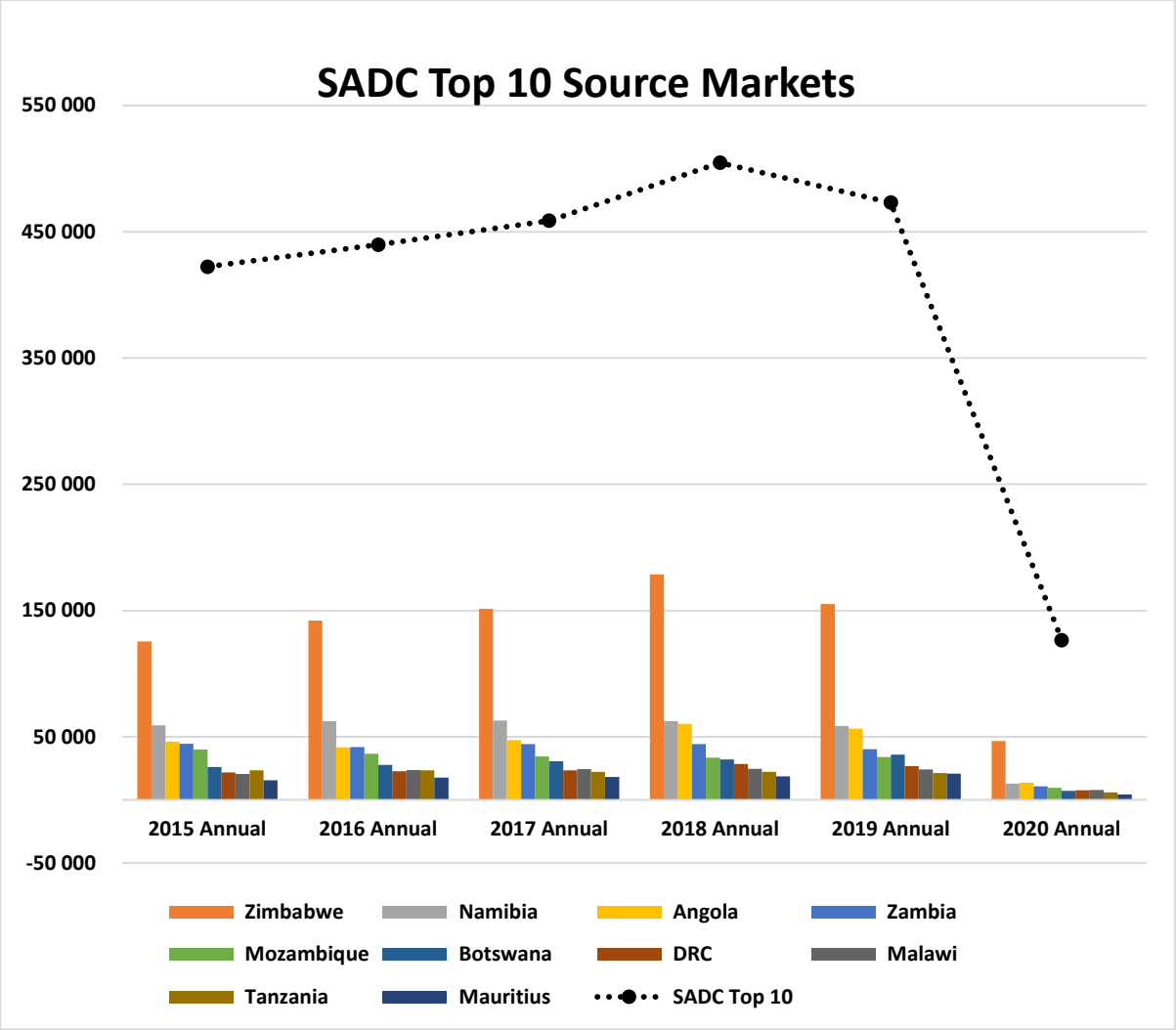
Source: Data - StatsSA

Air: Inbound Tourist Arrivals: Top SADC Source Markets

Figure 5.9 and 5.10 illustrates the top SADC source markets, of which the data is analysed in table 5.9 and 5.10. The dominance of the three origin markets Zimbabwe, Namibia and Angola clearly illustrated in figure 5.9 and 5.10.

Figure 5.9: SADC Top 10

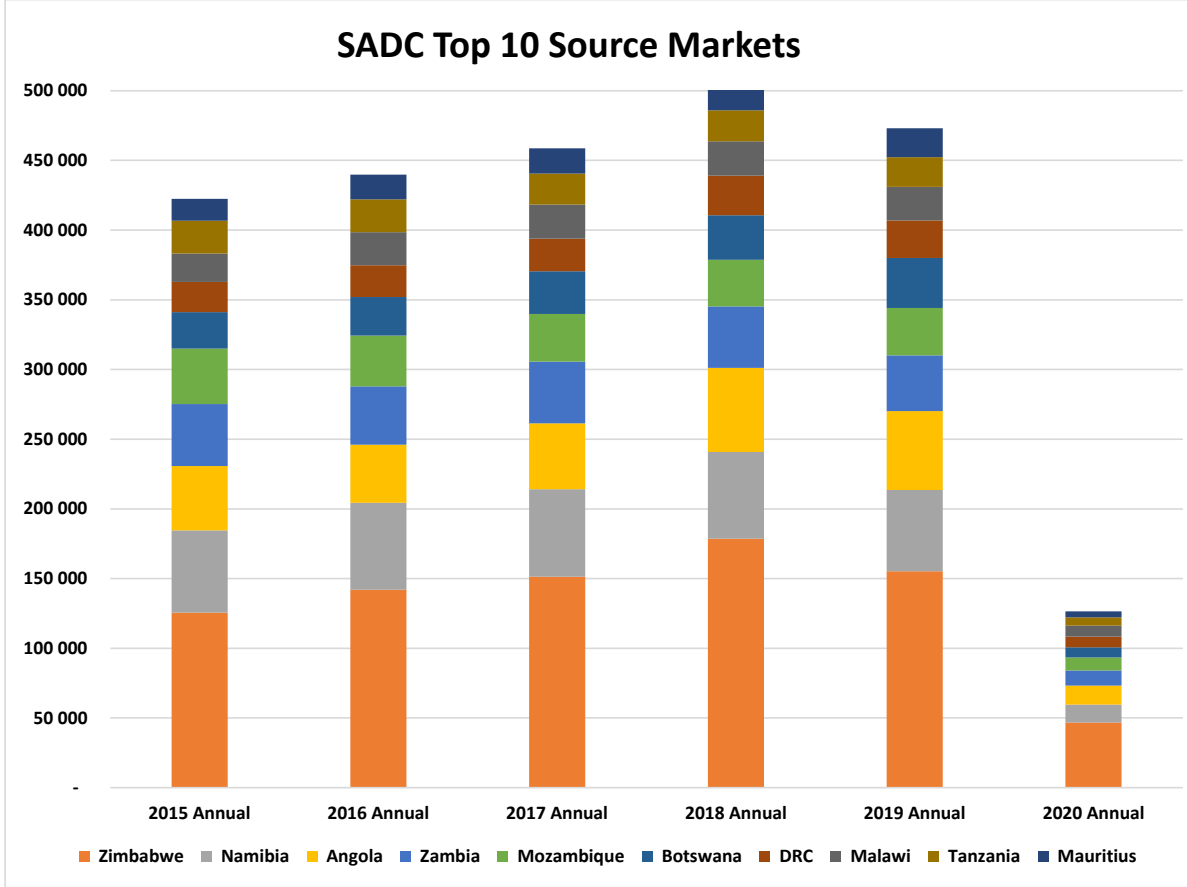
SADC Top 10 Source Markets Compared per Annum



Source: Data - StatsSA

Figure 5.10: SADC Top 10 Source Markets

Composition of SADC Top 10 Source Markets



Source: Data - StatsSA

Table 5.9: SADC Top 10 Source Markets – Data

	2015 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
SADC Top 10	**422 373**	**439 718**	**458 729**	**504 729**	**473 104**	**126 508**
Zimbabwe	125 500	141 976	151 292	178 542	155 205	46 710
Namibia	59 009	62 455	62 754	62 272	58 437	12 811
Angola	46 195	41 580	47 364	60 321	56 442	13 685
Zambia	44 470	41 852	44 226	44 176	40 151	10 812
Mozambique	39 794	36 544	34 295	33 333	33 887	9 472
Botswana	26 144	27 676	30 521	32 040	35 895	7 256
DRC	21 741	22 748	23 412	28 418	26 856	7 602
Malawi	20 423	23 633	24 436	24 604	24 081	7 792
Tanzania	23 512	23 506	22 207	22 311	21 288	6 026
Mauritius	15 585	17 748	18 222	18 712	20 862	4 342

Source: Data - StatsSA

Table 5.10: SADC Top 10 Source Markets – Data Analysis

Zimbabwe generated between 30% and 37% of the top ten overseas markets. Namibia represented 10% to 14% which reduced to 10% during 2020. Angola generated about 11% of the SADC top ten source markets.

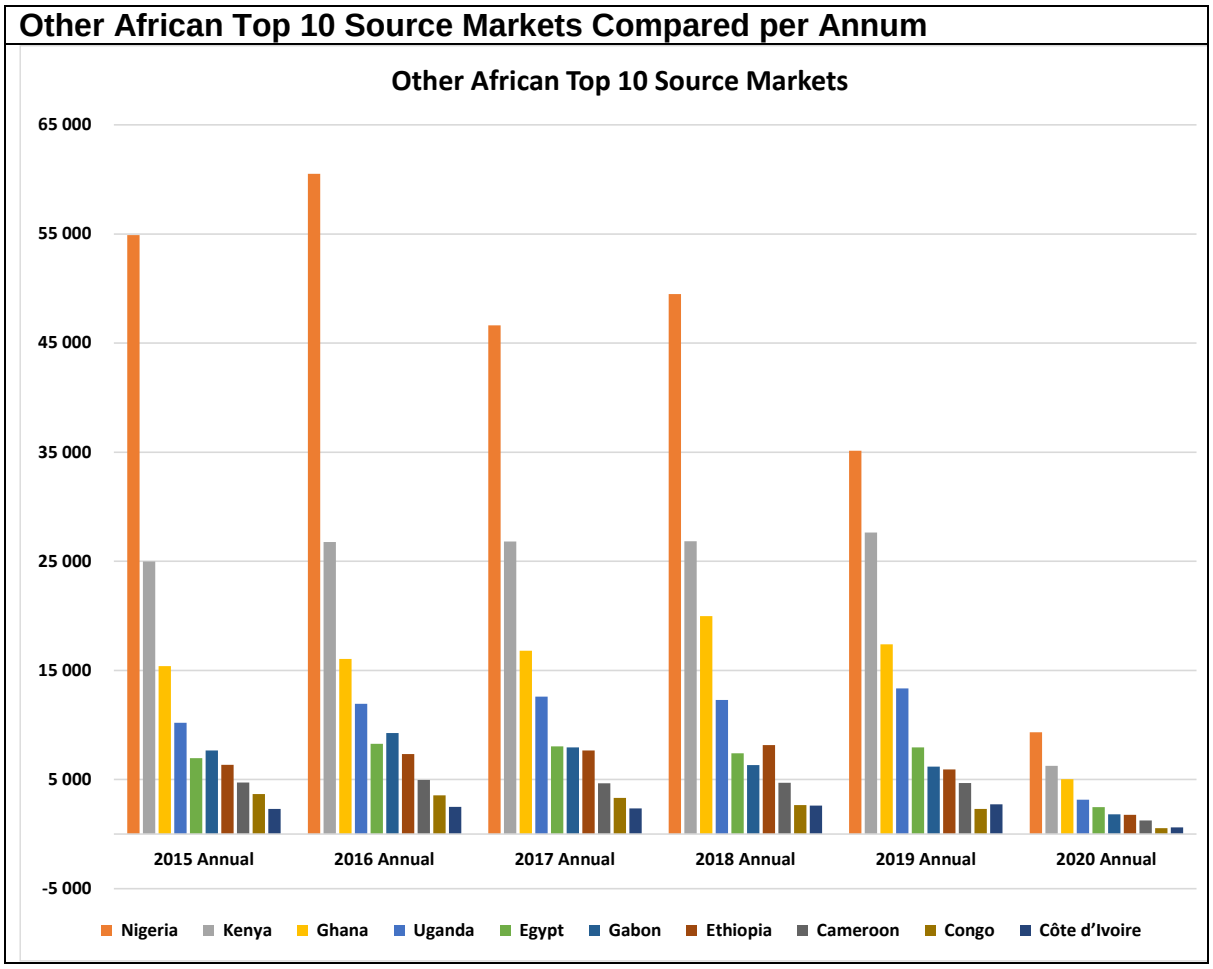
	% Composition of Total of Each Grouping						% Increase				
	2015 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
SADC Top 10	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**4%**	**4%**	**10%**	**-6%**	**-73%**
Zimbabwe	30%	32%	33%	35%	33%	37%	13%	7%	18%	-13%	-70%
Namibia	14%	14%	14%	12%	12%	10%	6%	0%	-1%	-6%	-78%
Angola	11%	9%	10%	12%	12%	11%	-10%	14%	27%	-6%	-76%
Zambia	11%	10%	10%	9%	8%	9%	-6%	6%	0%	-9%	-73%
Mozambique	9%	8%	7%	7%	7%	7%	-8%	-6%	-3%	2%	-72%
Botswana	6%	6%	7%	6%	8%	6%	6%	10%	5%	12%	-80%
DRC	5%	5%	5%	6%	6%	6%	5%	3%	21%	-5%	-72%
Malawi	5%	5%	5%	5%	5%	6%	16%	3%	1%	-2%	-68%
Tanzania	6%	5%	5%	4%	4%	5%	0%	-6%	0%	-5%	-72%
Mauritius	4%	4%	4%	4%	4%	3%	14%	3%	3%	11%	-79%

Source: Data - StatsSA

Air: Inbound Tourist Arrivals: Top Other African Top 10 Source Markets

Figure 5.11 and 5.12 clearly demonstrate Nigeria's importance as a source for inbound tourists of the other African top ten source markets. Kenya and Ghana as source markets follow-on Nigeria as source markets.

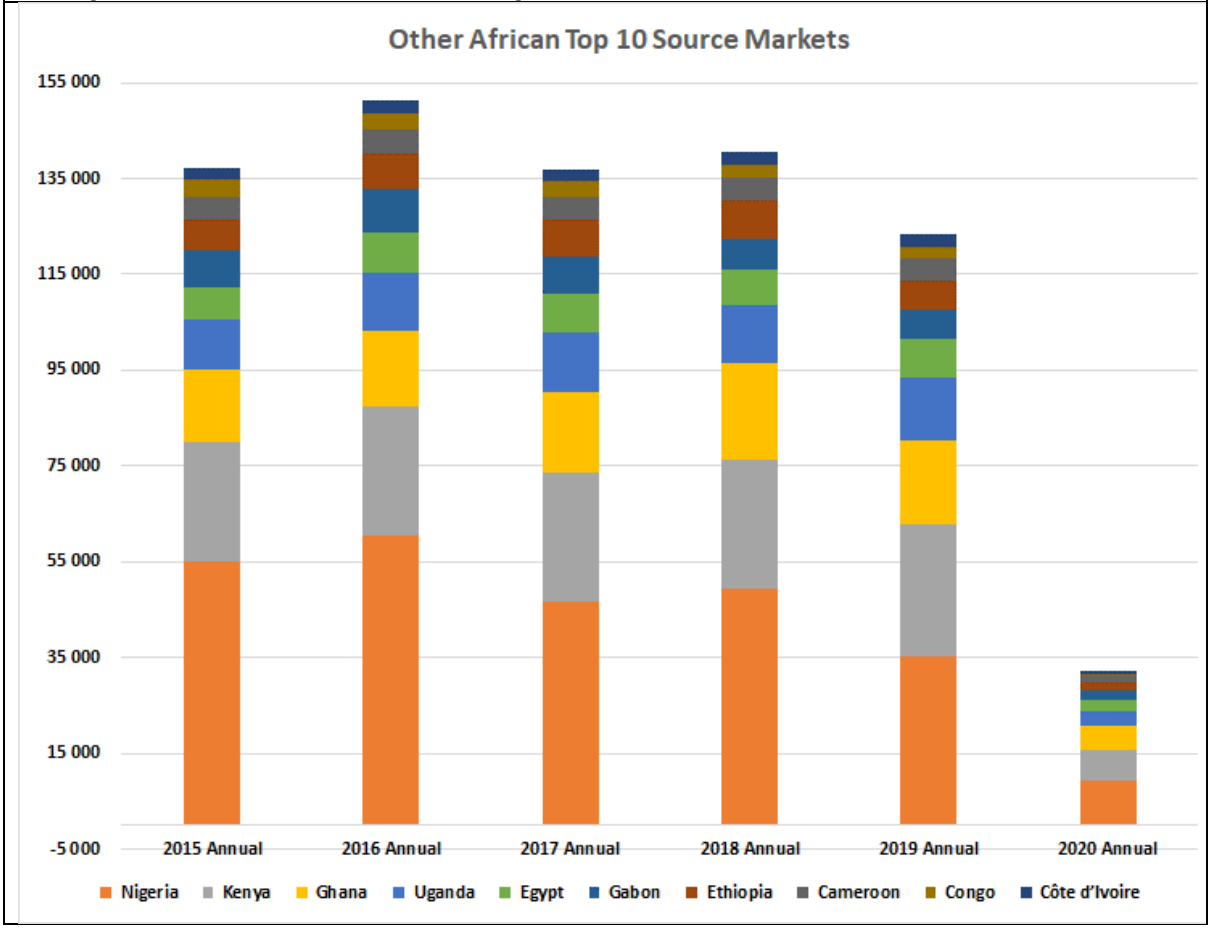
Figure 5.11: Other African Top 10 Source Markets Compared per Annum



Source: Data - StatsSA

Figure 5.12: Other African Top 10 Source Markets

Composition of Other African Top 10 Source Markets



Source: Data - StatsSA

Table 5.11: Other African Top 10 Source Markets – Data

	2015 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Other African Top 10	**137 095**	**151 158**	**136 791**	**140 438**	**123 264**	**32 199**
Nigeria	54 900	60 522	46 620	49 485	35 127	9 331
Kenya	24 977	26 775	26 811	26 843	27 640	6 260
Ghana	15 390	16 057	16 810	19 984	17 388	5 027
Uganda	10 199	11 939	12 599	12 280	13 357	3 146
Egypt	6 954	8 281	8 043	7 396	7 936	2 469
Gabon	7 653	9 262	7 941	6 331	6 188	1 815
Ethiopia	6 347	7 329	7 658	8 156	5 913	1 767
Cameroon	4 712	4 959	4 651	4 689	4 680	1 237
Congo	3 664	3 537	3 301	2 662	2 308	542
Côte d'Ivoire	2 299	2 497	2 357	2 612	2 727	605

Source: Data - StatsSA

Inbound tourists from Nigeria initially generated 40% of the traffic in 2015 and 2016 as is evident from table 5.12. However, tourism traffic reduced substantially (by 29%) in 2019, before COVID19. Traffic from all source markets declined in the 70% in 2020, with the smaller generating source markets more than 70%. Inbound tourists from Kenya

Table 5.12: Other African Top 10 Source Markets – Data Analysis

	% Composition of Total of Each Grouping						% Increase (Decrease)				
	2015 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Other African Top 10	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**10%**	**-10%**	**3%**	**-12%**	**-74%**
Nigeria	40%	40%	34%	35%	28%	29%	10%	-23%	6%	-29%	-73%
Kenya	18%	18%	20%	19%	22%	19%	7%	0%	0%	3%	-77%
Ghana	11%	11%	12%	14%	14%	16%	4%	5%	19%	-13%	-71%
Uganda	7%	8%	9%	9%	11%	10%	17%	6%	-3%	9%	-76%
Egypt	5%	5%	6%	5%	6%	8%	19%	-3%	-8%	7%	-69%
Gabon	6%	6%	6%	5%	5%	6%	21%	-14%	-20%	-2%	-71%
Ethiopia	5%	5%	6%	6%	5%	5%	15%	4%	7%	-28%	-70%
Cameroon	3%	3%	3%	3%	4%	4%	5%	-6%	1%	0%	-74%
Congo	3%	2%	2%	2%	2%	2%	-3%	-7%	-19%	-13%	-77%
Côte d'Ivoire	2%	2%	2%	2%	2%	2%	9%	-6%	11%	4%	-78%

Source: Data - StatsSA

GATEWAY (ENTRY AIRPORT) OF INBOUND TOURIST SOURCE MARKETS

This section analyses the airports through which inbound tourists enter South Africa. The main gateways are:

- 01 Cape Town International Airport
- 02 King Shaka International Airport
- 03 Oliver Tambo International Airport

Entry through other airports are all grouped under the heading: 04 Other Airports. Figure 5.13 illustrates the inbound traffic volumes per airport. It also demonstrates the dominance of Oliver Tambo International Airport for inbound tourists.. However, inbound tourism already declined prior to COVID19.

Figure 5.13 Air: annual inbound tourist arrivals per gateway (main airport)

Air: Inbound Tourists on Direct Flights to South Africa of each Airport of Entry (StatsSA)

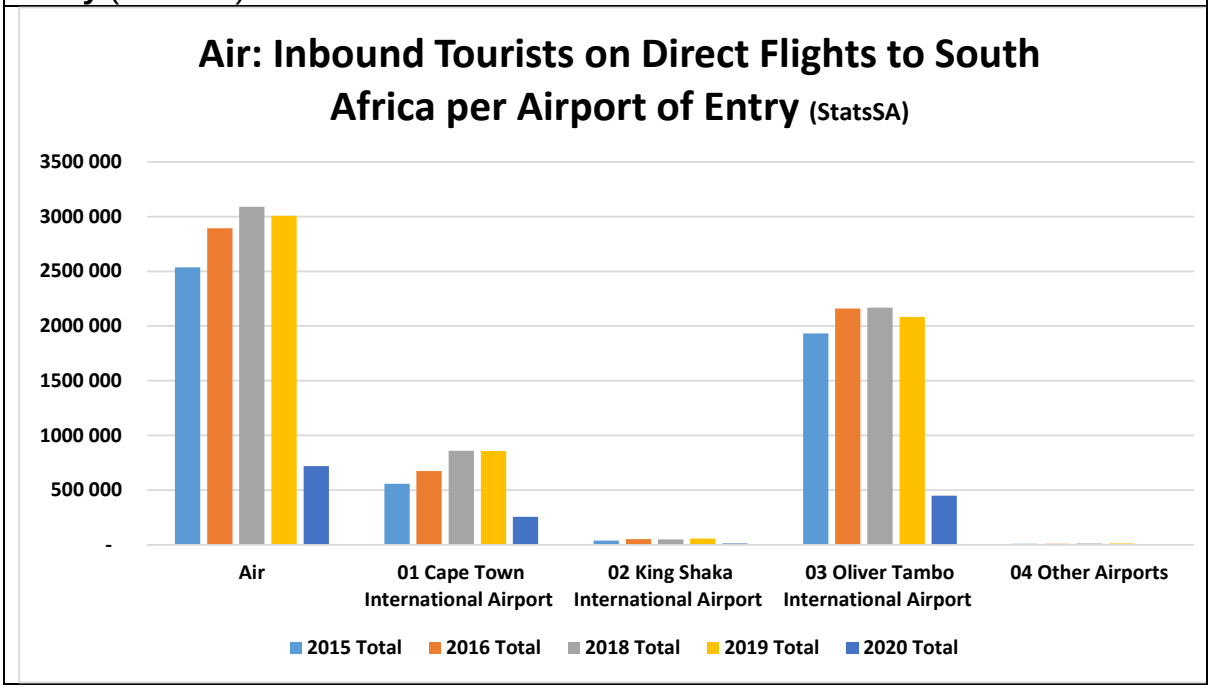


Figure 5.13 illustrates the inbound traffic volumes per specific year, overall as well as per airport.

Figure 5.14: Inbound Tourists on Direct Flights to South Africa per Airport of Entry

Air: Inbound Tourists on Direct Flights to South Africa per Airport of Entry (StatsSA)

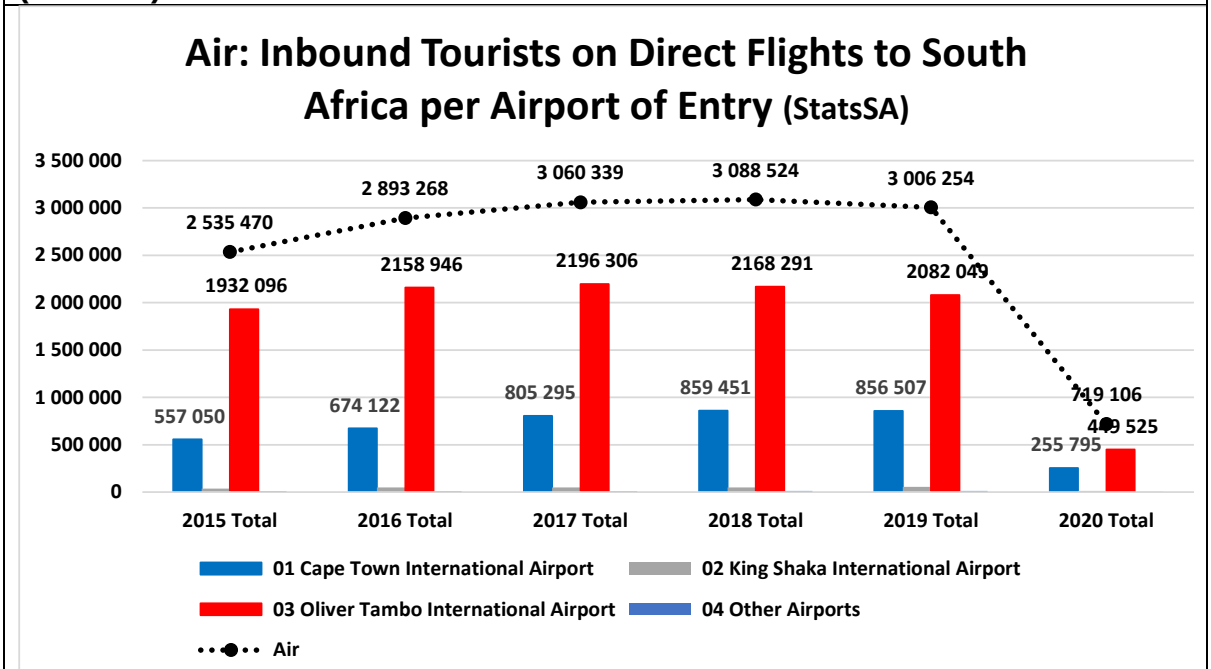


Table 5.13 Air: Inbound Tourists on Direct Flights to South Africa per Airport of Entry - Data

	Air	01 Cape Town International Airport	02 King Shaka International Airport	03 Oliver Tambo International Airport	04 Other Airports
2015 Total	2 535 470	557 050	37 162	1 932 096	9 162
2016 Total	2 893 268	674 122	50 499	2 158 946	9 701
2017 Total	3 060 339	805 295	48 593	2 196 306	10 145
2018 Total	3 088 524	859 451	49 041	2 168 291	11 741
2019 Total	3 006 254	856 507	56 019	2 082 049	11 679
2020 Total	719 106	255 795	11 921	449 525	1 865

Table 5.14 demonstrates the share of inbound Tourists through each airport.

Table 5.14: Percentage share of inbound Tourists on Direct Flights via Airport of Entry (StatsSA) per Airport

	Air	01 Cape Town International Airport	02 King Shaka International Airport	03 Oliver Tambo International Airport	04 Other Airports
2015 Total	100%	22%	1%	76%	0%
2016 Total	100%	23%	2%	75%	0%
2017 Total	100%	26%	2%	72%	0%
2018 Total	100%	28%	2%	70%	0%
2019 Total	100%	28%	2%	69%	0%
2020 Total	100%	36%	2%	63%	0%
	100%	26%	2%	72%	0%

Figure 5.15 illustrates the percentage share of inbound traffic through each airport. The largest port of entry, Oliver Tambo International Airport's share of inbound traffic reduced from 76% in 2015 to 69% in 2019 and to 63% during the COVID19 period of 2020. Cape Town International Airport's share of inbound traffic increased from 22% in 2015 to 28% in 2019 and to 36% during the COVID19 period of 2020.

Figure 5.15 Air: percentage composition of inbound tourists on direct flights via airport of entry (stats sa)

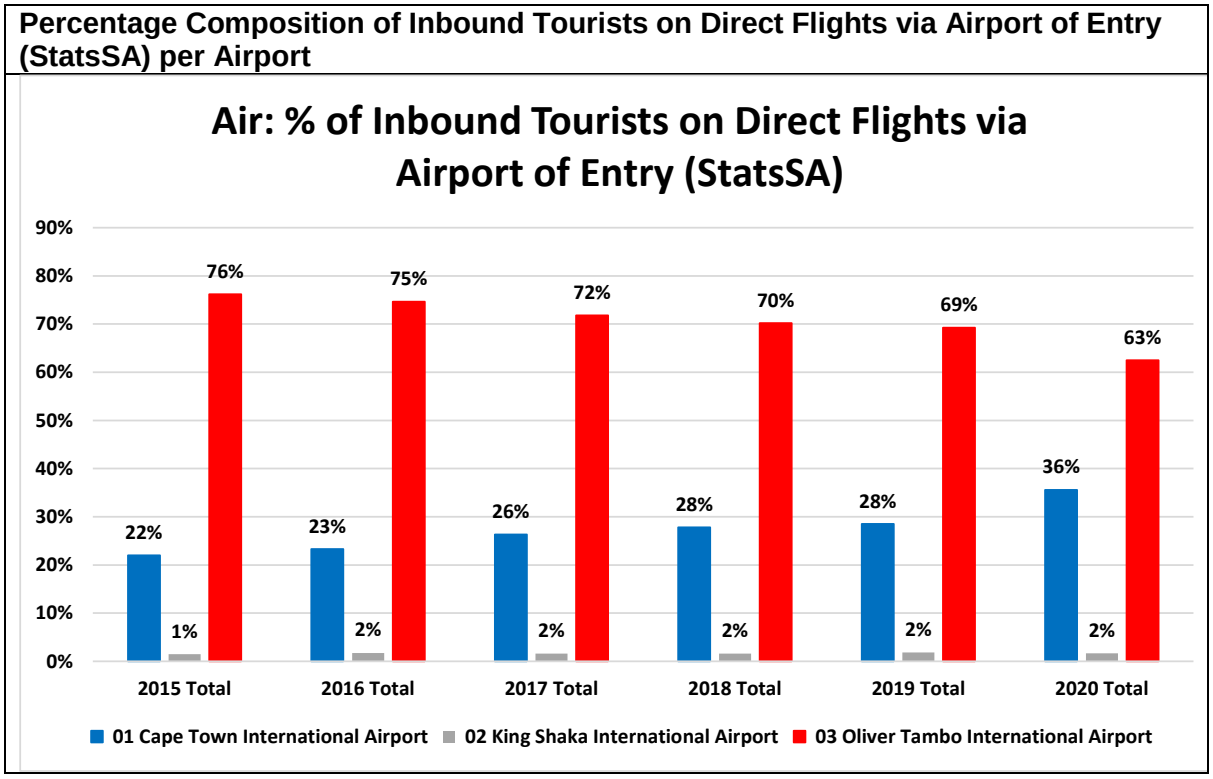


Figure 5.16 illustrates the abovementioned conclusion clearly per airport. The largest port of entry, Oliver Tambo International Airport's share of inbound traffic reduced from 76% in 2015 to 69% in 2019 and to 63% during the COVID19 period of 2020. Cape Town International Airport's share of inbound traffic increased from 22% in 2015 to 28% in 2019 and to 36% during the COVID19 period of 2020.

Figure 5.16: Inbound Tourists on Direct Flights via Airport of Entry (StatsSA) per Airport

Figure 5.16 illustrates the abovementioned conclusion clearly per airport. The largest port of entry, Oliver Tambo International Airport's share of inbound traffic reduced from 76% in 2015 to 69% in 2019 and to 63% during the COVID19 period of 2020. Cape Town International Airport's share of inbound traffic increased from 22% in 2015 to 28% in 2019 and to 36% during the COVID19 period of 2020.

Percentage Composition of Inbound Tourists on Direct Flights via Airport of Entry (StatsSA) per Airport

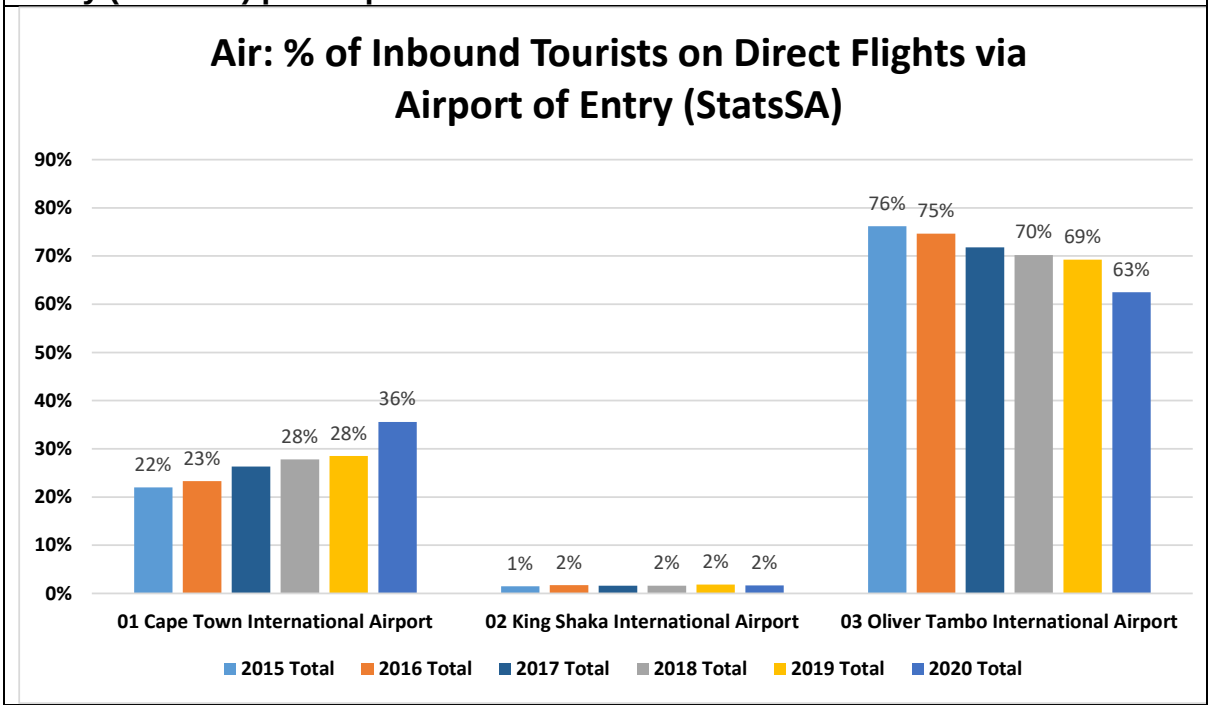


Figure 5.18 illustrates the percentage Increase in inbound tourists on direct flights via airport of entry. Inbound tourists at the smaller airports, Cape Town and King Shaka increased substantially over the period 2016 to 2019. The percentage decline in 2020 were in excess of 70%.

Figure 5.17: Percentage Increase in Inbound Tourists on Direct Flights via Airport of Entry

Percentage Increase in Inbound Tourists on Direct Flights via Airport of Entry

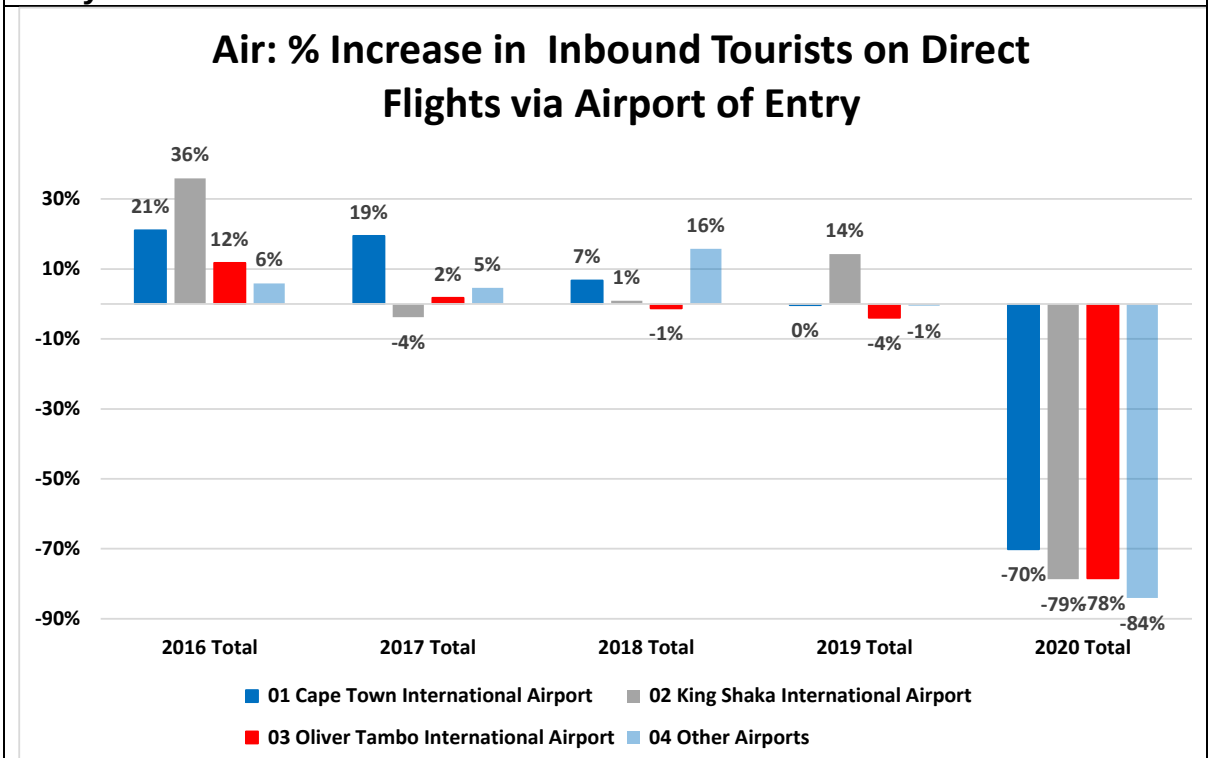


Table 5.15: Percentage increase in Inbound Tourists on Direct Flights via Airport of Entry

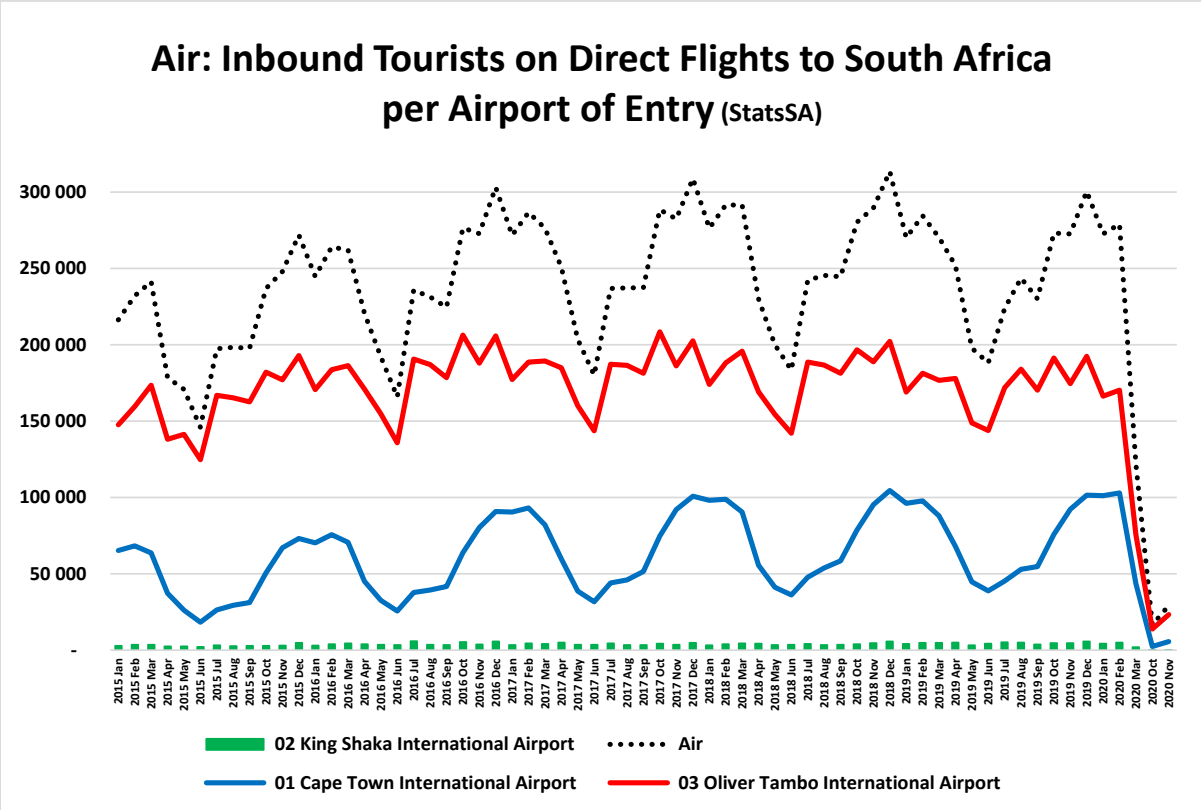
	Air	01 Cape Town International Airport	02 King Shaka International Airport	03 Oliver Tambo International Airport	04 Other Airports
2015 Total					
2016 Total	14%	21%	36%	12%	6%
2017 Total	6%	19%	-4%	2%	5%
2018 Total	1%	7%	1%	-1%	16%
2019 Total	-3%	0%	14%	-4%	-1%
2020 Total	-76%	-70%	-79%	-78%	-84%

Air: Monthly Inbound Tourist Arrivals Per Gateway (Main Airport)

Inbound on direct flights to South Africa per airport of entry on a monthly basis is set out in figure 5.19. The salient conclusions are as follows.

- Inbound tourists through ORTIA are higher than at Cape Town.
- However, inbound traffic through Cape Town is demonstrating large seasonal swings monthly
- At ORTIA, slight monthly variations (zigzags) are seasonally followed by sharp downturns.
- Inbound traffic through both main airports experienced a substantial decline due to COVID19 travel restrictions in 2020.

Figure 5.18 Air inbound on direct flights to South Africa per airport of entry



5.4 IMPACT OF COVID19 RESTRICTIONS ON TRENDS

Inbound traffic through the three main airports were in a declining trend during 2019, prior to the COCID19 pandemic, and experienced a substantial decline due to COVID19 travel restrictions in 2020.

Conclusions on the percentages increase and decrease at each of the geographic origin area

The conclusions with regard to the three geographic areas are set out next to the underlying numeric data in ta le 5.16.

Table 5.16: Percentage increase of the three main source origin areas

Annual % Increase (Decrease)	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Overseas Top 10	16%	5%	-1%	-2%	-75%
SADC Top 10	4%	4%	10%	-6%	-73%
Other' African Top 10	10%	-10%	3%	-12%	-74%
Major Source Markets	**13%**	**4%**	**1%**	**-3%**	**-74%**

- Overseas Top10 already 1% down in 2018
- Slight average declines (2% to 12%) already visible in the 2019 year
- Significant average decline (73% to 74%) in the 2020 calendar year

Source: Data - StatsSA

Percentage Annual Increase and Decrease of the three main source airports in each origin areas

The conclusions with regard to the source countries of the overseas top ten source markets are set out next to the underlying numeric data in table 5.17.

Table 5.17: Percentage Increase and Decrease from Overseas Top 10 source markets

	% Increase (Decrease)				
	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
Overseas Top 10	**16%**	**5%**	**-1%**	**-2%**	**-75%**
UK	9%	0%	-3%	2%	-69%
USA	16%	8%	2%	0%	-81%
Germany	18%	13%	-1%	-5%	-68%
France	17%	21%	-3%	-8%	-74%
The Netherlands	18%	7%	-5%	-1%	-74%
Australia	9%	7%	-1%	-4%	-81%
China	39%	-17%	1%	-4%	-87%
India	22%	4%	-5%	1%	-81%
Canada	9%	10%	1%	-1%	-73%
Italy	15%	0%	6%	1%	-82%

- Slight average decline (2% to 8%) already visible in the 2019 year
- Significant average decrease (74% to 82%) in the 2020 calendar year

Source: Data - StatsSA

Table 5.18: Percentage Increase and Decrease from SADC Top 10 source markets

The conclusions with regard to the source countries of the SADC top ten source markets are set out next to the underlying numeric data in table 5.17.

	% Increase (Decrease)				
	2016 Annual	2017 Annual	2018 Annual	2019 Annual	2020 Annual
SADC Top 10	**4%**	**4%**	**10%**	**-6%**	**-73%**
Zimbabwe	13%	7%	18%	-13%	-70%
Namibia	6%	0%	-1%	-6%	-78%
Angola	-10%	14%	27%	-6%	-76%
Zambia	-6%	6%	0%	-9%	-73%
Mozambique	-8%	-6%	-3%	2%	-72%
Botswana	6%	10%	5%	12%	-80%
DRC	5%	3%	21%	-5%	-72%
Malawi	16%	3%	1%	-2%	-68%
Tanzania	0%	-6%	0%	-5%	-72%
Mauritius	14%	3%	3%	11%	-79%

- Slight average decline (2% to 13%) already visible in the 2019 year
- However, some source markets grew in the 2019 year (Mozambique (2%); Mauritius (11%) and Botswana (12%)
- Significant average decline (73% to 80%) in the 2020 calendar year

Source: Data - StatsSA

The conclusions with regard to the source countries of the other African top ten source markets are set out next to the underlying numeric data in table 5.19.

Table 5.19: Percentage Increase and Decrease from Other African Top 10 source markets

	% Increase (Decrease)				
Other African Top 10	**10%**	**-10%**	**3%**	**-12%**	**-74%**
Nigeria	10%	-23%	6%	-29%	-73%
Kenya	7%	0%	0%	3%	-77%
Ghana	4%	5%	19%	-13%	-71%
Uganda	17%	6%	-3%	9%	-76%
Egypt	19%	-3%	-8%	7%	-69%
Gabon	21%	-14%	-20%	-2%	-71%
Ethiopia	15%	4%	7%	-28%	-70%
Cameroon	5%	-6%	1%	0%	-74%
Congo	-3%	-7%	-19%	-13%	-77%
Côte d'Ivoire	9%	-6%	11%	4%	-78%

- Slight average decline (2% to 29%(Nigeria)) already visible in the 2019 year
- However, some source markets grew in in the 2019 year (Kenya (3%); Uganda (9%); Egypt (7%); Cote d'Ivoire (4%)
- Significant average decline (73% to 80%) in the 2020 calendar year

Source: Data - StatsSA

The conclusions with regard to the three gateway airports are set out next to the underlying numeric data in table 5.20.

Table 5.20: Percentage increase (decrease) of the main gateway entry airports

	2016 Total	2017 Total	2018 Total	2019 Total	2020 Total
Air	14%	6%	1%	-3%	-76%
01 Cape Town International Airport	21%	19%	7%	0%	-70%
02 King Shaka International Airport	36%	-4%	1%	14%	-79%
03 Oliver Tambo International Airport	12%	2%	-1%	-4%	-78%
04 Other Airports	6%	5%	16%	-1%	-84%

Concluding Comments:

- In 2016 the three major gateway airports experienced double-digit growth. King Shaka International Airport (DUR) was exceptional with a 36% increase in pax, whilst Cape Town International Airport (CPT) achieved a 21% increase in pax, whilst Oliver Tambo International Airport (JNB) increased by 12%
- In 2017 Cape Town International Airport (CPT) experienced double-digit growth of 19%.
- In 2018, pax growth at all three gateway airports reduced to between 1% and 7%.
- Foreign tourist arrivals increased via King Shaka International Airport (DUR) increased by 14%, in 2019 whilst such arrivals at Cape Town International Airport (CPT) and Oliver Tambo International Airport (JNB) declined by 3% and 4%.

- Significant average declines (70% to 84%) were experienced in the 2020 calendar year through all three gateway airports.
- The monthly percentage declines are steeper than the annual percentage declines
- The annual percentage declines include the first months of the 2020 year, which were not affected by COVID19. These months were followed by a profound percentage declines in the following months, substantially more than the average decline for the year.

Capacity: Scheduled Seats Produced by Airlines (Percentage Change year-over-year)

The percentage decline in seat production globally, in particular countries and South Africa is set out in table 5.21 and figures 5.20 and 5.21 below. The numbers compare each month to the equivalent month in the previous year, i.e., January 2021 versus January 2020.

Table 5.21: Global Scheduled Seats Percentage Change year-over-year

	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Global	**-5,0%**	**-18,9%**	**-67,2%**	**-70,1%**	**-66,6%**	**-55,1%**	**-49,4%**	**-50,1%**	**-48,4%**	**-48,0%**	**-45,9%**	**-48,3%**
Australia	0,4%	-10,6%	-87,5%	-90,7%	-87,3%	-82,4%	-82,2%	-80,9%	-79,1%	-74,4%	-54,3%	-60,7%
Brazil	2,4%	-7,4%	-91,0%	-91,7%	-86,2%	-78,1%	-71,1%	-60,1%	-51,4%	-44,0%	-38,4%	-35,5%
China	-50,0%	-41,5%	-45,9%	-31,2%	-22,0%	-17,0%	-9,4%	-4,4%	-1,1%	-3,6%	-4,2%	-14,4%
France	4,6%	-19,1%	-91,2%	-91,9%	-88,4%	-64,0%	-49,8%	-56,0%	-61,4%	-75,0%	-66,7%	-64,6%
Germany	-2,6%	-33,6%	-92,5%	-90,0%	-87,7%	-72,1%	-64,0%	-67,0%	-70,1%	-79,5%	-80,2%	-82,0%
India	9,5%	0,7%	-65,6%	-53,8%	-69,1%	-57,1%	-62,3%	-54,7%	-47,6%	-44,1%	-36,9%	-32,1%
Japan	0,6%	-18,6%	-46,0%	-49,6%	-49,0%	-43,0%	-39,4%	-46,7%	-46,4%	-44,5%	-42,7%	-48,2%
Mexico	11,6%	0,1%	-57,2%	-83,5%	-64,0%	-51,8%	-50,5%	-41,1%	-38,6%	-32,2%	-28,6%	-26,9%
Singapore	-7,7%	-43,8%	-93,3%	-96,3%	-95,0%	-93,7%	-92,6%	-92,8%	-92,2%	-90,9%	-88,0%	-87,2%
South Africa	**1,2%**	**-16,4%**	**-74,3%**	**-91,0%**	**-83,6%**	**-91,1%**	**-88,3%**	**-81,8%**	**-70,1%**	**-58,4%**	**-44,6%**	**-54,7%**
South Korea	-3,8%	-49,4%	-60,0%	-51,6%	-52,9%	-51,2%	-43,7%	-51,1%	-44,5%	-44,9%	-52,1%	-55,4%
Spain	2,3%	-26,6%	-93,0%	-87,0%	-91,0%	-64,5%	-46,2%	-61,1%	-67,5%	-72,5%	-67,2%	-69,6%
UAE	1,5%	-26,1%	-87,9%	-85,2%	-85,8%	-75,1%	-69,4%	-68,8%	-67,3%	-66,2%	-63,1%	-61,3%
United Kingdom	0,9%	-22,6%	-89,9%	-85,9%	-89,5%	-77,6%	-62,3%	-65,1%	-67,6%	-81,0%	-75,6%	-81,6%
USA	5,9%	-1,2%	-55,0%	-75,9%	-68,7%	-52,0%	-48,0%	-51,5%	-48,6%	-42,7%	-43,2%	-43,9%

Source: OAG-WEEKLY-TRACKER-22-February-2021.
https://www.oag.com/coronavirus-airline-schedules-data#sec-two

In South Africa's case, the scheduled seats for the month of February was slightly lower than the previous year. From April 2020 onwards, scheduled seats reduced substantially per annum, with an almost collapse (more than 85% decline in May 2020 until September 2021.

Figure 5.19: Comparison of declines in African Domestic Seat Production

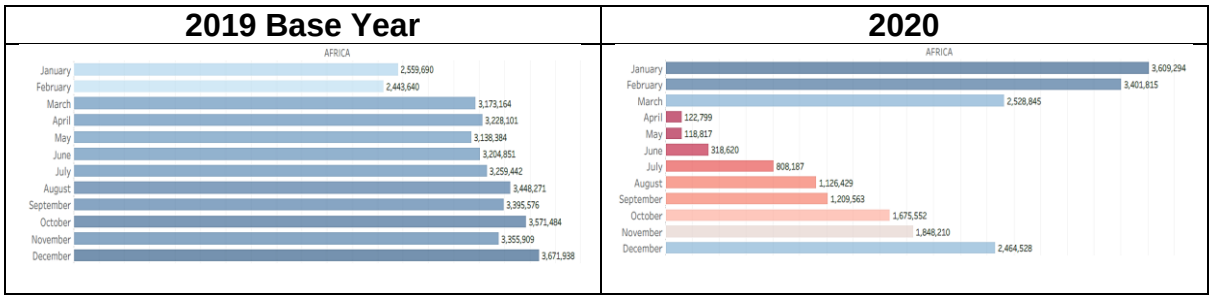
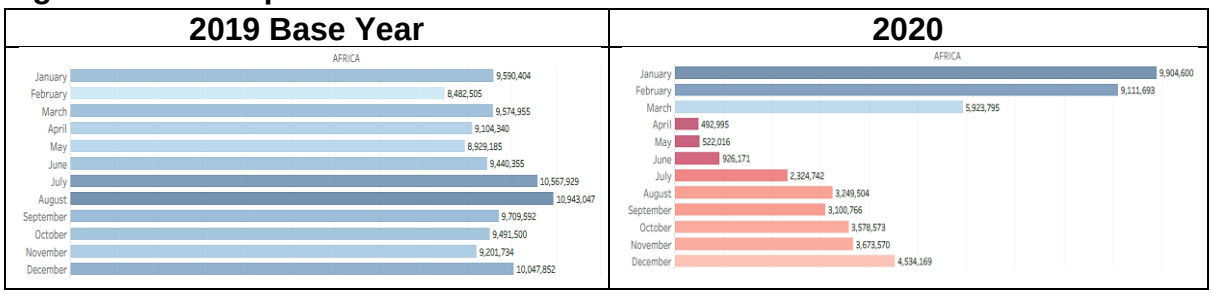
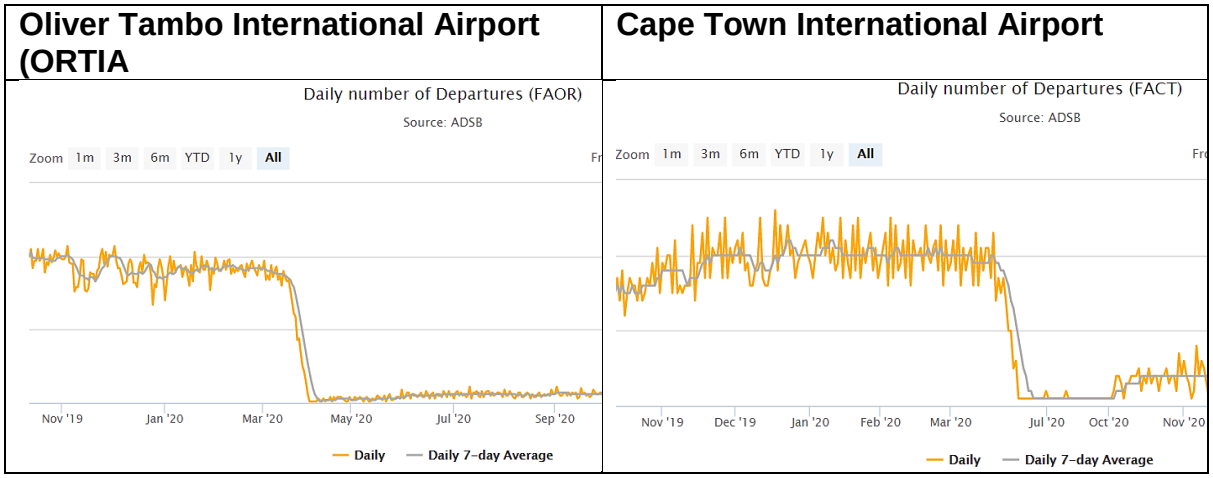


Figure 5.20: Comparison of declines in African International Seat Production



The seat production in 2020 demonstrates that from the second quarter onwards, volumes were substantially down, much more than has been shown by average annual downturns.

Figure 5.21: The decline in Daily Aircraft Departures at ORTIA and Cape Town Airports

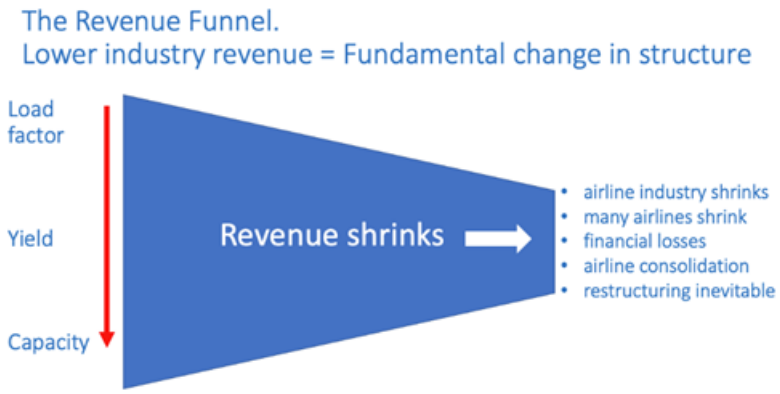


Source: https://www.icao.int/safety/pages/covid-19-airport-status.aspx

Some Observations of the Impact of COVID19 Regulatory Measures

- Vaccines are not the silver bullet expected
- Vaccines are coming, but their effectiveness and their effective duration are uncertain
- Vaccine production, distribution issues and rollout in all counties will take time.
- The second and third waves (perhaps more) of the pandemic to follow
- Every Government takes its own COVID19 restrictive measures (unpredictable and not coordinated with other Governments or International Agencies)
- International cooperation becomes more important than vaccines.
- International markets require some intermediate period allowing people to travel between nations. Crossing borders must be acceptable to each of the countries involved.
- International flying will remain unstable for a long time until predictable border opening is restored and passenger confidence returns.
- Many passengers remain fearful of air travel despite vaccine and alignment on procedures and processes in the travel chain despite substantial pent-up demand for travel.
- Generally, due to economic contraction, there is lower disposable income and a lower propensity to fly (due to recessionary economic conditions)
- Booking pattern curves are compressed (due to later reservations closer to flight departures)
- Price increases, free cancellation or changes
- Airlines' passenger pool and revenue are forecasted to be between a third and a half of 2019. This implies a fundamental decline, which CAPA refers to as the 'revenue funnel' as set out in figure 5.23.

Figure 5.22: Airline Revenue Funnel



Source: (CAPA. Aviation 2020 to 2030. A COVID reality check for airlines. 04-Dec-2020. https://centreforaviation.com/analysis/reports/aviation-2020-to-2030-a-covid-reality-check-for-airlines-545006)

Observations of the impact of COVID19 measures

- Social distancing & personal safety issues remain
- Older, larger and inefficient aircraft retired & grounded
- Lower OTD & turnaround times
- Intermediate versus direct flights
- insufficient belly freight capacity, Cargo leads Pax (Combi operations)
- Little predictability, historical data & trends, identify & enter new markets
- The survival of many airlines, airports and industry participants in question
- Consolidation and market exits are inevitable as debt mounts and interest payments may profit levels
- Surviving airlines have to be restructured (right-sized) to a much smaller scale of operations rapidly, the adaption of business models
- New entrants approach markets differently.
- Airlines need to experiment & take risks.
- Environmental pressures will affect future operations

Meaningful Fundamental Change that may affect Tourism to South Africa Pricing of long-haul flights may reduce the propensity of long-haul tourism journeys

- Business traffic is affected by:
    - The closure of borders for international flights or foreign passport holders
    - The general use of virtual events, doing business online, online meetings, working from home (WFH) is expected to be used in future.
    - The pressure of corporate cost-cutting to reduce spending
- The business and premium pricing model (higher-yielding traffic) supported long haul flying by cross-subsidising economy (coach) cabins for leisure passengers.
- Cargo revenue (for belly freight) is also essential to contribute to the infrastructure of wide-body aircraft.
- This may lead to a resurgence of long-haul narrow-body aircraft operations (as already deployed on North Atlantic routes), which will affect the pricing model of economy seating on long haul flights.
- Increase economy-priced tickets may affect direct long-haul tourist destinations like South Africa. negatively

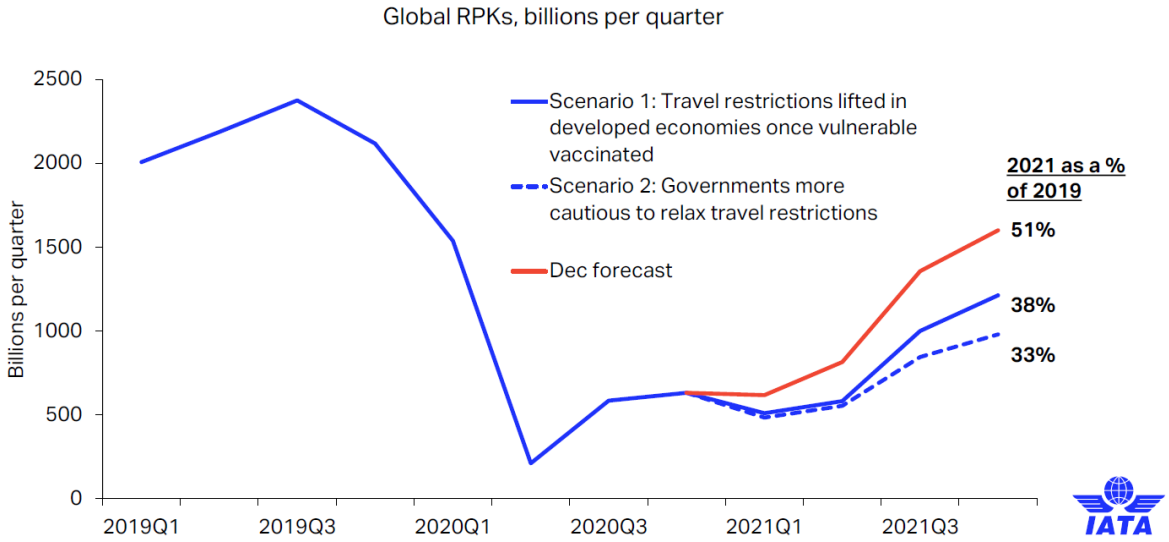
5.5 WHAT IS THE POTENTIAL FOR RECOVERY POST COVID 19?

Airline survival kit	Required Policy: An enabling environment
• Adapt to operate under uncertainty • Agility to take advantage of new opportunities and rapid exploratory reaction • More dynamic scheduling • Creativity • Experimentation • Risks taking • Balancing supply to lower demand levels • Viability & Sustainability	• Better Government co-ordination of COVID19 restrictions • A shift in the regulatory policy to an enabling approach (more flexible to support industry to respond to market opportunities (which may be short term), especially for sub-sectors with substantial regulatory, time and compliance requirements • Open regulatory framework to facilitate agility (to counter the restrictiveness of COVID19 regulations) • Opening of and lifting economic restrictions to accelerate air travel development • Clarity on rules • Competitive neutral Industry State financial aid

Air Traffic demand expected to be lower

2021 RPKs are weaker than expected & risk of policy response to new virus variants and slow vaccinations

Figure 5.23: 2021 RPKs are weaker than expected



Source: IATA. Economics COVID-19 Airline industry cash burn now expected to continue through 2021. 24 February 2021

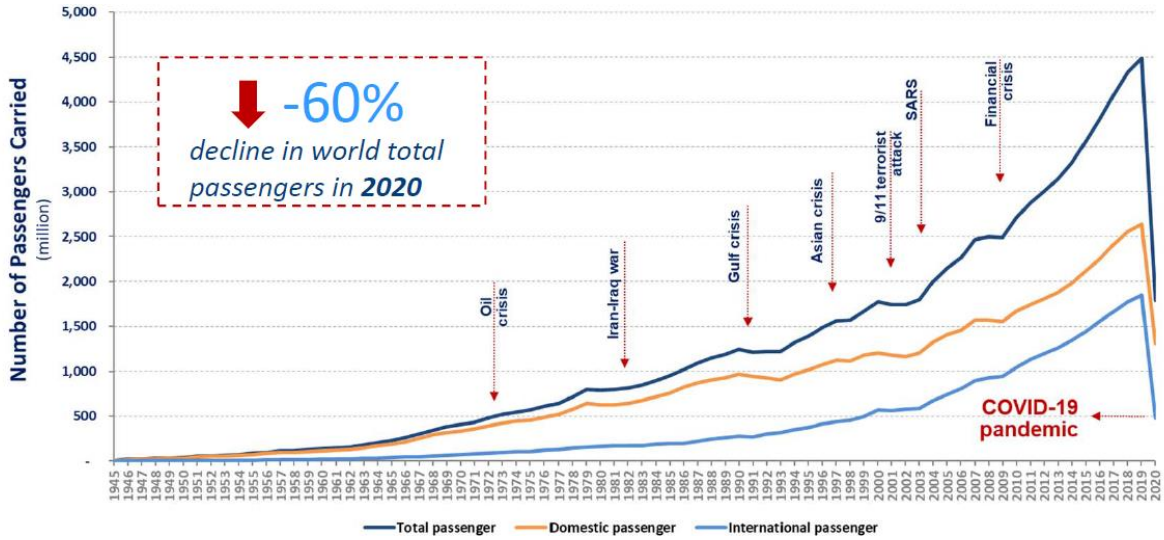
Shapes of Economic Recession and Recovery

World passenger traffic collapses with an unprecedented decline in history

The long-term traffic demand growth curve demonstrated that traffic growth returns over the long term after recovering from communicable diseases and other black swan events. This is shown by the following figure 5.10 that illustrate the world passenger traffic evolution 1945 – 2020.

The decline of demand due to COVID 19 restrictions is much deeper than ever before.

Figure 5.24: Long terms pax growth of pax carried



Source: ICAO. Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis Montréal, Canada 24 February 2021 Economic Development – Air Transport Bureau. https://www.icao.int/sustainability/Pages/Economic-Impacts-of-COVID-19.aspx

Airline Industry Outlook

However, in the interim, airline losses expected to increase with possible recovery later (at an uncertain time).

- The airline industry is expected to remain cash negative throughout 2021, expect cash positive only in 2022.
- Industry cash burn estimates for 2021 of $48 billion now expected to be $95 billion.
- **Weak Start for 2021:**
    - Governments have tightened travel restrictions in response to new COVID-19 variants.
    - Forward bookings for summer (July-August) are 78% below levels in February 2019.
- **Optimistic Scenario**: Travel restrictions gradually lifted once the vulnerable populations in developed economies have been vaccinated, then 2021 **demand** would be **38% of 2019 levels**.
- **Pessimistic Scenario:** Airlines burn through $95 billion during the year. Governments retain significant travel restrictions through the peak northern summer travel season. 2021 **demand** only **33% of 2019** levels.

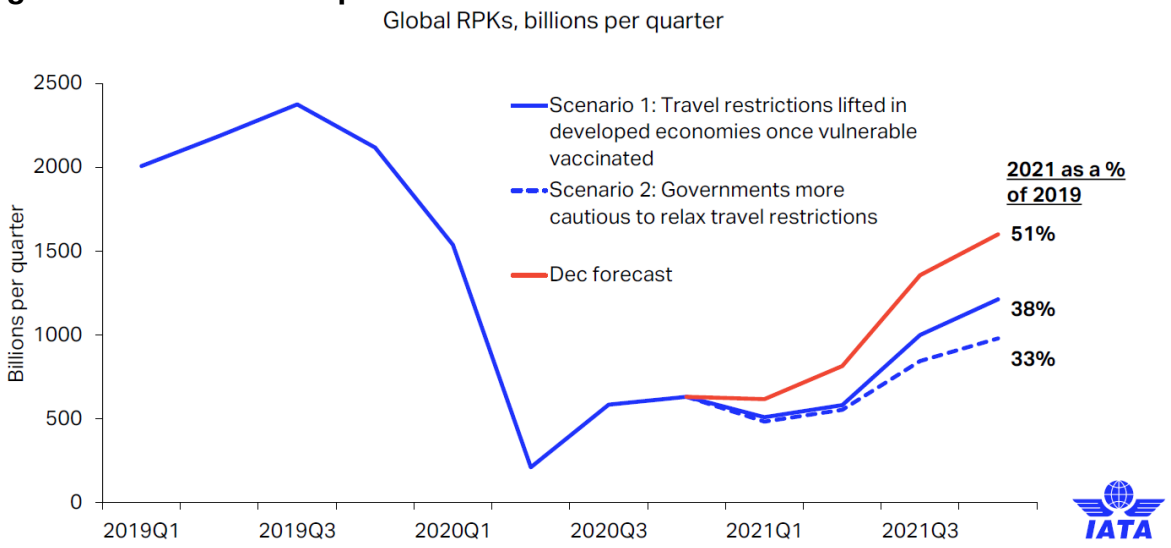
- Governments tightening border restrictions, 2021 will be much more challenging than previously expected. Risks of massive airline failures before the crisis ends.
- If governments close their borders, they have to open their wallets with financial relief to airlines
- Vital that governments and the industry are fully prepared to restart the moment governments agree that it is safe to re-open borders.

Source: IATA: COVID-19 Cash Burn Continues - Urgent Preparations for Restart https://www.iata.org/en/pressroom/pr/2021-24-02-01/

Traffic demand expected to be lower in RPKs

2021 is weaker than expected & risk of policy response to new virus variants and slow vaccinations

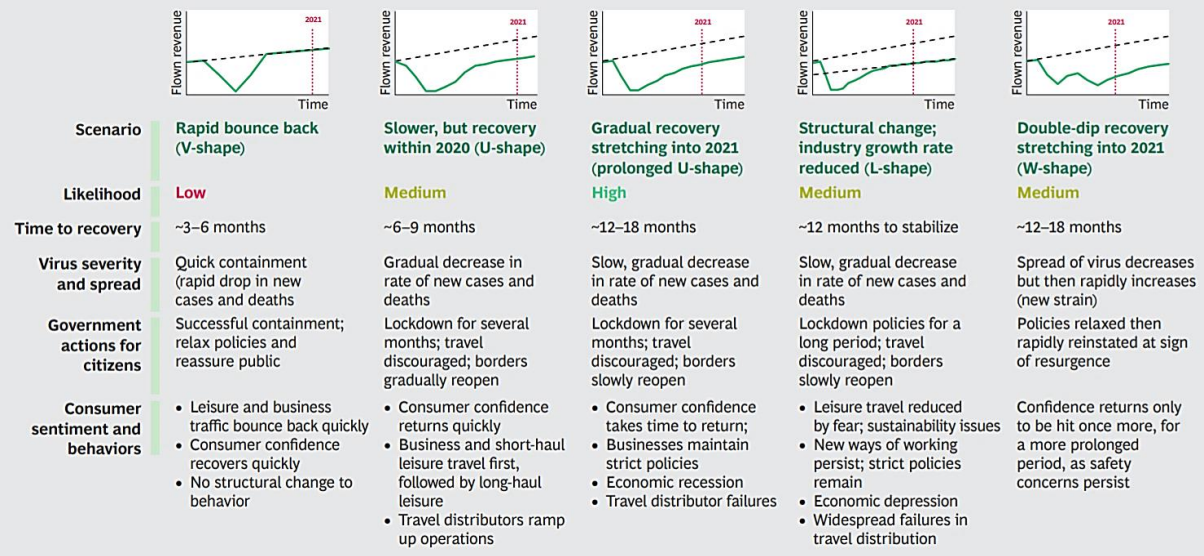
Figure 5.25: Demand expected to be lower



Source: IATA. Economics COVID-19Airline industry cash burn now expected to continue through 2021. 24 February 2021

Shapes of Economic Recession and Recovery

Figure 5.26: Five possible curves of different demand recovery scenarios



	Rapid bounce back (V-shape)	Slower, but recovery within 2020 (U-shape)	Gradual recovery stretching into 2021 (prolonged U-shape)	Structural change; industry growth rate reduced (L-shape)	Double-dip recovery stretching into 2021 (W-shape)
Likelihood	Low	Medium	High	Medium	Medium
Time to recovery	~3–6 months	~6–9 months	~12–18 months	~12 months to stabilize	~12–18 months
Virus severity and spread	Quick containment (rapid drop in new cases and deaths	Gradual decrease in rate of new cases and deaths	Slow, gradual decrease in rate of new cases and deaths	Slow, gradual decrease in rate of new cases and deaths	Spread of virus decreases but then rapidly increases (new strain)
Government actions for citizens	Successful containment; relax policies and reassure public	Lockdown for several months; travel discouraged; borders gradually reopen	Lockdown for several months; travel discouraged; borders slowly reopen	Lockdown policies for a long period; travel discouraged; borders slowly reopen	Policies relaxed then rapidly reinstated at sign of resurgence
Consumer sentiment and behaviors	• Leisure and business traffic bounce back quickly • Consumer confidence recovers quickly • No structural change to behavior	• Consumer confidence returns quickly • Business and short-haul leisure travel first, followed by long-haul leisure • Travel distributors ramp up operations	• Consumer confidence takes time to return; • Businesses maintain strict policies • Economic recession • Travel distributor failures	• Leisure travel reduced by fear; sustainability issues • New ways of working persist; strict policies remain • Economic depression • Widespread failures in travel distribution	Confidence returns only to be hit once more, for a more prolonged period, as safety concerns persist

Source: BCG (Boston Consulting Group). (Dirk-Maarten Molenaar, Fernando Bosch, Jason Guggenheim, Pranay Jhunjhunwala, Hean Ho Loh, and Ben Wade). The Post-COVID-19 Flight Plan for Airlines.

Informal classification to describe different types of recovery curves:

- V-shaped: standard shape for recession, a brief period of sharp economic decline
- followed by quick/smooth recovery
- U-shaped: prolonged contraction and muted recovery to trend line growth
- L-shaped (depression): a long-term downturn in economic activity, steep drop
- followed by a flat line with the possibility of not returning to trend line growth
- W-shaped: a double-dip recession, "down up down up" pattern before full recovery
- "Nike swoosh"-shaped*: bounce back sharply but blunt quickly

(Brookings Institution/WEF)

The exact path (depth, length and shape) of the recovery curves depends on various factors,

Including the duration and magnitude of the outbreak, containment measures, availability of government assistance, consumer confidence, and economic conditions. However, the future (time scale) remains highly uncertain.

Latest ICAO Africa Recovery Scenarios

The ICAO scenarios indicate possible paths or consequential outcomes out of many changing circumstances from which the potential economic implications of the pandemic can be gauged.

ICAO concluded that the 'overall severity and duration of the COVID-19 pandemic are still uncertain.

ICAO developed four (4) different recovery paths in March 2021 under two (2) indicative scenarios. These are:

- **Baseline**: The originally-planned scenario or business, as usual, the counterfactual scenario, in which the COVID-19 pandemic does not occur.
- **Scenario 1**: Two (2) different paths (similar to Nike swoosh- and W-shaped)
- **Scenario 2**: Two (2) different paths (similar to U- and L-shaped)
- **Reference**: Based on the latest airline schedules (similar to V-shaped)

International and domestic scenarios under the same path number may have a different combination of scenarios/paths.

(ICAO. Economic Development – Air Transport Bureau. effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis. Montréal, Canada 17 March 2021)

Detailed Assumptions

Baseline: originally-planned or business as usual

– Counterfactual hypothesis that is expected to occur in the absence of COVID-19 pandemic

– Supply: airlines' originally-planned schedules supplemented by trend line growth

– Demand: trend line growth of demand from 2019 (pre-COVID-19) level

Scenario 1: Nike swoosh- and W-shaped

• **International**

– Path 1: Smooth capacity recovery by picking up pent-up demand but at a diminishing rate of growth

– Path 1a: Capacity to start with smooth recovery but then turn back down due to over-capacity

• **Domestic**

– Path 1: Swift capacity rebound pushed by pent-up demand but at a diminishing rate of growth

– Path 1a: Capacity to start with smooth recovery but then turn back down due to over-capacity

Scenario 2: U- and L-shaped

• International

– Path 2: Accelerating the return to trend growth after slow progression of capacity recovery

– Path 2a: Capacity recovery at diminishing speed due to respite and continuous demand slump

• Domestic

– Path 2: Gradual capacity recovery, followed by the acceleration of growth

– Path 2a: Capacity recovery at diminishing speed due to sluggish demand growth

• **Reference: V-shaped**

– Information-only scenario that reflects airlines' most recent expectation or a "signal" of airlines' plan to the market (not necessarily realistic)

– Supply: based on the latest update of airline schedules filed, which are adjusted weekly by airlines according to the expectation of the evolving situation (quite often managing capacity for a short period due to the uncertainties)

– Demand: quickly returning to Baseline level

Notes:

International and domestic passenger traffic has separate scenarios/paths in terms of supply and demand, the scale of output or seat capacity change and the degree of consumer confidence that affect demand or load factor as a proxy.

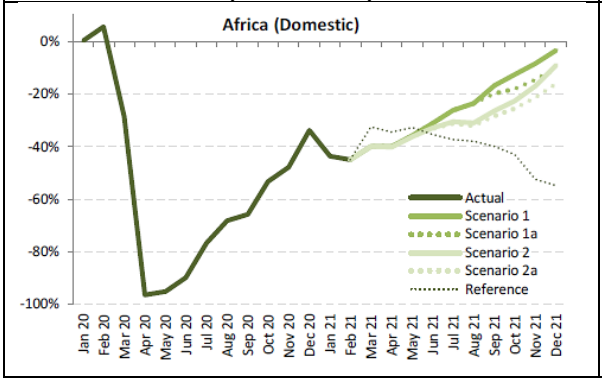
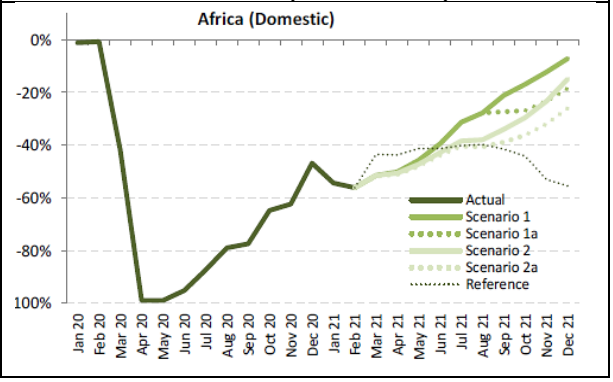
Supply and demand are influenced by:

- Different timing and speed of recovery by region, international/domestic, and intra-/inter-region
- Global economic contraction
- No consideration is made to social distancing requirements on aircraft, etc.

(ICAO. Economic Development – Air Transport Bureau. Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis. Montréal, Canada 17 March 2021)

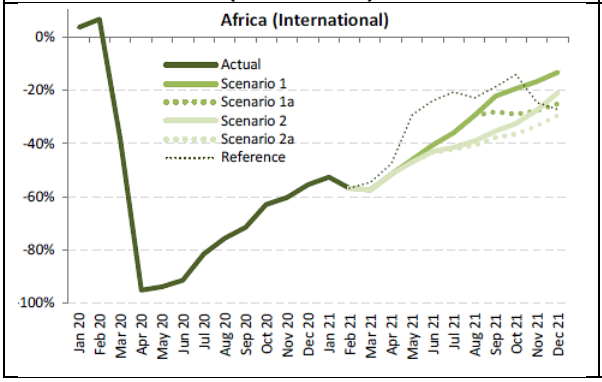
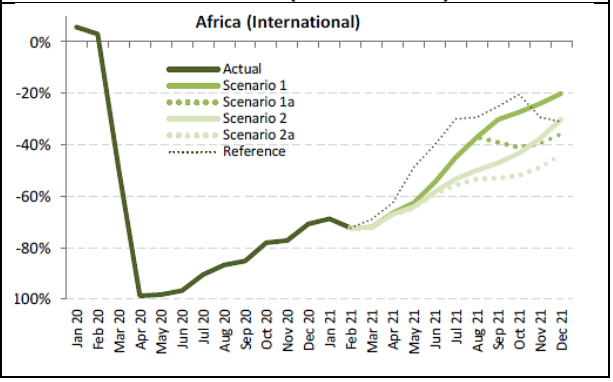
ICAO SCENARIO PROJECTIONS FOR AFRICA

Figure 5.27: African Domestic Markets

Africa Domestic Seat Capacity (thousand)	**Africa Domestic of Passenger Number** (thousands)
	

(ICAO. Economic Development – Air Transport Bureau. effects of Novel Coronavirus
(COVID-19) on Civil Aviation: Economic Impact Analysis. Montréal, Canada 17 March 2021)

Figure 5.28: African International Markets

Africa International Seat Capacity (thousand)	**Africa International of Passenger Number** (thousands)
	

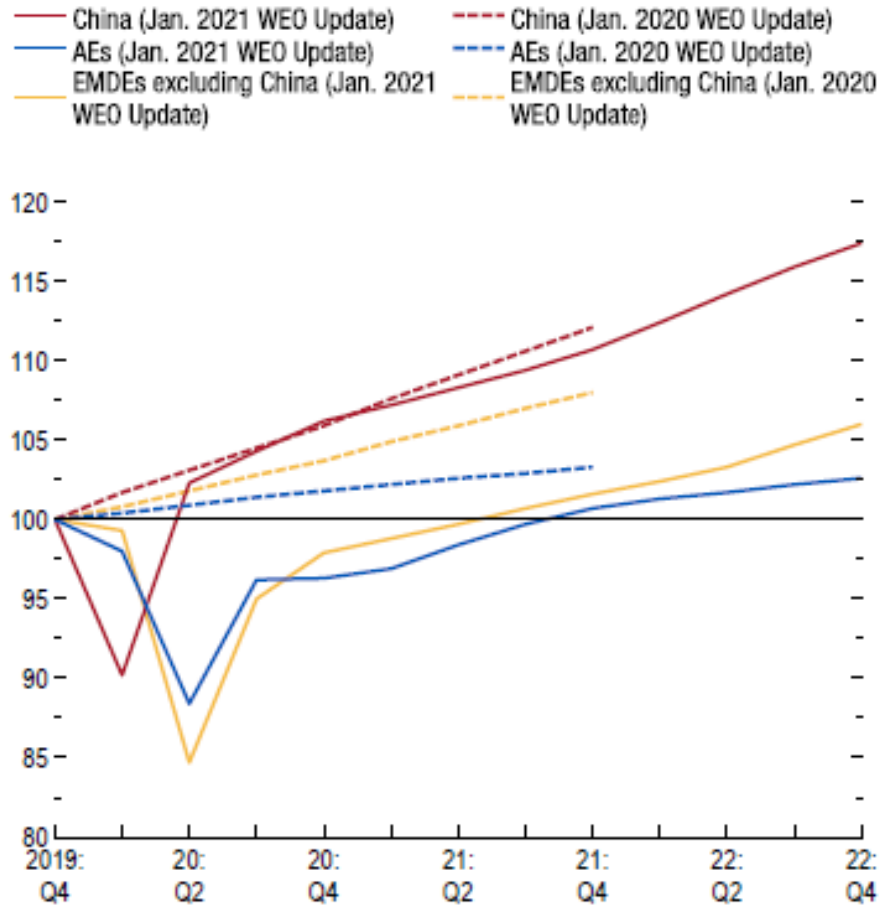
(ICAO. Economic Development – Air Transport Bureau. effects of Novel Coronavirus
(COVID-19) on Civil Aviation: Economic Impact Analysis. Montréal, Canada 17 March 2021)

Proposed OECD Policy Responses to Coronavirus (COVID-19) in the aviation industry

- The aviation industry is a crucial enabler of many other economic activities.
- The dramatic drop in demand for passenger air transport (and freight, to a lesser extent) due to the COVID-19 containment measures is threatening many airlines' viability, with many jobs at stake.
- State financial aid (loans, loan guarantees, wage subsidies, and equity injections) raise concerns about competition and public resources' efficient use.
- Government policies should:
  - Prioritise sector-wide measures and competitive sustainability.
  - Strike a balance between the need for support and the risk of distorting competition.
  - Firm-specific support measures should not tilt the playing field with other firms in the aviation industry.
  - Preserve business dynamics and allow exit.
- Demand may be lower and structurally different from that before the crisis,
- Governments should:
  - Foster restructuring and avoid backing non-viable firms, but support displaced workers.
  - Encourage investments in the green transition and environmental improvements.
  - Address the sustainability of the whole aviation value chain, including aircraft manufacturers and airports.
- Policy responses in the aviation industry should be integrated across sectors in the low-carbon transition strategies

(https://www.oecd.org/coronavirus/policy-responses/covid-19-and-the-aviation-industry-impact-and-policy-responses-26d521c1/)

Figure 5.29: The latest IMF forecasts for GDP recovery



Source: IMF staff estimates.
Note: AEs = advanced economies; EMDEs = emerging market and developing economies; WEO = World Economic Outlook.

Over time there has been somewhat of a correlation (not perfect, but indicative) between GDP growth and air travel demand. As a result of personal social distancing issues, perceptions of personal safety, and COVID19 restrictions on air travel, it is expected that there might be substantial short-term deviations between GDP growth and air travel demand in the short term.

5.6 SCENARIOS FOR THE SOUTH AFRICAN AIR TRANSPORT INDUSTRY

Background to the aviation workshop

Apart from the information assembled in the preceding paragraphs through literature study and statistical analysis, practical issues within the South African context required examination.

Future scenarios were developed during a multi-stakeholder workshop on 22 February 2021 held with representatives of the airline industry and stakeholders from the

Department of Tourism on AIRLINE INDUSTRY SCENARIOS facilitated by Marius Oosthuizen from GIBS.

The workshop explored possible alternative future outcomes for the industry, given trends in politics and policy, economics and the business environment, technology, regulation and the post-Covid public health environment.

The scenarios were intended to assist stakeholders in identifying strategic options, supporting their decision-making, finding innovative solutions, and mitigating the risks in the current environment. It was concluded that collaboration was required in the realm of policy and regulatory options and aligning industry stakeholders behind a shared agenda for recovery.

Key Strategic Questions

Participants outlined several strategic questions or issues, including:

- What is the long-term future of aviation in South Africa and the Government's specific intentions in this regard?
- What is the likelihood and pace of recovery in passenger demand in the sector?
- What regulatory, operational and health and safety changes will be required for the industry to recover?
- How will the industry finance the considerable losses it has incurred due to the pandemic response, and how can this be done during the period before revenues recover?
- When will the aviation industry be fully operational once again?
- What must be done to align the Department of Tourism, and tourism in general, to the aviation industry recovery, and vice versa, to ensure sustainability and alignment in stakeholder agendas?
- How to resolve the uncertainty in the regulatory environment as it pertains to Covid 19?
- How might technology be utilised to ensure passenger safety, the efficiency of services and create confidence in the industry's ability to mitigate risk associated with the pandemic?
- What will be the state and shape of the Africa-wide and regional aviation industry?
- How might international and domestic passenger's appetite and confidence in travel be restored?
- How might South African stakeholders align with international aviation stakeholders and their agendas?

- How could South African air travel's various segments be positioned globally for optimal benefit?
- How might non-aeronautical revenues be grown for facilities and airports?

The participants agreed that a strategy was required to address the industry's concerns over timescales of one-year, three- year as well as five-years. Such a strategy ought to take into account the political, economic, technology, and policy and regulatory needs and preferences of all stakeholders.
The above is somewhat similar to those identified by the IMF below.

IMF World Economic Outlook Fundamental questions

The fundamental questions posed by the IMF World Economic Outlook (January 2021) on GDP recovery are:

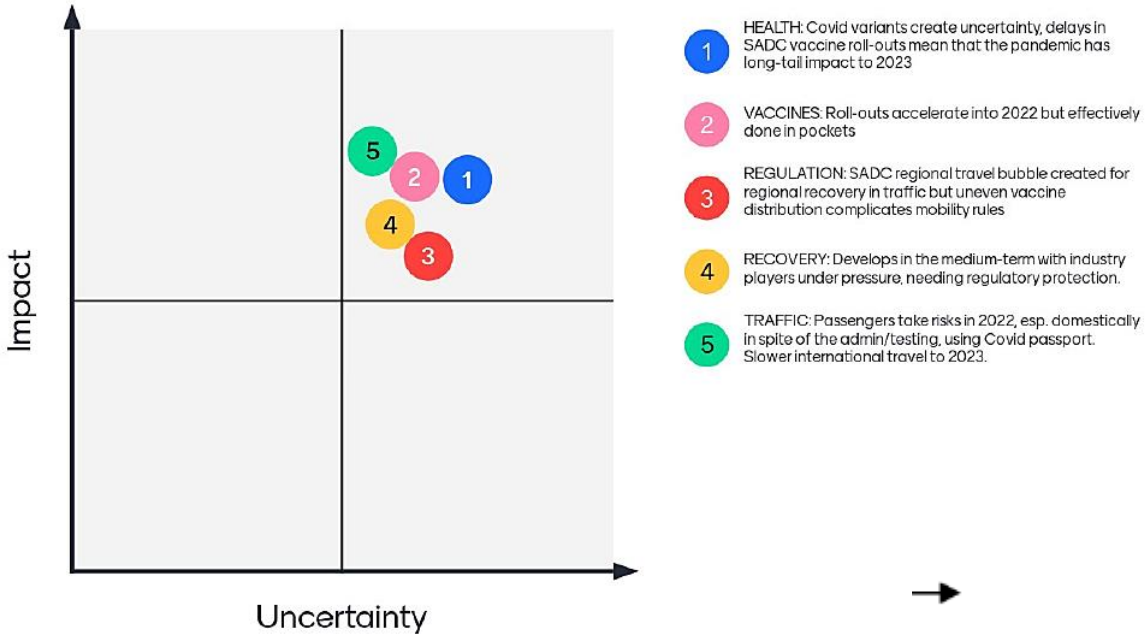
- How long will the pandemic last, and what will be the severity levels?
- How deep and how long will the global recession be?
- How long will lockdowns and travel restrictions continue?
- How fast will consumer confidence in air travel be restored?
- Will there be a structural shift in industry and consumers' behaviour?
- How long can the air transport industry withstand financial adversity?

(IMF World Economic Outlook (January 2021))

Dealing with uncertainty

The uncertainties associated with public health (infection rates, vaccines and mutations) and regulatory uncertainty remained the most impactful drivers of change in the industry's future.
Stakeholders were that passenger confidence would recover somewhat in late 2021, despite anticipated vaccine delays. However, passenger levels would not recover to pre-pandemic levels. Instead, airports were expected to reach total operational capacity as late as 2024/2025 as partial travel restrictions remain, and a form of "Covid travel passport" becomes the norm.
A lingering economic downturn in South Africa was expected to dampen air travel demand in the short and medium-term.
The impact and the level of uncertainty of drivers were summarised in the following figure 5.31.

Figure 5.30: Impact and the level of uncertainty of drivers



(Source: M Oosthuizen. GIBS. Aviation Industry Scenarios. Navigating the Covid-19 impact and beyond. 22 February 2021)

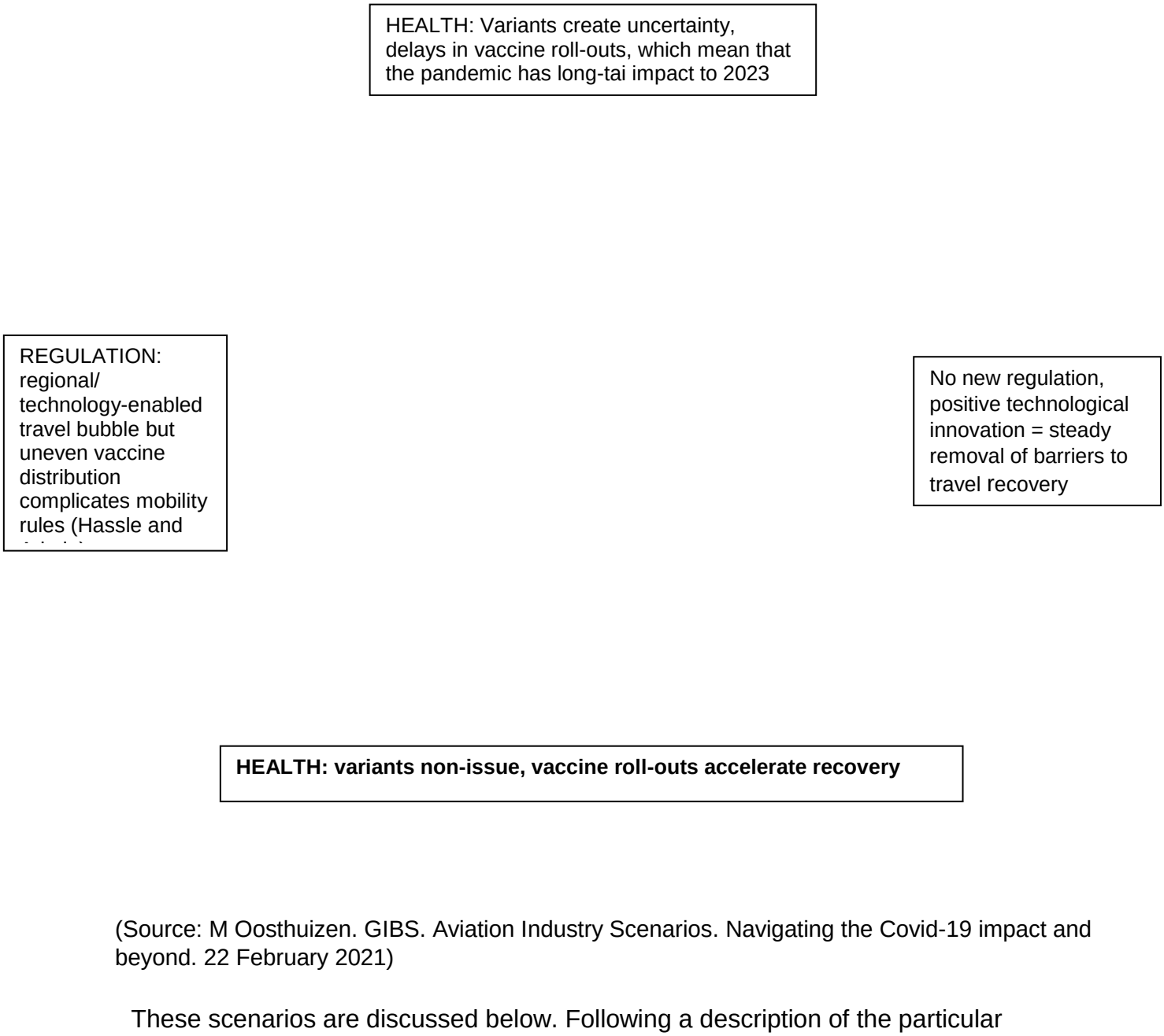
Alternative scenarios

As a result of the uncertainties, four wildly divergent scenarios were considered plausible. These included a Quicksand scenario, a Rainbow scenario, a Swamp scenario and a Blue skies scenario.

The relationship between the scenarios is illustrated in the following figure 5.32 below.

A schematic diagram of the alternative scenarios are set out in figure 5.32 below.

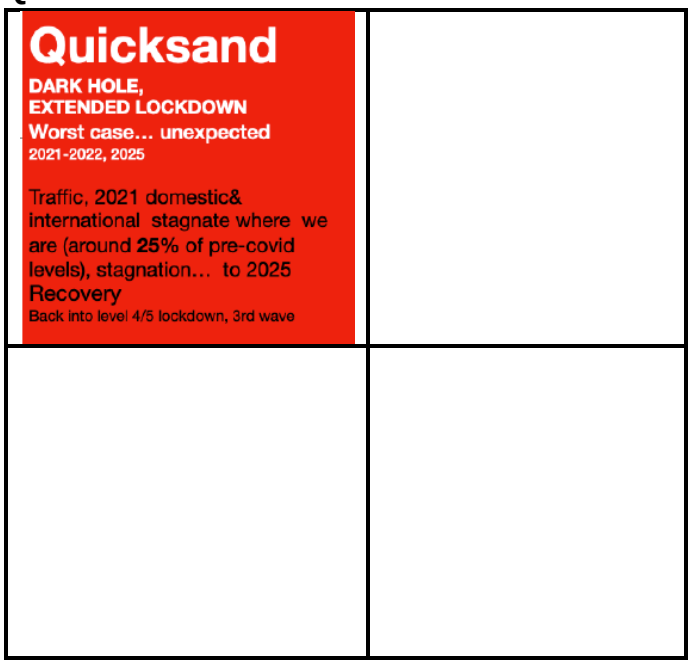
Figure 5.31: Alternative Scenarios



(Source: M Oosthuizen. GIBS. Aviation Industry Scenarios. Navigating the Covid-19 impact and beyond. 22 February 2021)

These scenarios are discussed below. Following a description of the particular scenario, the tasks at the levels of Airline Association and Airline, Departments Tourism & Transport and Airports are discussed below.

Quicksand



Quicksand

In a quicksand scenario, public health's negative trajectory would combine with new and cumbersome regulations and uncertainty that destabilise the industry further. Under such conditions, the sector would spiral further into a *dark hole* of financial underperformance, weakening industry actors and leading to closures and consolidations.

With as little as 25% of pre-Covid passenger levels, the entire air transport landscape would become under threat from new international entrants, and the prospects of domestic, regional and African aviation participation would be undermined in the long term.

Airline Association and Airlines

Develop a plan for a "health journey", and marks would be unhelpful, but vaccines crucial.

Workgroups and protocols development, working with international guidelines.

Find our way out... back into brainstorming.

Depts Tourism & Transport

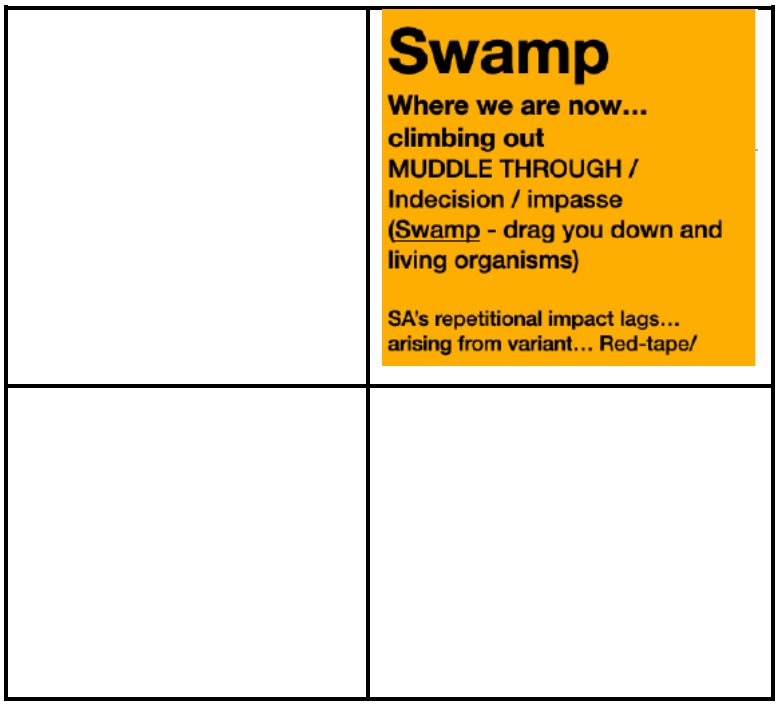
Global response required; health guidelines needed.

Vaccines need to be expedited

Airports

No commercial air services.

Swamp



Swamp

In the swamp scenario, the dissipating public health challenges are favourable for the industry. Still, prolonged regulatory and policy uncertainty undermines passengers' confidences to take to the skies and investors to support businesses, which results in the sector being dragged down into an unsustainable stalemate between stakeholder interests.

Stakeholders felt that the Swamp scenario represented the current situation and expressed a view that the industry can move from Swamp into all of the alternatives, depending on how the stakeholders navigated the year ahead

Airline Association and Airlines

Stakeholder engagements are crucial. Must balance supply and demand, adjust to a lower level of demand as a matter of survival.

Must receive government assistance since cutting back on capacity is not easy

Depts Tourism & Transport

Tourism must harmonise with "ICAO" rules and work with airlines and airports on the risk-adjusted strategies…. aligning with the needs of airports and airlines.

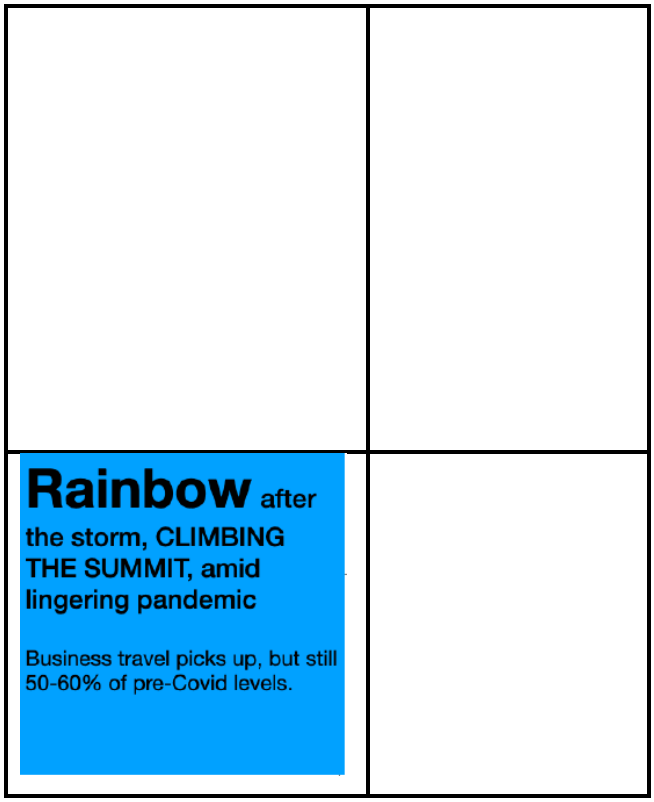
Very important to rebuild confidence, positive images, rebrand ourselves (especially important from a Tourism perspective)

Airports

Work with the health sector for pro-active health protocols.

Scale down operations and assets. but be technology & innovative, in retail, in particular, using an online retailing environment

Rainbow



Rainbow

In the Rainbow scenario, the public health challenges remain, but due to regulatory certainty, alignment between Government and business, and concerted efforts to stabilise the position of incumbents, passenger levels can recover to 50-60% of pre-Covid levels rapidly

Airline Association and Airlines

Travel picking up. But effectively, technology adoption to enable development, new stakeholder, in the form of Dept Health stimulating demand required stakeholders disappearing.

New airlines enter.

Operating certificates

Collaboration for industry-wide betterment

Depts Tourism & Transport

Constant) marketing) reassurance in the public domain, Education about regional readiness.

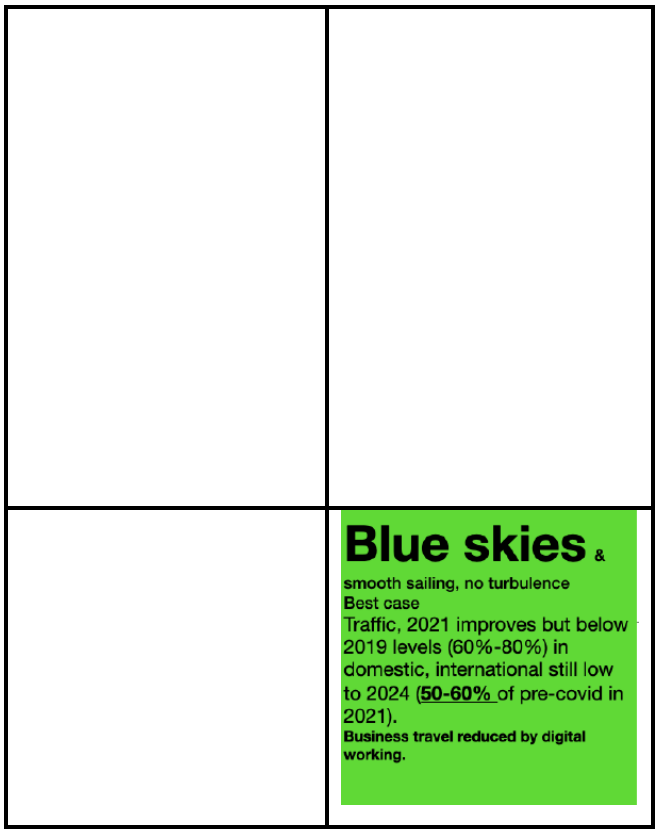
Regional policy consistency alignment across borders and the removal of barriers and constraints.

To look at incentives to attract passengers. e.g., accommodation. This has been applied in Australia and China.

Airports

Contact tracing working toward confidence and positioning for growth.

Blue Sky



Blue Sky

In the Blue-Sky scenario, there is an alignment of public health issues' dissipation, and the regulatory environment stabilises and improves. This would see traffic levels pick up to 60-80% of 2019 levels domestically, 50-60% internationally, while there is an acceptance that digital/remote working would somewhat reduce business travel in particular.

Airline Association and Airlines

Maximise marketing, reinvest in infrastructure, re-employ, human capital, investment planning... growing demand.

Ramp up capacity, assuming marketing will produce confidence.

Perhaps deregulating marks (unease) In the interests of the collective, not own.

Depts Tourism & Transport

Reactivate all to meet the demand.

Needs to work together and have combined effort.

Protect domestic market, then regional, require agreements in place.

Airports

Efficiency through technology, better experience... wifi etc.

SWOT Analysis

Strengths	Opportunities
• New start-up airlines and route entry possible (replacing inefficient airlines) • Surviving airlines need to be restructured (right-sized) and adapt their business models • Aviation policy can focus demand side (customers) to assure sufficient competition • Instead of protecting incumbent State-owned airlines • Under the AfCTA more liberalisation measures can create a fully internal aviation market (on the lines of the EU). • Large one-stop networks (that accumulate traffic) for long haul operations to can restart inbound tourism without subsidies of State financial assistance.	• Tourism development as focus can drive reform, co-ordination of all modes of transport, removal of barriers and the restart of the economy. • International and regional cooperation becomes more important (for international travel) than vaccines. • An intermediate period is necessary to allow people to travel between nations (due to Vaccine). • Regional crossing borders must be acceptable to each of the countries involved. The AfCTA could serve catalyst to springboard further aero political liberalisation measures to create an internal aviation market (on the lines of the EU). • Substantial leisure pent-up demand for travel • Focus on the sustainability of the whole aviation value chain. • Prioritize sector-wide measures and competitive sustainability. • Strike a balance between the need for support and the risk of distorting competition. • Foster airline restructuring. • Allow exit non-viable firms and avoid backing unviable airlines, but support displaced workers. • Support large one-stop networks (that accumulate traffic) for long haul operations to restart inbound tourism. • Encourage investments in the green transition and environmental improvements and low-carbon transition strategies • Sunsetting provisions for restrictive legislation and regulations.
Weaknesses	**Threats**

• Vaccines are not the silver bullet • Every Government takes its own COVID19 restrictive measures (unpredictable and not co-ordinated) • International (long haul) flying will remain unstable for a long time until predictable border opening is restored and passenger confidence returns. • Many passengers remain fearful of air travel despite vaccine and alignment on procedures and processes in the travel chain despite (low business demand) • Business travel accustomed to virtual events, doing business online; online meetings, working from home (WFH). The pressure of corporate cost-cutting to reduce spending • Weakness of economies to recover (less personal disposable income)	• Second and third waves (perhaps more) of the pandemic to follow, threatening the future viability of many airlines • State financial aid (loans, loan guarantees, wage subsidies and equity injections) to State-owned airlines, raise concerns about competition and the efficient use of public resources • Long haul business premium pricing model and belly freight cargo which together cross-subsidised economy (coach) cabins for leisure passengers is broken. Implies increase economy priced tickets on direct long-haul tourist destinations (due to resurgence of long-haul narrow-body and smaller wide-bodied aircraft operations). This may favour large one-stop networks for long haul operations. • State owned airline, firm-specific support measures could tilt the playing field in the aviation industry and result in State subsidised monopoly

5.7 RECOMMENDATIONS TO ACHIEVE THE BEST-CASE SCENARIO

COVID19 Impact

- The dramatic drop in demand for passenger air transport (and freight, to a lesser extent) due to the COVID-19 containment measures is threatening many airlines' viability, with many jobs at stake.
- COVID19 restrictions seem arbitrary, excessive concerning their purpose, cause uncertainty and hamper air transport movements.
- Due to limits on workforce capacity and work-from-home, some administrative measures have been abandoned pr require excessive time for adjudication.
- Demand may be lower and structurally different from that before the crisis, and new opportunities may be limited in terms of period.

Objectives achieve the best-case scenario

Focus on two objectives to achieve the best-case scenario.

- Foster a competitive airline industry
- Develop an enabling regulatory framework and sector cohesion

1) Foster a competitive airline industry

A competitive airline industry can attract visitors to support and increase tourism activities in a sustainable way.

Within a competitive market, the customers (consumers) are entitled to the benefits of competition (e.g., choice and price) as opposed to a monopoly or centrally directive (planned) market economy. This implies that focus should remain on the demand side interests, users, customers, passengers and related tourism sector (the National Interest).

The economic regulation of suppliers should support the freedom of choice on which the demand side of the industry depends. These represent individual voluntary contracts of carriage (tickets & AWBs) concluded. Any specific national carrier does not own pax.
Implications on supply-side regulation should be enabling (rather than restrictive in nature) and should not impose entry and expansion barriers.

The current air transport policy is that 'civil aviation policies should encourage participation in the aviation industry by creating an environment where investors can realise adequate returns on their investments and economic decisions should, as far as possible, be subject to general competitive principles'.

Avoid or reduce barriers to entry

- Barriers to entry are obstacles or hindrances that make it difficult for new companies to enter the market.
- Barriers to entry reduce choice, inhibits competition and increase average prices. Technical, operational, safety measures mustn't become barriers to entry.
- The COVID19 regulations are restrictive and act as barriers to entry and operation, cause uncertainty and hamper air transport activities.

2) Develop an enabling regulatory framework and sector cohesion

In order to lessen the negative impact of the COVID19 restrictions and support short-term opportunities, other regulatory current restrictions on the entry and the time delays involved must be re-assessed to enable the agility required.

Sector cohesion towards developing tourism is necessary as a central theme to provide for priority setting, planning and policy-making. Initiatives and policies should be coordinated.

Opening of markets (routes) and lifting economic restrictions accelerates air travel development

A strategy to catch-up administrative, regulatory delays (due to COVID19 workforce and work-from-home limitations) is necessary.

COVID19 restrictions need to provide more certainty, be rational and commensurate (not excessive) to the risks that have to be addressed.

COVID19 restrictions need to demonstrate that they represent the lowest level of intervention to any immediate threat and how they have been structured to minimise the economy's negative impact.

Better internal Government co-ordination and alignment with international bodies are required. COVID19 regulators need to take account of sector-specific measures already implemented when considering new COVID19 regulations.

There needs to be a shift in the existing regulatory policy to an enabling approach (more flexible to support industry to respond to market opportunities (which may be short term), especially for sub-sectors with substantial regulatory, time and compliance requirements.

COVID19 regulations need to be clear, rational and focused on preventing the spread of the COVID19 pandemic and not achieving any other objectives. They need to reflect on what way they represent the minimum impact on achieving their objectives.

There needs to be clarity on rules, which require sufficient industry consultation before implementation to avoid unintended consequences and enable time for planning and adjustment.

There needs to be co-ordination between sector regulatory bodies and the COVID19 regulations to ensure clarity on the implementation requirements.

Sector-wide comprehensive measures should be prioritised to ensure competitive sustainability. Integrated measures recently adopted in Australia may serve as guidance.

State assistance needs to be competitively neutral, especially in mixed markets, where State financial support to owned enterprises may distort competition and tilt the playing field with other firms in the aviation industry.

State should allow the exit of firms to preserve business dynamics.

The actual implementation of measures by South Africa to implement African regional economic integration measures like the AfCTA, SAATM and the YD through regulatory instruments would enable South Africa to be integrated into a new free-trade area in a post COVID19 environment.

PART 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 OVERALL CONCLUSIONS

Overall conclusions relating to the tourism transport interface in South Africa and the modes of transport were drawn from the study and are presented below:

Tourism Transport Interface

- Definitional clarity between transport for tourism and transport for utility purposes is still required for data analysis, especially in road transport in urban areas where there is a blurring of these statistics. More particularly, these challenges are evident in local bus transport and the transport of tourists' vs commuters in minibus taxis.
- Transport modes influence potential tourists' decisions as it is a driver of demand and through factors such as distance and cost, determines the selection of South Africa as a tourist destination.
- Transport mode, infrastructure and intermodal connectivity influences the tourist experience contributing to positive or negative perceptions of the trip as a whole.
- Transport forms a substantial portion of tourism expenditure, especially in the domestic travel market in South Africa.
- Tourism makes a substantial contribution to the transport sector's revenue.
- Transport is a determinant of the competitiveness of South Africa as a tourist destination and there has been a declining trend in the rating of the TTCI on perceptions of transport infrastructure over the past few years.
- While South Africa has a sophisticated transport network, tourists are not well served in entering South Africa from neighbouring countries where a variety of challenges are experienced in the cross-border bus/coach industry.
- Although the main road infrastructure is generally of a good quality, the infrastructure in the more rural and small-town areas present challenges.
- Safety and security, affecting tourist perceptions and decision on where to travel is a major challenge.

- While investment in road infrastructure is evident from the Department of Transport and the private sector, negative perceptions still persist.

Transport modes (Pre-COVID)

- Road transport is used by an overwhelming majority of tourists with about half of the trips being taken by private cars, and about a third using taxis. These overnight tourists were also mainly visiting friends and relatives.
- Inbound road transport reflects the majority with about 70%, of tourists coming in from neighbouring countries.
- Both road and air inbound arrivals demonstrate substantial variation in monthly seasonal trends.
- Rail travel, both short- and long-distance, has been declining for a number of years and requires serious investment and marketing as a potential means of transport for both international and domestic tourism.
- In air travel:
    - The high level of growth in inbound tourism, experienced from 2005 to 2013 (due to the opening-up of air transport barriers), flattened out into a steady decline from 2017 to the end of 2019.
    - Foreign airlines generated most inbound tourists to South Africa without any subsidies from the South African Government.
    - SAA, the South African State-owned flag carrier, only generated about 12% of inbound passenger traffic by the end of 2019, at a high cost.
    - By 2019, about 70% of inbound tourists entered South Africa through whilst Oliver Tambo International Airport (JNB) or (ORTIA) as gateway airport, 28% through Cape Town International Airport (CPT and about 2% through King Shaka International Airport (DUR).
- Bus/Coach travel consists of mainly cross-border (C-BRTA), inter-urban and small operators and has remained fairly stable (with little to no growth) over the last number of years (pre-COVID). The tourism component experienced financial pressure due to increasing costs and currency fluctuations and declining market effects even before the pandemic.

- The bus/coach industry faces other challenges, with the complexity of doing business and the issuing of permits and operating licences being the most severe.
- Car rental for tourism has been declining for a number of years due to depressed economic growth and declining international and domestic tourism demand. It is
    - Highly dependent on air travel, both inbound and domestic
    - Derive bulk of revenue from airport locations - limited airport operations severely affected their bottom line.
    - Dominated by a number of large corporations:
    - Responsible thousands of jobs directly and thousands more across the value chain (vehicle sales, insurance, repairs, maintenance)

Transport modes (impact of the COVID-19 lockdown measures)

- All modes of transport were severely impacted by the pandemic with an immediate decline in passenger numbers and resultant loss of revenue, job losses and closures of businesses in all sectors.
- Cruise travel came to a complete standstill.
- In the bus/coach sector:
    - Little to no revenue has been generated for the sector;
    - Fleets have been stationary;
    - Closures and retrenchments with the most in the tourism part of this industry (employees range from general labour to specialized tasks such as tour operators /guides/ translators / drivers)
    - In the cross-border market, no tourism licenses have been issued since March 2020
    - Small tour operators reliant on international visitors have been most severely affected
    - The possible impact for the year to date is approximately R 4, 6 billion
    - There has been limited government assistance
    - The loss of revenue has been exacerbated by the high costs of safety protocols
    - Associated licence costs compounded the problems

- The car rental industry experienced
    - the cancellation of all bookings in all the non-essential businesses.
    - Decrease of the fleet size down by a third
    - Kilometres driven down by two-thirds
    - Revenue down by approximately 71%
    - Rental days down by two-thirds.
- The air transport industry
    - The dramatic drop in demand for passenger air transport (and freight, to a lesser extent) due to the COVID-19 containment measures is threatening many airlines' viability, with many jobs at stake.
    - Inbound tourists reduced by 74% for the 2020 year. This includes a few months early in the year, which were positive, flowed by an almost cessation of inbound tourists in later months. In 2020, there was a 78% decline through Oliver Tambo International Airport, 70% decline through Cape Town International Airport (CPT and 79% decline through King Shaka International Airport (DUR).
    - Cape Town International Airport (CPT) was more resilient than ORTIA during the COVID19 period. In 2020, about 63% of inbound tourists entered South Africa through whilst Oliver Tambo International Airport (ORTIA) as a gateway airport, 36% through Cape Town International Airport (CPT) and about 2% through King Shaka International Airport (DUR).
    - All the inbound tourists entering through Cape Town International Airport (CPT) and King Shaka International Airport (DUR) were generated by foreign airlines. Most of the inbound tourists at ORTIA was also generated by foreign airlines.
    - COVID19 restrictions seem arbitrary, excessive concerning their purpose, cause uncertainty and hamper air transport movements.
    - Due to limits on workforce capacity and work-from-home, some administrative measures have been abandoned pr require excessive time for adjudication.
- Transport modes are currently experiencing a worst-case scenario

Post-COVID Scenarios and Strategies – Overall conclusions

- Great uncertainty persists on future COVID19 restrictions, their timing and effect. Upon recovery, demand will be lower and structurally different from that before the crisis.
- This uncertainty requires a shift in the regulatory policy approach towards a more flexible and open enabling environment, maximum economic freedom for the transport tourism industry to respond to market opportunities (which may be transitional) to support the agility required under these circumstances. This is especially the case for sub-sectors with substantial regulatory or compliance requirements and where adjudications' timing is problematic.
- Develop an enabling regulatory framework and sector cohesion

6.2 RECOVERY FOR TOURISM TRANSPORT POST-COVID

In reviewing the potential for recovery into a prosperous future for tourism and transport, the strengths, weakness, opportunities and threats (SWOT) were identified for the tourism transport sector by the researchers. An awareness of South Africa's internal weaknesses and strengths and its external opportunities and threats will allow better strategising by both the public and private sectors. This SWOT analysis is presented in Table 6.1.

Table 6.1: Tourism Transport Interface SWOT Analysis for South Africa

Strengths	Weaknesses
• Renewed investment in transport infrastructure • New start-up airlines and route entry possible (replacing inefficient airlines) • Liberation of the informal economy • Restructuring and consolidation within transport sectors • Renewed awareness of transport challenges • Renewed awareness of the importance to tourism • Ability and capacity for technological innovations • Good transport infrastructure • World class airport infrastructure • Well-known and established tourism product	• Vaccine uncertainty and delays • COVID19 restrictive measures (unpredictable and not coordinated) • International (long haul) flying will remain unstable for a long time • Many passengers remain fearful of air travel despite vaccine and alignment on procedures and processes • Business travel accustomed to virtual events, doing business online, online meetings, working from home (WFH). The pressure of corporate cost-cutting to reduce spending • Weakness of the economy to recover (less personal disposable income) • Restrictive business environment e.g. labour, operating licences • Slow recovery of travel demand

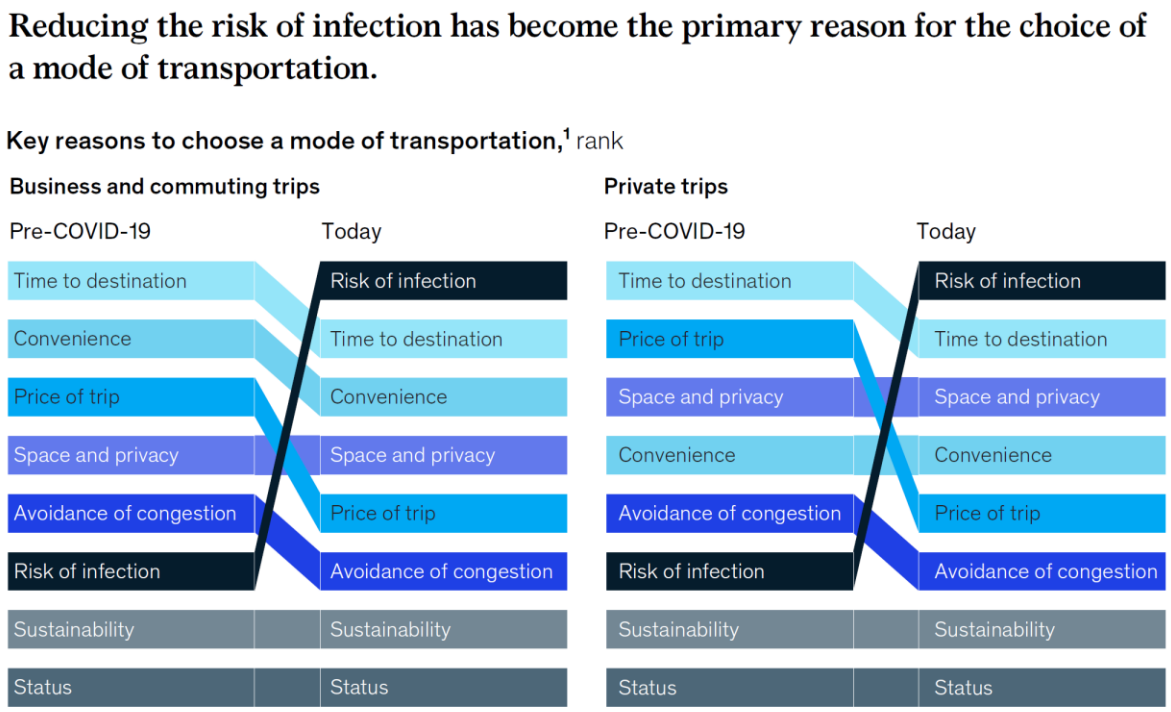
• Entrepreneurial spirit and capacity within tourism environment	• Negative perceptions of government support to tourism operators
Opportunities	**Threats**
• Prioritising transport investment in infrastructure • Refocusing on developing and investing in 'new' or renewed transport modes such as NMT and rail • Developing and promoting new and existing routes achieving a greater geographic spread of visitors, relieving potential transport blockages in urban areas. • Prioritising transport as a tourist experiencing i.e. cruising, rail travel through aggressive promotion, pricing and distribution • Taking aggressive steps to foster partnerships between tourism, transport, labour, local government, health and other stakeholders to ensure an enabling environment. • Removing restrictive legislation and regulations to allow the sectors to be more agile and adaptive to changing conditions. • Creating an open and competitive environment driven by market forces with few government restrictions and protectionist policies. • Urgently aligning transport and tourism policies. • Immediately removing constraints on the sectors (e.g., tourism transport licenses). • Harnessing substantial leisure pent-up demand for travel with marketing campaigns, e.g., transport pricing. • Focussing on a renewed sustainability policy for tourism recovery where the focus of tourism shifts to "greener" transport modes ie. NMT • Aligning all neighbouring countries policies for regional border crossings • Fostering airline restructuring, which drives other forms of transport • Supporting distressed organisations and displaced workers by creating new opportunities within the transport for tourism sector. • Encouraging investments in the green transition and environmental improvements and low-carbon transition strategies.	• Second and third waves (perhaps more) of the pandemic to follow, threatening the future viability of transport modes • Perceptions of further "South African" variants • State financial aid (loans, loan guarantees, wage subsidies and equity injections) to State-owned airlines raise concerns about competition and the efficient use of public resources and result in State subsidised monopoly • Operators envisaged being without income for a further period seriously affecting SA's ability to respond to national and international tourism needs in future. • Increasing competition from competitor destinations • Inability of transport sectors to recover sufficiently to meet rejuvenated tourism demand. • Persistent safety and security issues related to transport modes. • The debilitating effect of ongoing corruption on the potential for renewed investment in South Africa and its infrastructure, including transport

6.3 SOME FUTURE TRENDS

We have seen that the lasting impact of COVID-19 will influence mobility, driving changes in the macro-economic environment, regulatory trends, technology and consumer behaviour. South Africa will have to develop its own unique response to each of these trends:

1) More travellers will emphasize health, safety and reliability, particularly making choices on the basis of reducing the risk of infection and not only considering cost and convenience in selecting transport modes. This will hold true for both leisure, private and business travel. This is illustrated in figure 6.1.

Figure 6.1: Reducing the risk of infection as primary reason for selection of transport mode



Source: McKinsey & Company (2020)

2) Policy makers will increasingly shape the future of mobility (and the transport-tourism relationship). Regulators will want to increase their influence over mobility, either favouring low-emission vehicles or relaxing emission standards.

3) Regional differences will amplify the ways in which mobility modes will shift. South Africa will have to assess the shifts in the way in which tourists choose and use modes and its impact on destination development.
4) Industry consolidation appears to be a greater possibility due to the vulnerabilities of certain companies and business models in the transport tourism sector.
5) The pandemic has compelled industry to concentrate on their day to day businesses, adjusting their operations to keep their workers safe but after the crisis it is predicated that the focus will shift strongly to innovative practices in mobility.

6.4 AREAS OF FURTHER RESEARCH

The transport tourism sector requires far more in-depth research. Some areas that have been identified from this research is:

1. The level of co-operation between government departments in a 'whole-Government' approach to tourism and transport.
2. The impact of the statutory and regulatory environment on the development of tourism in South Africa.
3. An assessment of transport policies impacting tourism.
4. The influence of perceptions of transport infrastructure and/or specific modes on travel decisions in South Africa.
5. The contribution of each transport mode to tourism development in South Africa.
6. The challenges in regional cross-border tourism transport.
7. The potential for the development of rail transport as a tourist attraction in South Africa.
8. Factors that influence South Africa's global competitive position in tourism transport.

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6.6 APPENDICES

APPENDIX A: LIST OF INTERVIEWEES

Road Transport	
Interviewee	**Organisation**
Geert van Doorn	Cullinan Holdings
Stephan Krygsman	University of Stellenbosch
Grenville Salmon	SAVRALA/Pace Car Rental
Jabu Matsilele	Buja Tours
Hannelie du Toit	SATSA
Bazil Govender	SABOA
Ms Boitumelo Moleleki	TBCSA
Sandile Ntseoane	SAVRALA
Air Transport	
Chris Zweigenthal CEO	AASA
Roger Foster CEO	Airlink
Rampa Rammopo CEO	Lanseria
Mpumi Mpofu CEO	ACSA

APPENDIX B

Questions for the Air Transport Interviewees

Draft Questions

Your kind assistance is requested for a study on the 'Impact of covid-19 on the tourism -transport interface in South Africa' being conducted by the University of Pretoria, appointed by the Department of Tourism under RFQ number: 2020/03/Dm581 - appointment of higher education institutions. The study is conducted by Prof Berendien Lubbe and Dr Joachim Vermooten.

The scope of the study explores amongst others, the following broad objectives:

- To describe the tourism-transport interface in South Africa
- To identify trends and factors in the tourism-transport relationship that have an impact on the growth of tourism
- To assess the impact of COVID-19 on the tourism-transport relationship.
- To develop a future scenario where the tourism-transport relationship might create opportunities for tourism to prosper post COVID-19.

We would appreciate if you could assist us with regard to the following issues.

1. Was there any impact of traffic volume (domestic and international) decline prior to the imposition of COVID19 regulations?
   If so, from which origin markets was this identifiable?
2. The trends of passenger (pax) volumes (domestic and international):
   - Pre-COVID19
   - During the period of COVID19 grounding orders
   - Domestic air travel during the period subsequent to the lifting of the COVID19 grounding orders, split between the periods during which domestic air travel was restricted to business travel and thereafter, when leisure travel was allowed.
   - International air travel during the period subsequent to the lifting of the COVID19 grounding orders, split between the periods during which international air travel was restricted to particular countries and thereafter.

3. It would appreciate if the numbers could be provided with regard the abovementioned answers.
4. How the airline industry (as well as your airline) met with demand both before and after COVID19 regulations? (Changes in business approach, business model, capacity determination and deployment).
5. The challenges that the industry had to contend with before COVID, like policy issues and the impact of the COVIS19 regulations on these matters.
6. Industry operators hardest hit, in business rescue or out of business or in liquidation during this year. Specific reasons why some operators were hit differently to others?
7. Was any support granted from Government to the airline industry during COVID? What was the basis for such support? Was this done on an industry level and on an equal basis?
8. What are the future prospects for the industry in terms of recovery to prior levels (if at all), changes you envisage in demand and behaviour etc.
9. What are the main challenges the industry will face in the future and any strategies and actions you believe will be necessary for a full recovery and future growth?
10. Anything else that you believe may be pertinent that you would like to share.
11. **Specific question to ACSA:** Airline, flight and slot requests for IATA seasons in comparison to previous years' requests as well as the take-up of actual flights operated previously.

APPENDIX C

Questions for the Road Transport Interviewees

Draft Questions

Your kind assistance is requested for a study on the 'Impact of covid-19 on the tourism -transport interface in South Africa' being conducted by the University of Pretoria, appointed by the Department of Tourism under RFQ number: 2020/03/Dm581 - appointment of higher education institutions. The study is conducted by Prof Berendien Lubbe and Dr Joachim Vermooten.

The scope of the study explores amongst others, the following broad objectives:

- To describe the tourism-transport interface in South Africa
- To identify trends and factors in the tourism-transport relationship that have an impact on the growth of tourism
- To assess the impact of COVID-19 on the tourism-transport relationship.
- To develop a future scenario where the tourism-transport relationship might create opportunities for tourism to prosper post COVID-19.

We would appreciate if you could assist us with regard to the following issues.

1. The growth of the car rental/small operators//e-Hailing/Coach transport industry over the last number of years (before COVID) in terms of tourist demand and how your industry is meeting (or met) that demand.
2. The challenges that the industry had to contend with before COVId, perhaps looking at things like policy issues, road infrastructure, etc.
3. The impact of COVID on the industry in terms of:
    a. Operators in your industry that have been hardest hit or even gone out of business during this year.
    b. Support from Government during COVID.
    c. Future prospects for the industry in terms of recovery to prior levels (if at all), changes you envisage in demand and behaviour etc.
4. What are the main challenges the industry will face in the future and any strategies and actions you believe may be pertinent that you would like to share.

APPENDIX D: INVITATION AND ATTENDEES AT THE AIR TRANSPORT SCENARIO PLANNING WORKSHOP

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Fwd: Tourism Study 'Impact of covid-19 on the tourism -transport i Planning Workshop : PLEASE REGISTER BY RESPONDING

Inbox

Chris Zweigenthal <chris@aasa.za.net>
to Joachim, Chris, me, AASA

Feb **22** Mon

Air Transport Sector Scenario Planning
View on Google Calendar

When Mon 22 Feb 2021 9am – 1pm (SAST)
Where https://gibs.zoom.us/j/92048378596?pwd=SncvVWJHK09xT3hkcV
Who Marius Oosthuizen*

From: Chris Zweigenthal <chris@aasa.za.net>
Subject: Re: Tourism Study 'Impact of covid-19 on the tourism -transport interface in South BY RESPONDING
Date: 19 February 2021 at 09:29:58 SAST
To: Marie Joseph Malé <mjmale@air-austral.com>, Jean-Marc Grazzini <jmgrazzini@air-austral.c <akhunwana@airbotswana.co.bw>, Carla Da Silva <cdasilva@airmauritius.com>, Joseph Makonis 'Rodger Foster' <raf@flyairlink.com>, Chris Hoare <ChrisH@flyairlink.com>, 'Karin Murray' <karinm Glenn Orsmond <glenn@comair.co.za>, Gabriel Moritz <gabriel.moritz@comair.co.za>, Desire Bal <norbert.sengamali@congoairways.com>, Joao Jorge <joao.jorge@lam.co.mz>, William Ndlovu <WilliamNdlovu@flymango.com>, noelan.rungasamy@flymango.com, tony.irwin@proflight-zambia Lindsay Olitzki <LindsayOlitzki@flysaa.com>, Thuli Mpshe <tmpshe@flyexpress.aero>, josephdlan Epps <gregory.epps@flytaag.com>, Wouter Nel <wnel@airmauritius.com>, "Carlos Vasco Sitoe (L <carlos.sitoe@lam.co.mz>
Cc: Chris Zweigenthal <chris@aasa.za.net>, AASA Global Group <aasa@aasa.za.net>

Dear Colleagues

I REFER TO MY E-MAIL BELOW INVITING YOU OR YOUR REPRESENTATIVES TO THE ABOV
REQUESTED TO PLEASE REGISTER BY ACCEPTING THE INVITATION. IT WOULD BE APPRE
FROM YOUR AIRLINE.

AIR TRANSPORT IN SOUTH AFRICA – WORKSHOP ON SCENARIOS FOR A POST-COVID FUTURE 22 FEBRUA

Air transport in South Africa s facing severe challenges and it is time to look forward and how we can best shape our fu

The Department of Tourism is working with the University of Pretoria to present a virtual Future Scenarios Planning W
2021 from 9:00 to 13:00.

Mr Marius Oosthuizen from **GIBS** will facilitate this Workshop for us.

Marius has worked with business leaders, policymakers and civil society activists using his expertise in stakeholder dialogue, scenario planning, strategic foresight and systems thinking to create a future-orientated strategy. He is a member of the Advisory Council of the Association of Professional Futurists and recent participant in the London-based School of International Futures and a recent contributor to the European Strategy and Policy System, the foresight think tank of the European Parliament.

The overall **purpose** of the Workshop is to develop a strategic perspective on the future prospects of air transport in So

In the scenario building process, we will examine the economic, political and regulatory, market, technology and other
available for business and their counterparts in government, to make the most of the post-COVID-19 period.

We envisage the development of three or four scenarios which examine alternative future pathways, shaped by the key
and some a "mixed bag", but all of them will be useful in formulating a strategic response.

The process itself during which the scenarios are developed, ought to be seen as a strategic engagement and will enric
in the future.

The potential benefits for the industry
The Workshop will allow the industry to reach a level of consensus on what they believe the future holds under differen

This will empower industry representatives to work at the strategic level in their organisations and through the regulator

Structure of the Workshop
The Workshop will be structured in two sessions of two hours each, following a process based on the scenarios' meth
commit to a frank, open strategic conversation with peers. The sessions will follow the Chatham House Rules principle,
attributable to individual participants. As such, participants will be able to speak freely and openly about the issues.

- Hour 1: **Environmental scanning process** - an exploration of the trends and the drivers of change**.**
- Hour 2: **Assessment of the impact and uncertainty** associated with various trends and drivers of change in the
- Hour 3: After a break, insights will be used to formulate **possible alternative scenarios** and their accompanying **n**
- Hour 4 will be spent formulating **strategic and policy insights and recommendations** for the scenarios.

To attend this critical morning Workshop, please register on the following link:

https://gibs.zoom.us/j/92048378596?pwd=SncvVWJHK09xT3hkcVptRmtpd2w4Zz09

The Zoom invite is as follows:
CLED Programmes is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting
https://gibs.zoom.us/j/92048378596?pwd=SncvVWJHK09xT3hkcVptRmtpd2w4Zz09

Meeting ID: 920 4837 8596
Passcode: 482958
One tap mobile
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Dial by your location
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+27 21 426 8191 South Africa
+27 87 550 3946 South Africa
+27 87 551 7702 South Africa
Meeting ID: 920 4837 8596
Find your local number: https://gibs.zoom.us/u/acyAisTsHo
Join by SIP: 92048378596@zoomcrc.com

With kind regards

Chris Zweigenthal
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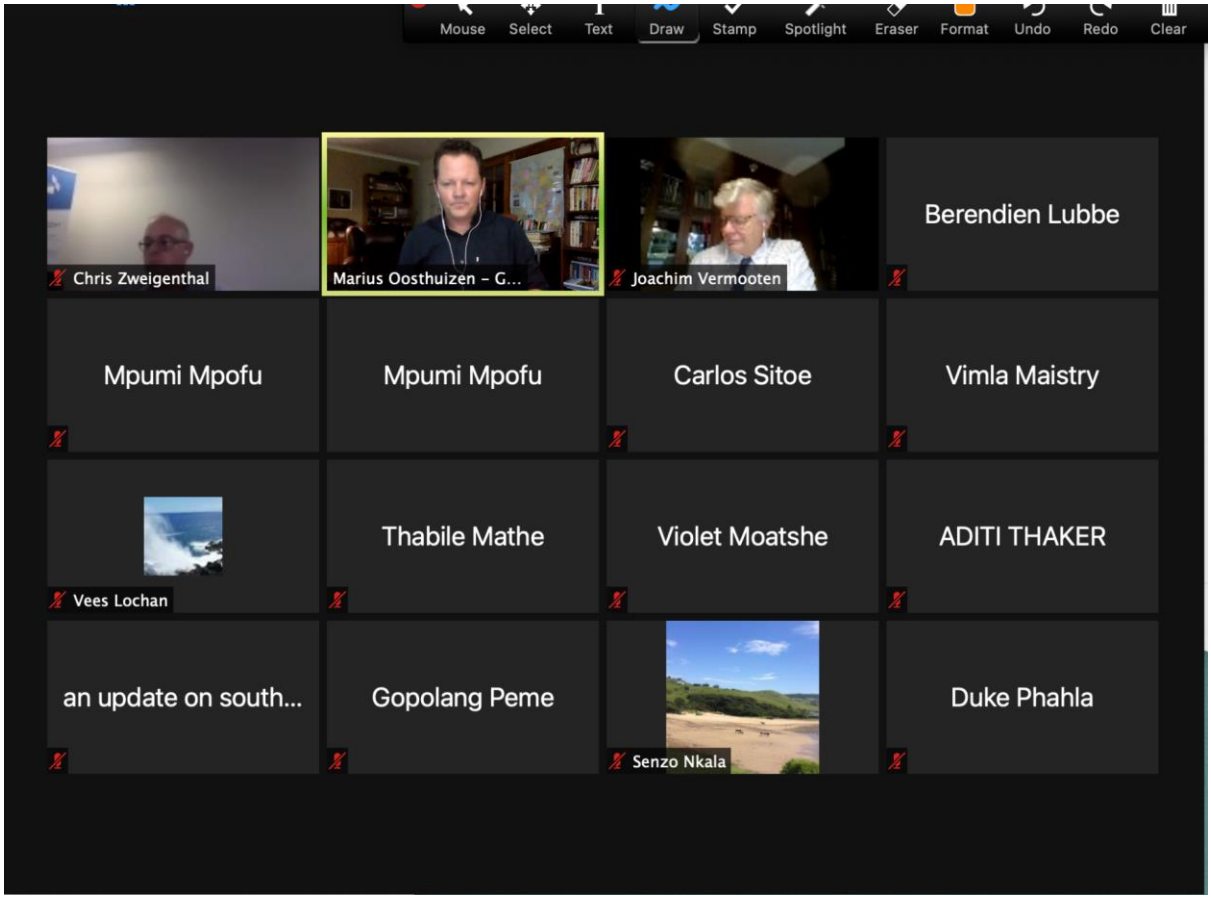
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Chris Zweigenthal
Marius Oosthuizen – G...
Joachim Vermooten
Berendien Lubbe
Mpumi Mpofu
Mpumi Mpofu
Carlos Sitoe
Vimla Maistry
Vees Lochan
Thabile Mathe
Violet Moatshe
ADITI THAKER
an update on south...
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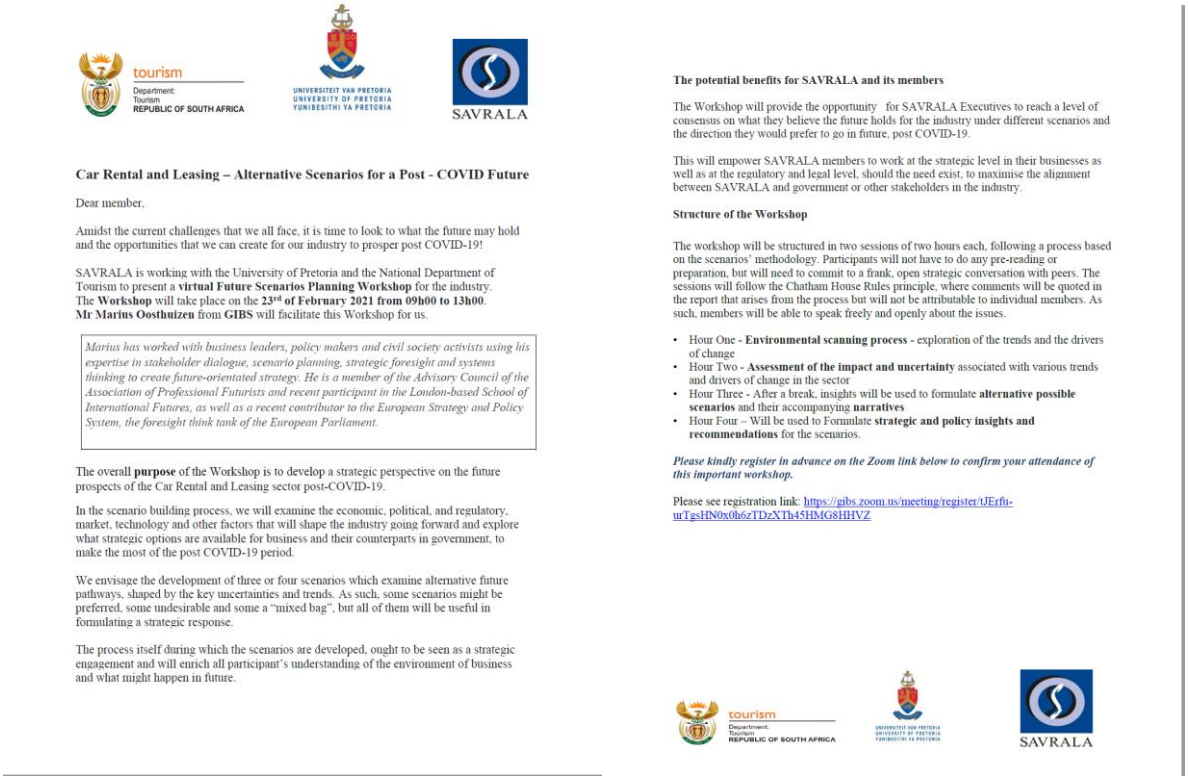
Senzo Nkala
Duke Phahla

APPENDIX E: INVITATION AND ATTENDEES AT THE CAR RENTAL AND LEASING SCENARIO PLANNING WORKSHOP



tourism
Department:
Tourism
REPUBLIC OF SOUTH AFRICA

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

SAVRALA

Car Rental and Leasing – Alternative Scenarios for a Post - COVID Future

Dear member,

Amidst the current challenges that we all face, it is time to look to what the future may hold and the opportunities that we can create for our industry to prosper post COVID-19!

SAVRALA is working with the University of Pretoria and the National Department of Tourism to present a **virtual Future Scenarios Planning Workshop** for the industry. The **Workshop** will take place on the **23rd of February 2021 from 09h00 to 13h00**. **Mr Marius Oosthuizen** from **GIBS** will facilitate this Workshop for us.

Marius has worked with business leaders, policy makers and civil society activists using his expertise in stakeholder dialogue, scenario planning, strategic foresight and systems thinking to create future-orientated strategy. He is a member of the Advisory Council of the Association of Professional Futurists and recent participant in the London-based School of International Futures, as well as a recent contributor to the European Strategy and Policy System, the foresight think tank of the European Parliament.

The overall **purpose** of the Workshop is to develop a strategic perspective on the future prospects of the Car Rental and Leasing sector post-COVID-19.

In the scenario building process, we will examine the economic, political, and regulatory, market, technology and other factors that will shape the industry going forward and explore what strategic options are available for business and their counterparts in government, to make the most of the post COVID-19 period.

We envisage the development of three or four scenarios which examine alternative future pathways, shaped by the key uncertainties and trends. As such, some scenarios might be preferred, some undesirable and some a "mixed bag", but all of them will be useful in formulating a strategic response.

The process itself during which the scenarios are developed, ought to be seen as a strategic engagement and will enrich all participant's understanding of the environment of business and what might happen in future.

The potential benefits for SAVRALA and its members

The Workshop will provide the opportunity for SAVRALA Executives to reach a level of consensus on what they believe the future holds for the industry under different scenarios and the direction they would prefer to go in future, post COVID-19.

This will empower SAVRALA members to work at the strategic level in their businesses as well as at the regulatory and legal level, should the need exist, to maximise the alignment between SAVRALA and government or other stakeholders in the industry.

Structure of the Workshop

The workshop will be structured in two sessions of two hours each, following a process based on the scenarios' methodology. Participants will not have to do any pre-reading or preparation, but will need to commit to a frank, open strategic conversation with peers. The sessions will follow the Chatham House Rules principle, where comments will be quoted in the report that arises from the process but will not be attributable to individual members. As such, members will be able to speak freely and openly about the issues.

- Hour One - **Environmental scanning process** - exploration of the trends and the drivers of change
- Hour Two - **Assessment of the impact and uncertainty** associated with various trends and drivers of change in the sector
- Hour Three - After a break, insights will be used to formulate **alternative possible scenarios** and their accompanying **narratives**
- Hour Four – Will be used to Formulate **strategic and policy insights and recommendations** for the scenarios.

Please kindly register in advance on the Zoom link below to confirm your attendance of this important workshop.

Please see registration link: https://gibs.zoom.us/meeting/register/tJErfu-urTgsHN0x0h6zTDzXTh45HMG8HHVZ

tourism
Department:
Tourism
REPUBLIC OF SOUTH AFRICA

SAVRALA

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