



destea

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tourism and environmental affairs
FREE STATE PROVINCE

Research Document on Various Economic Indicators

An Economic Intelligence Report

Impact of the Covid-19 pandemic on the performance of Tourism

March 2022



This issue of the Economic Intelligence Report provides an overview of the impact of Covid-19 on the performance of tourism in Free State. It also provides the results of the Free State Tourism Covid-19 Business Impact Survey; This survey is developed to provide insight on the initial financial and non-financial performance of provincial tourism enterprises as well as to share additional experiences and lessons learned during the Covid-19 pandemic.

DISCLAIMER

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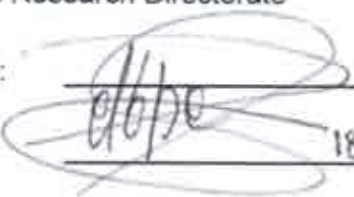
¹ Cover image adapted from

<https://www.forbes.com/sites/wendyaltschuler/2020/03/17/how-to-help-the-travel-and-tourism-industry-during-the-coronavirus-crisis/?sh=5e4dee0f7235>

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1. INTRODUCTION AND BACKGROUND

The coronavirus continues to be a significant threat to health in South Africa and some countries, including the UK and the United States. The emergence in southern Africa of the Omicron variation of coronavirus prompted many countries to add South Africa to their no-go lists, barring or restricting access to anyone who has been in that area recently. Some restrictions however had since been reviewed and lifted.²

The travel and tourism industry is one of the largest economic sectors, reaping \$8.8 trillion per year, according to the World Economic Forum (WEF). International travel has taken a plunge, flights had been grounded and borders closed, amid the pandemic. Businesses, communities, and livelihoods across the globe were derailed due to the spread of COVID-19.

Up to 50 million travel and tourism jobs are at risk around the world due to the above-mentioned. Travel and tourism, according to WTTC³, supports one in 10 occupations worldwide, generating 320 million jobs. However, a full recovery by 2023 is foreseen based on how the travel industry recuperated from past slumps, once the situation has stabilized.⁴

The outbreak of the COVID-19 pandemic had a significant impact on the South African tourism industry. The Level 5 (hard) lockdown introduced by President Ramaphosa on 26 March 2020 resulted in tourism numbers dropping drastically for both incoming and outgoing travellers. In light of this, South Africa did not receive visitors for a period of six months from April to September 2020.⁵

According to the Tourism, 2020 report released by Statistics South Africa, foreign arrivals dropped by 71% from just over 15,8 million in 2019 to less than 5 million in 2020. The overall number of travellers decreased by 50,7% over a 15-year period from nearly 24,6 million recorded in 2006 to 12,1 million travellers recorded in 2020.⁶ It is

² <https://edition.cnn.com/travel/article/south-africa-travel-covid-19/index.html>

³ The World Travel and Tourism Council (WTTC) report

⁴ <https://www.forbes.com/sites/forbes-personal-shopper/2022/03/23/discover-samsung-8k-tv-deal/?sh=557758f142af>

⁵ <http://www.statssa.gov.za/?p=14281>, SA Tourism industry struggles amidst Covid-19 pandemic

⁶ <http://www.statssa.gov.za/?p=14281>, SA Tourism industry struggles amidst Covid-19 pandemic

evident that the COVID-19 pandemic impacted the tourism industry very hard around the world and in South Africa, mainly due to the lockdown and travel restrictions that were imposed.

International tourist arrivals are not expected to return to pre-pandemic numbers until 2024, while global business travel trends might have been structurally altered by the pandemic. Domestic tourism and travel should increasingly provide a crucial support base, however this is still to be seen. The industry, thus anticipated to experience a very gradual and protracted recovery process going forward.⁷

The preliminary impact of the pandemic on the national economy has been well documented by data agencies such as Statistics South Africa, however provincial data remain very limited. The Economic Research Directorate has found it necessary to determine what the initial impact of the COVID-19 pandemic and subsequent lockdown have been on the provincial economy. This report is the sixth in a series of Economic Intelligence reports developed to establish the pandemic's impact on the provincial economy.

Focus therefore will specifically be on the impact of the pandemic on the performance of tourism in the Free State. The report presents the impact on national and provincial Gross Domestic Product (GDP) and employment. A COVID-19 Business Impact Survey was developed and distributed to provincial tourism enterprises. This survey was developed to assess the impact on the productivity and workforce as a result of the COVID-19 pandemic. Enterprises in all five districts in the province were approached to participate in this initiative.

2. SOUTH AFRICAN ECONOMY

South Africa's gross domestic product (GDP) increased by 1,2% in the fourth quarter of 2021.⁸ Statistics South Africa reported that the annual real GDP increased by 4,9% in 2021 following a decrease of 6,4% in 2020. The annual increase in real GDP of

⁷ IDC. Economic Overview: Recent developments in the global and South African economies, Feb 2022

⁸ Statistics South Africa, Gross Domestic Product (GDP), 4th Quarter 2021

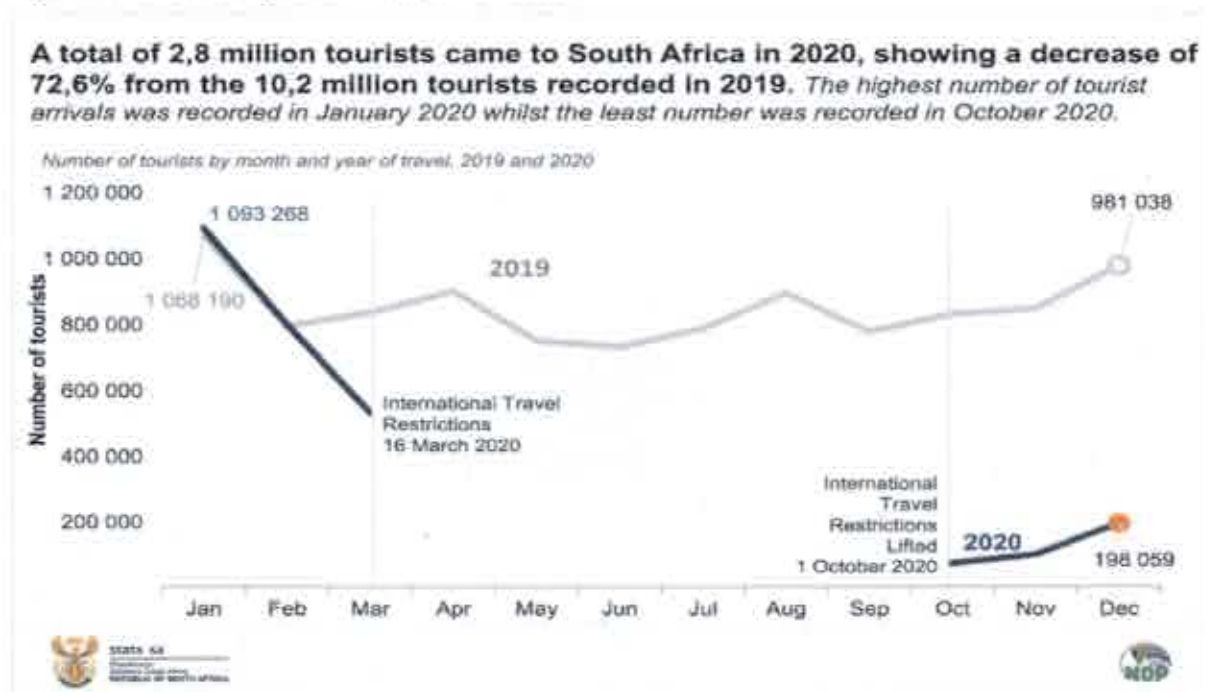
4,9% in 2021 was primarily led by higher economic activity in finance which contributed 0,9 of a percentage point based on growth of 3,7%.

Five industries recorded growth in Q4 2021. The most significant positive contributors to growth were personal services, manufacturing, agriculture and trade. Personal services increased by 2,7%, contributing 0,4 of a percentage point to GDP growth. Manufacturing increased by 2,8%, contributing 0,3 of a percentage point to GDP growth. Eight of the ten manufacturing divisions reported positive growth rates in the fourth quarter. Trade, catering and accommodation increased by 2,9%, contributing 0,3 of a percentage point to GDP growth. Agriculture, forestry and fishing increased by 12,2% and contributed 0,3 of a percentage point to GDP growth. Transport, storage and communication increased by 2,2%, contributing 0,2 of a percentage point.

Tourism's contribution to the GDP was 130,1 billion rand in 2018 and constituted nearly 3% direct contribution to GDP. In 2018, the tourism sector contributed about 4,5% of total employment in South Africa. The volume of tourists decreased by 72,6% from 10,2 million in 2019 to 2,8 million in 2020. The distribution of tourists by region of residence shows that 74,8% of the tourists who arrived in South Africa in 2020 were residents of the Southern African Development Community (SADC) countries and 1,5% were from 'other' African countries. These two sub-regions constituted a total of 76,3% tourists from Africa. Residents of overseas countries made up 23,6% of the tourists.⁹ Figure 1 depicts the number of tourists who visited South Africa in 2019 and 2020.

⁹ <http://www.statssa.gov.za/?p=14281>, SA Tourism industry struggles amidst Covid-19 pandemic

Figure 1: Tourists visiting South Africa, 2019 and 2020



The main reason for visits to South Africa is for holiday. Majority (96,0%) of tourists came for holidays whilst business persons, students and medical treatment constituted 3,1%, 0,9% and 0,1% respectively of the 2020 tourists. In 2020, tourists from overseas and 'other' African countries spent, on average, seven and five days per month respectively in South Africa, compared to tourists from SADC who spent only two days. Tourists continued to be predominantly male (53,8%).¹⁰

The tourism sector contributed 3,7% to GDP in 2019 according to the *Tourism Satellite Account (TSA) for South Africa* report. Measured against other industries, the tourism sector is larger than agriculture, utilities (electricity, gas & water), and construction. Tourism activities and their associated tourism expenditure directly contributed R209 billion to the national economy in 2019.

Tourism direct gross value added (TDGVA) increased from R134 338 million in 2018 to R196 705 million in 2019 (46,4% increase). Tourism direct gross domestic product (TDGDP) increased from R146 158 million in 2018 to R209 151 million in 2019 (43,1% increase). The tourism sector directly employed 773 533 persons in 2019, an increase

¹⁰ <http://www.statssa.gov.za/?p=14281>, SA Tourism industry struggles amidst Covid-19 pandemic

of 26,4% or 161 796 employees compared with 2018. The tourism share of total employment increased from 2018 (3,7%) to 2019 (4,7%).

The report further indicated that tourism directly employed 4,7% of the total workforce in 2019 of which 773 533 people were employed in the formal sector, which translates to about 1 in every 21 employed individuals. Within tourism, the biggest contributor to direct employment was road passenger transport, accounting for almost a third of all jobs within the sector as depicted in figure 2. Road passenger transport mainly includes activities related to taxis and buses that ferry domestic and non-resident visitors along the country.

Figure 2: Breakdown of employed individuals in the tourism sector



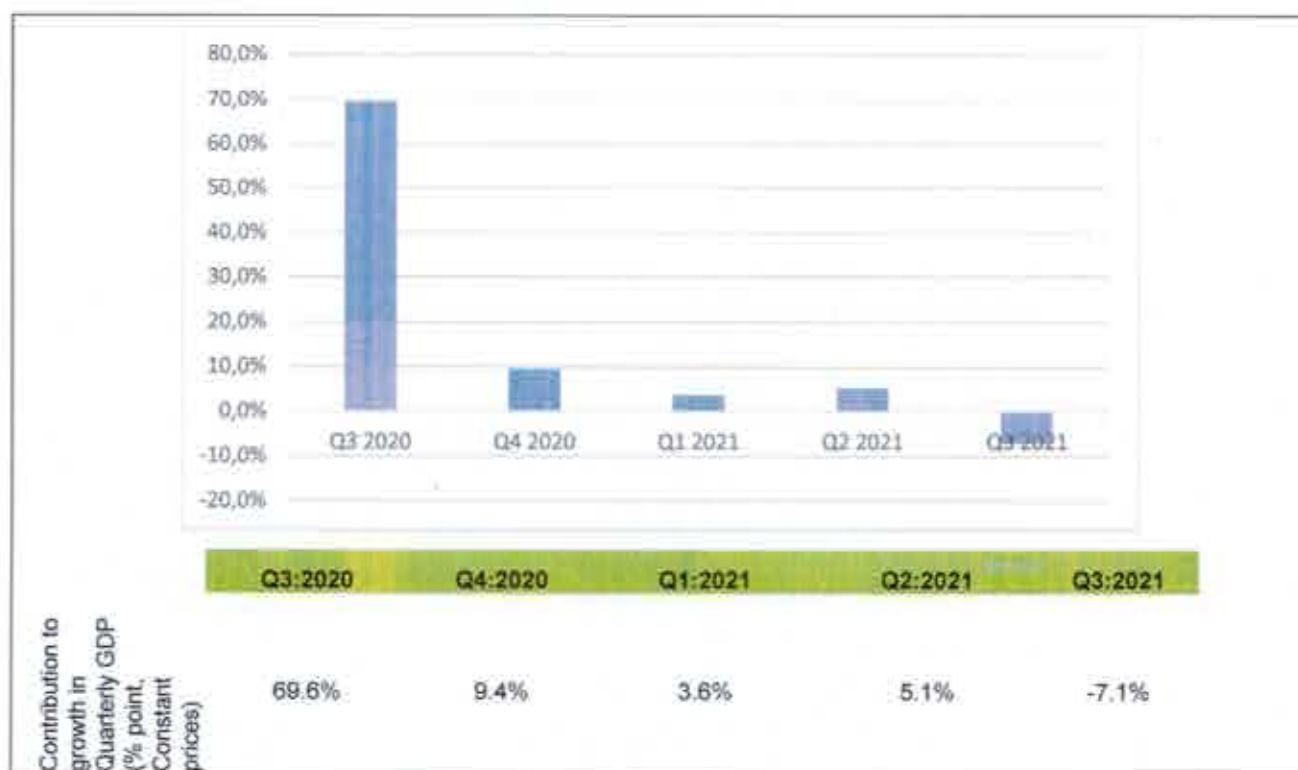
Domestic visitors accounted for the largest percentage of internal tourism expenditure, contributing 73% of the R451,5 billion in 2019. Non-resident visitors accounted for 27%. The biggest expenditure items on domestic visitors' travel budget in 2019 were non-specific products, road passenger transport and air passenger transport. Tourism remains vital in the South African economy, providing a livelihood for thousands of people. There is no doubt that the COVID-19 pandemic in 2020 and 2021 has had an impact on the tourism sector.¹¹

¹¹ <http://www.statssa.gov.za/?p=14992>, Tourism in South Africa: a pre-Covid-19 benchmark

3. FREE STATE ECONOMY: GDP AND EMPLOYMENT

It is evident that the provincial economy did not escaped the effects of the Covid-19 pandemic. Growth in the quarterly GDP was the lowest in Q3: 2021 at -7.1%. South Africa recorded a quarterly growth of -6.43%. The growth rate of 69.6% for the province indicated in the quarterly GDP in Q3: 2020 declined to -7.1% in Q3:2021.¹²

Figure 3: Free State GDP % change quarter-on-quarter (seasonally adjusted and annualised) and contribution to growth in Quarterly GDP from Q3:2020 to Q3:2021



Data Source: IHS Markit Regional eXplorer, 2201 (2.6p)

The impact that the pandemic had on tourism in the province is reflected in the provincial indicators released by Tourism South Africa as depicted in table 1.

¹² IHS Market Regional eXplorer version 2201

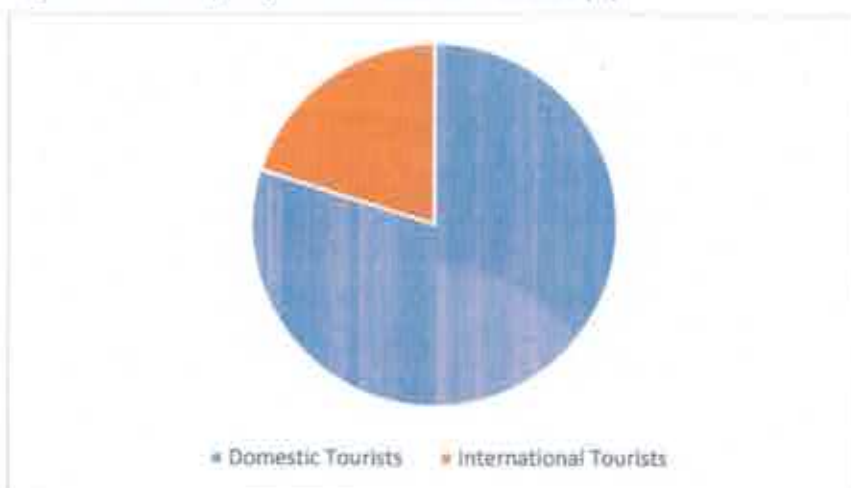
Table 1: Free State Tourism Provincial Indicators

	2019		2020			
Tourist Arrivals	Foreign – 1 100 000 (-16 %) Domestic- 3 537 526 (202%) Same day – 00 %		Foreign – 311 057,52 (-69 %) Domestic- 1 406 478 (-80.2%) Same day – 00 %			
Spend	Foreign – R3.1 billion Domestic – R4 829 billion		Foreign – R2 531 672 898 billion Domestic – R2 170 956 713,08 billion			
Length of Stay	Foreign tourists – 11.4 nights Domestic Tourists – 3.0 nights		Foreign tourists – 11.6 nights Domestic Tourists – 2.6 nights			
Purpose of visit	Foreign	Domestic	Foreign	Domestic		
	Holiday	3.8%	0.7%	Holiday	2.5%	3.42%
	Business	2.4%	0.3%	Business	4.3%	10.5%
	VFR	67.9%	1.8%	VFR	80.0%	5.21%
	Medical	2.8%	0%	Medical	52.2%	14.8%
	Religious	2.9%	0.2%	Religious	19.4%	6.04%
	Shopping	2.4%	-	Shop	11.8%	-
	MICE	1.4%	-	MICE	2.3%	-
	Others	17.6%	-	Others	11.4%	-
Bednights	Foreign: 11 400 000 Domestic: 6 382 000		Foreign: 373 785 Domestic: 2 735 711			

Source: SAT

The number of trips by tourists visiting Free State from other regions in South Africa has decreased at an average annual rate of -8.68% from 2.29 million in 2010 to 922 000 in 2020. The tourists visiting from other countries decreased at an average annual growth rate of -6.47% (from 455 000 in 2010 to 233 000 in 2020).¹³ International tourists constitute 20.16% of the total number of trips, with domestic tourism representing the balance of 79.84% as depicted in figure 4.

Figure 4: Tourists by Origin – Free State Province 2020 (%)

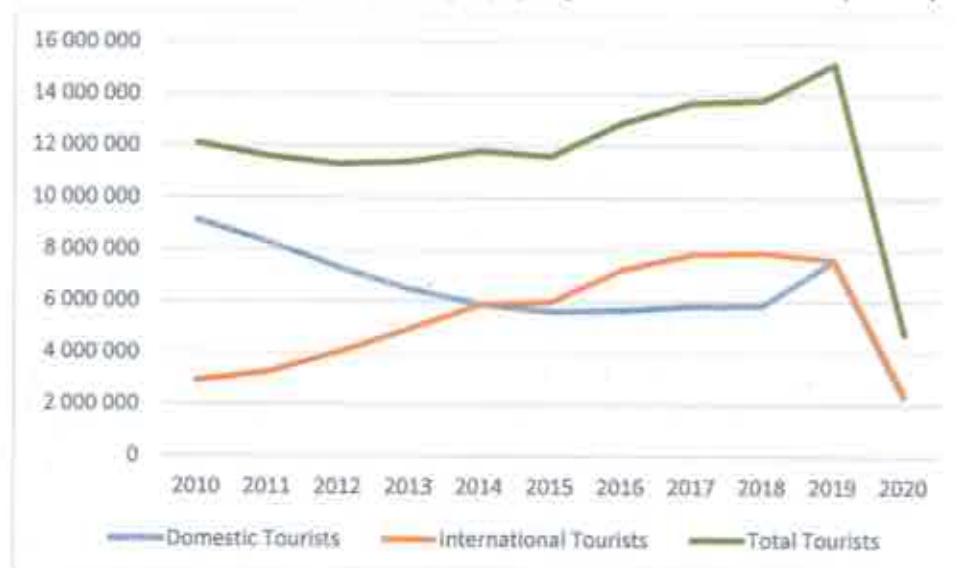


Source: IHS Market Regional eXplorer version 2201

¹³ IHS Market Regional eXplorer version 2201

From 2010 to 2020, the number of bed nights spent by domestic tourists has decreased at an average annual rate of -12.81%, while in the same period the international tourists had an average annual decrease of -1.71%. The total number of bed nights spent by tourists decreased at an average annual growth rate of -8.85% from 12.1 million in 2010 to 4.78 million in 2020 (*Figure 5*).

Figure 5: Growth in Tourism (using bednights) by origin – Free State 2010-2020 (Number)



Source: IHS Market Regional eXplorer version 2201

From 2010 to 2020 the number of bed nights spent by international tourists overtook the number of bed nights spent by domestic tourists. This is contributed to the negative growth in the domestic tourists compared to the positive growth in the number of bed nights spent by international tourists in the Province.

Free State had a total tourism spending of R 5.33 billion in 2020 with an average annual growth rate of -5.4% since 2010 (R 9.29 billion) as depicted in table 2. South Africa had a total tourism spending of R 95.8 billion in 2020 and an average annual growth rate of -6.5% over the same period.

The tourism spending in the province as a percentage of GDP in 2020 was 1.93% in comparison with that of in South Africa recorded as 1.73%.¹⁴

¹⁴ Source: IHS Market Regional eXplorer version 2201

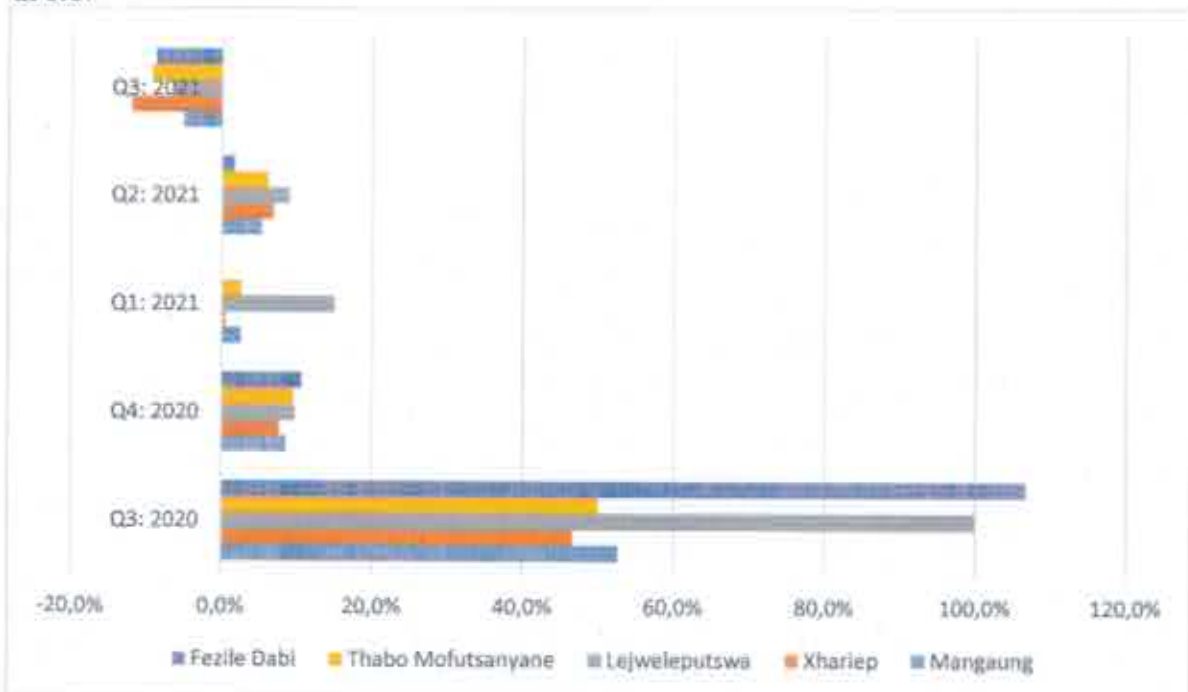
Table 2: Total Tourism spending – FS and National Total, 2010-2020 (R Billions, current prices)

	Free State	National Total
2010	9.3	187.7
2011	9.3	194.4
2012	10.4	220.1
2013	11.2	239.6
2014	12.7	263.3
2015	12.4	254.2
2016	14.6	294.5
2017	15.3	305.3
2018	15.5	303.3
2019	16.7	317.1
2020	5.3	95.8
Average Annual growth		
2010-2020	-5.41%	-6.51%

Source: IHS Market Regional eXplorer version 2201

Economic growth in the five regions of the province was also severely impacted by the COVID-19 pandemic. When looking at the quarterly GDP of the regions from Q3 2020 to Q3 2021 one can see the negative impact the pandemic had especially during Q3 2021 as depicted in *figure 6*. Xhariep, Thabo Mofutsanyana and Fezile Dabi were mostly affected in Q3 2021 with declines of -12.0%, -9.3% and -8.8% respectively.

Figure 6: Quarterly GDP by Region, % change quarter-on-quarter (seasonally adjusted and annualised), Q3 2020 – Q3 2021



Source: IHS Market Regional eXplorer 2201 (2.6p)

When looking at employment in the province Statistics South Africa reported that the official unemployment rate increased by 1.6 percentage points, from 36.5% to 38.1% quarter-to-quarter (Q2: 2021 to Q3: 2021) and 2.6 percentage points year-on-year (Q3: 2020 to Q3: 2021).

The table below shows that Free State recorded employment losses both quarter-to-quarter (Q2: 2021 to Q3: 2021) and annually (Q3: 2020 to Q3: 2021) with 3 000 jobs for both periods respectively.

Figure 7: Total Employment Q3:2020 to Q3:2021, Free State



Source: Statistics SA, Quarterly Labour Force Survey Q3:2021

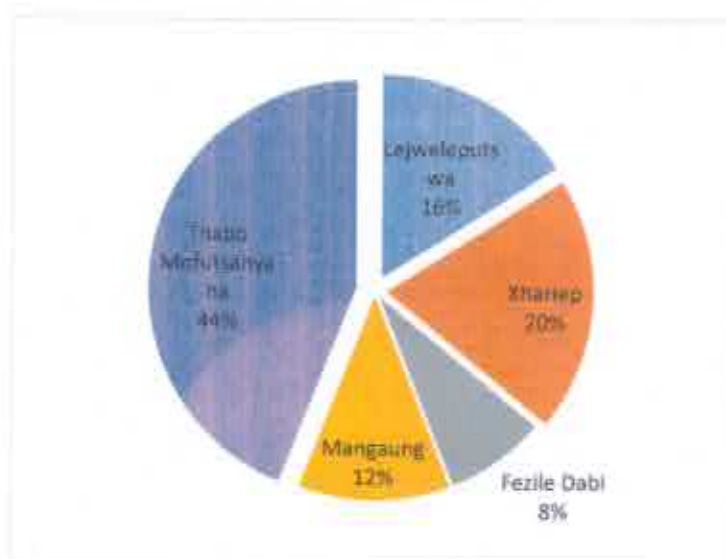
The majority of the province's workforce in Q3 2021 was employed in Community & Social Services (178 000), followed by Trade (163 000). Finance and Trade experienced the highest gains in employment quarter-to-quarter recording 23 000 & 8 000 more jobs between Q2:2021 and Q3:2021. Construction, Manufacturing and Community & Social Services recorded the highest decreases in employment year-on-year up 37.9%, 34.7% and 8.1% respectively.¹⁵ The report however does not reflect on the workforce in tourism, which is cross-cutting amongst the various sectors.

¹⁵ Statistics South Africa. 2021. Quarterly Labour Force Survey Q3:2021

4. FREE STATE ENTERPRISES COVID-19 BUSINESS IMPACT SURVEY RESULTS

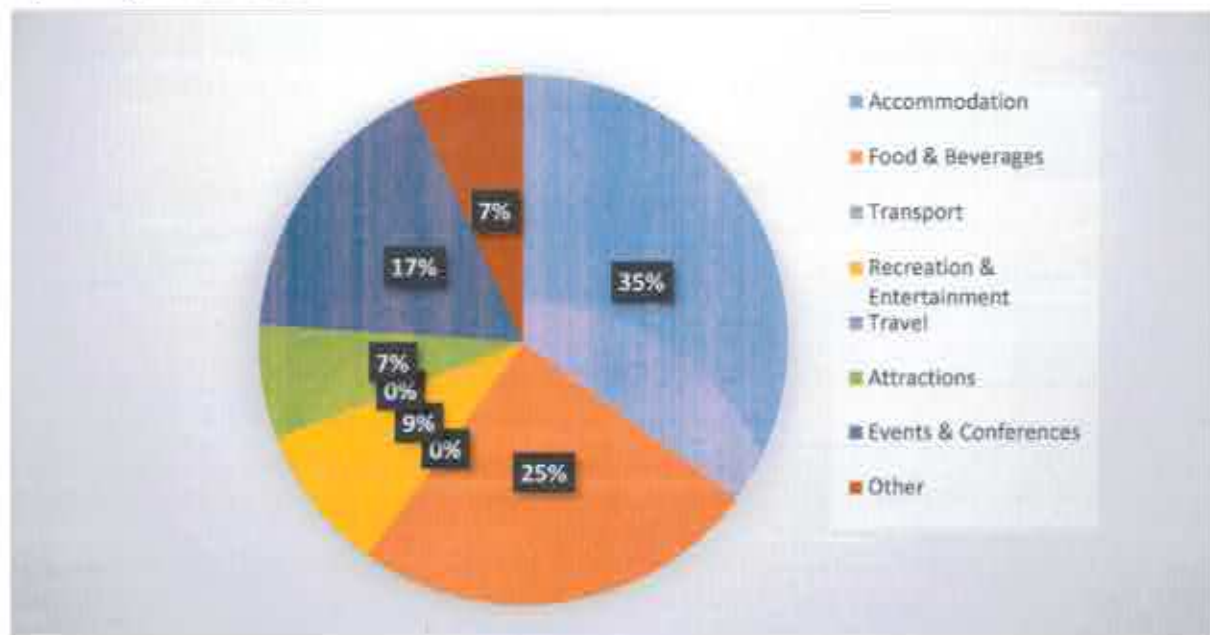
This section of the report presents the results of the Free State Tourism Covid-19 Business Impact Survey conducted by DesteA. The survey is the sixth in a series of surveys developed to determine the initial impact of the Covid-19 pandemic on the provincial economy. The full impact of the pandemic on the economy may only be realised in the long term. The accuracy of the survey is fully reliant on businesses' willingness to participate and offer accurate information. In adherence with national restrictions, districts were visited in person to obtain inputs from stakeholders in the tourism sector. Approximately $n=48$ businesses were requested to participate in the survey, of which a total of $n=26$ complied (accounting for 54% participation rate). Figure 8 provides an illustration of the geographical spread of the participants. Most notably, 44% of the respondents originated from the Thabo Mofutsanyana (44%) and Xhariep District Municipalities (20%), followed by Lejweleputswa District Municipality (16%), Mangaung Metropolitan Municipality (12%) and Fezile Dabi District Municipality (8%).

Figure 8: Surveyed Business' Area of Operation



The dominant sub-sectors in the respective districts were Accommodation (35%), followed by Food and Beverages (25%) and Events and Conferences (17%) as illustrated in figure 9 below.

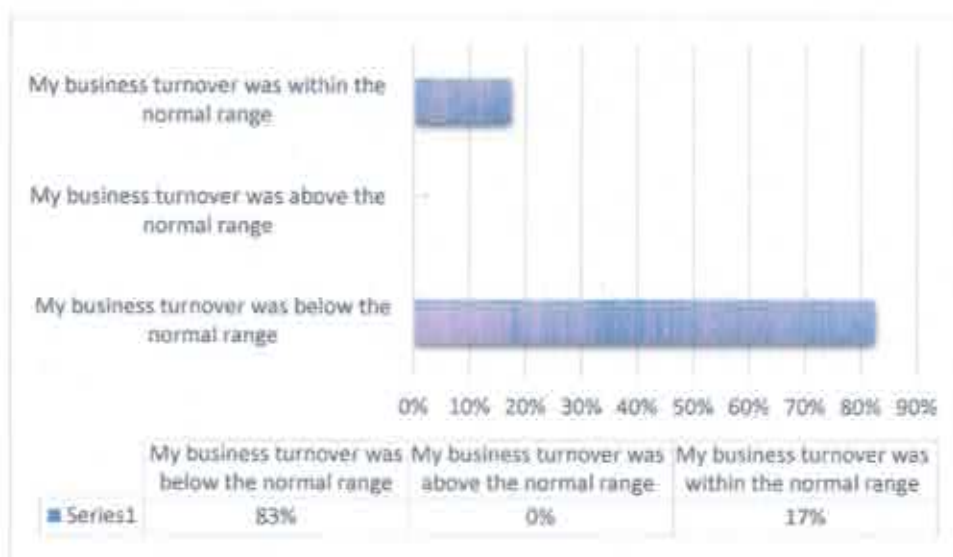
Figure 9: Type of Sub-sectors



5. Financial Performance

Turnover relates to the income generated by a business when conducting its core operations within a specified timeframe, and forms a key measure of business performance. As defined by Statistics SA, turnover includes sales of goods, services rendered, leasing and hiring of capital assets, and rental/leasing of land, buildings and other structures.¹⁶ The data obtained through the survey indicate that 83% of the respondents had a turnover that was lower than their normal range as illustrated in the figure 10.

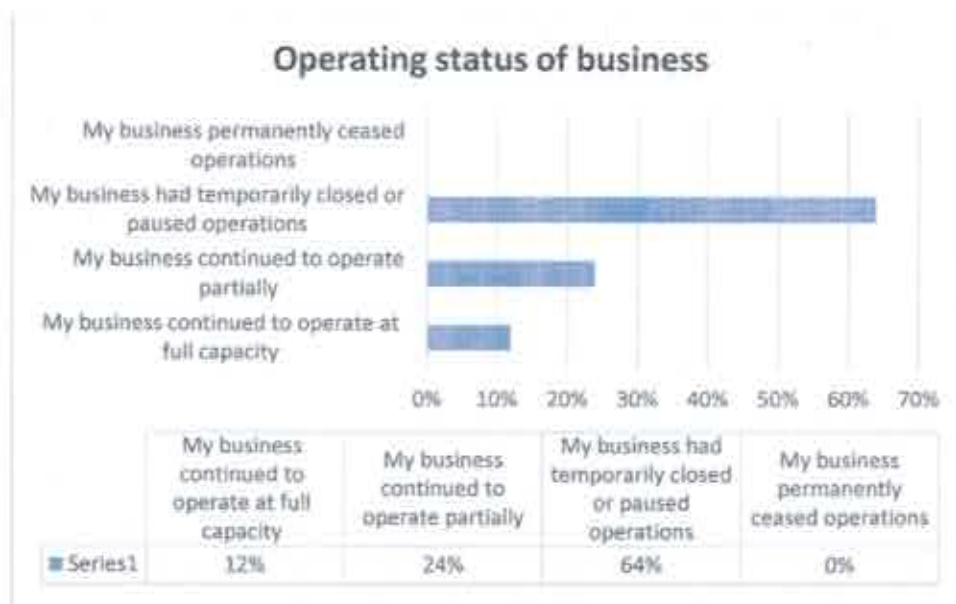
Figure 10: Impact on business turnover



¹⁶ Statistics South Africa. (2020). Annual Financial Statistics Survey

The survey enquired about businesses' operating status (figure 11) during the period in question, 64% of businesses reported that they temporarily closed or paused operations; while 24% continued to operate partially during this period.

Figure 11: Operating status of businesses



As illustrated in figure 12, 17% of the respondents indicated that their ability to access finance had decreased, while 43% of respondents stated that their ability to access finance remained unchanged. A total of 26% of the respondents indicated that they were unsure of whether there was a change in their ability to access finance, while 13% indicated that their ability to access finance had increased since the Covid-19 national lockdown.

Figure 12: Change in ability to access financing

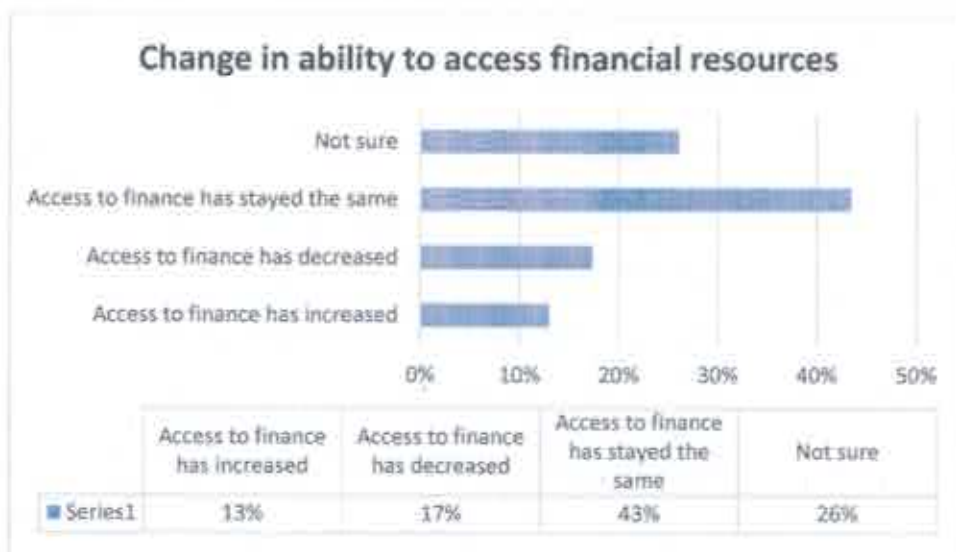
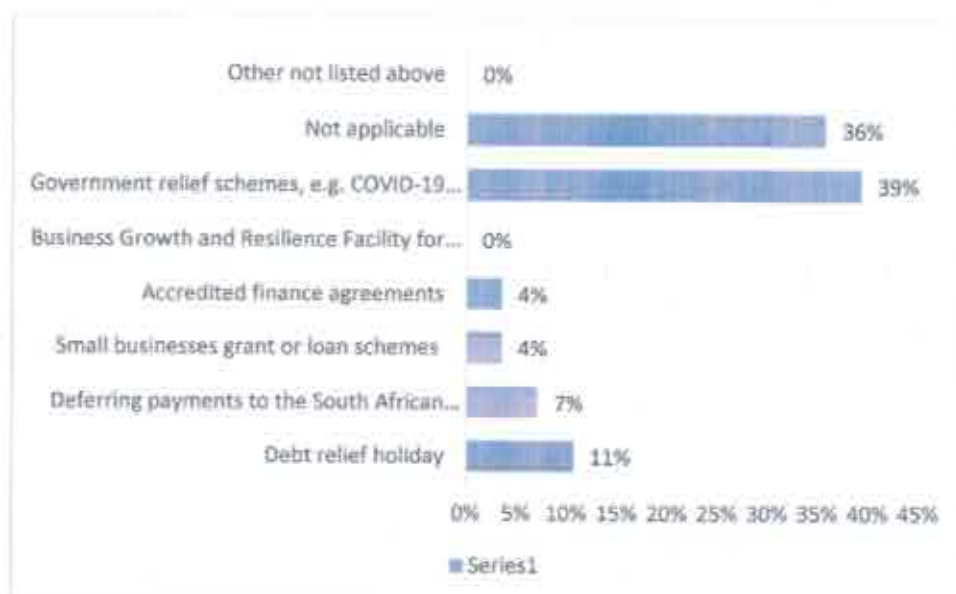


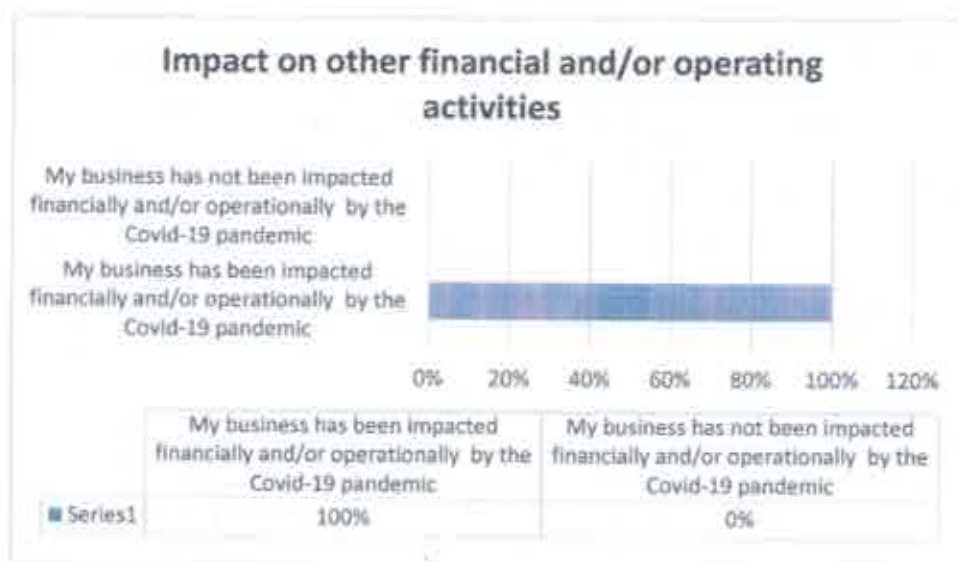
Figure 13 reflects on the various financial assistance incentives available during the period of the Covid-19 pandemic.

Figure 13: Financial assistance incentives applied for



Amongst the various financial incentives offered during the period of the pandemic, 39% of the respondent applied for the Government Relief Schemes. Small businesses grant or loan schemes only attracted 4% of the respondents as seen in figure 13. All the enterprises (100%) interviewed agreed that they had been impacted financially and/or operationally by the Covid-19 pandemic (see figure 14).

Figure 14: Financial and/or operational impact of Covid-19 on business



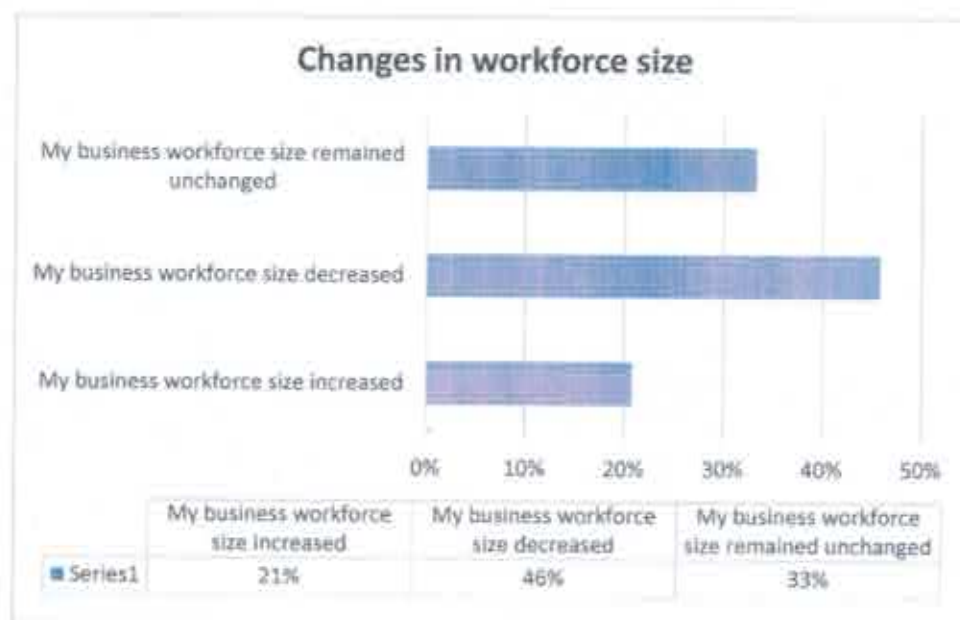
6. Workforce Implications

The full impact of the COVID-19 pandemic on employment will be determined over time as employment tends to be a lagging economic indicator. Notably, certain groups of workers remain vulnerable including those characterised as lowly skilled. During the pandemic, people deemed as high health risks face even higher levels of job vulnerability. As explained in section 3 in the report, the province unemployment rate increased by 2.6 percentage points year-on-year (Q3: 2020 to Q3: 2021) leaving 3000 more people without jobs.

Enterprises were requested to indicate how their workforce changed in size due to the pandemic.

The feedback from the respondents indicates that, a majority (46%) of their workforce size decreased since the beginning of the lockdown, whilst 21% of the respondents experienced an increase in workforce size (figure 15).

Figure 15: Changes in workforce size



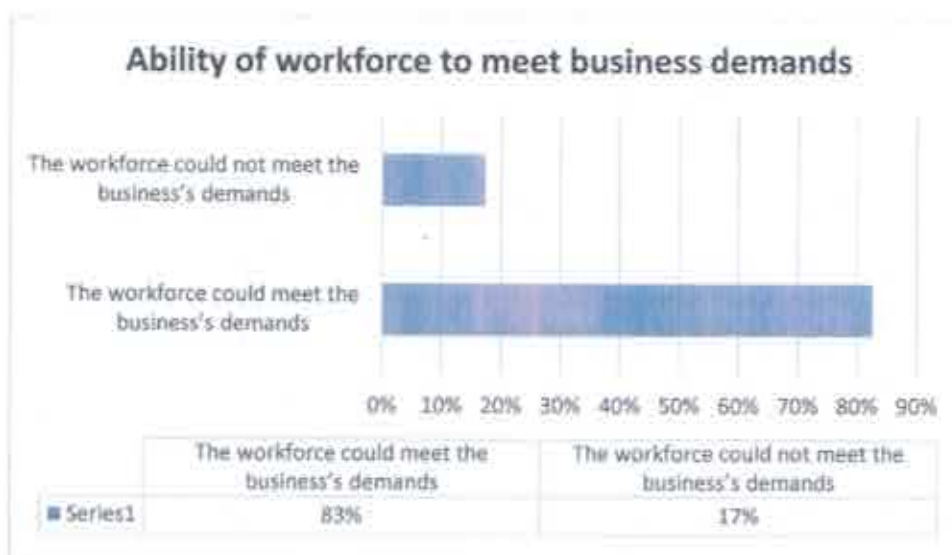
The surveyed also requested businesses to indicate which measures were taken to cope with the impact of Covid-19 on their workforce (as illustrated in figure 16).

Figure 16: Workforce measures implemented



A third of the respondents (31%) reported decreased working hours while 24% of the respondents indicated that they had retrenched staff during the pandemic. A further 10% reported that they had laid off staff for the short term, 10% increased working hours and 7% implemented other measures to cope with the impact of the pandemic. Of the enterprises surveyed (83%) indicated that their workforce was able to meet business demands (figure 17) during the pandemic and lockdown.

Figure 17: Ability of workforce to meet business demands



The pandemic has forced businesses to rethink how their workforce functions in the interest of protecting the health and safety of both staff and clients. Having robust Information Technology (IT) systems have become vital keeping businesses functional during the pandemic. Providing staff members with the necessary tools of trade and training to ensure that they are able to remain efficient while working remotely became very crucial (as depicted in figure 18). While the majority of respondents (65%) indicated that their entire workforce worked from their normal place of business, only 4% specified that less than 20% of their workforce worked from their normal place of work. More than one third (35%) of the respondents reported that their businesses' IT systems were robust enough to handle the demand of employees working from home (as per figure 19).

Figure 18: Share of workforce working from their normal place of work

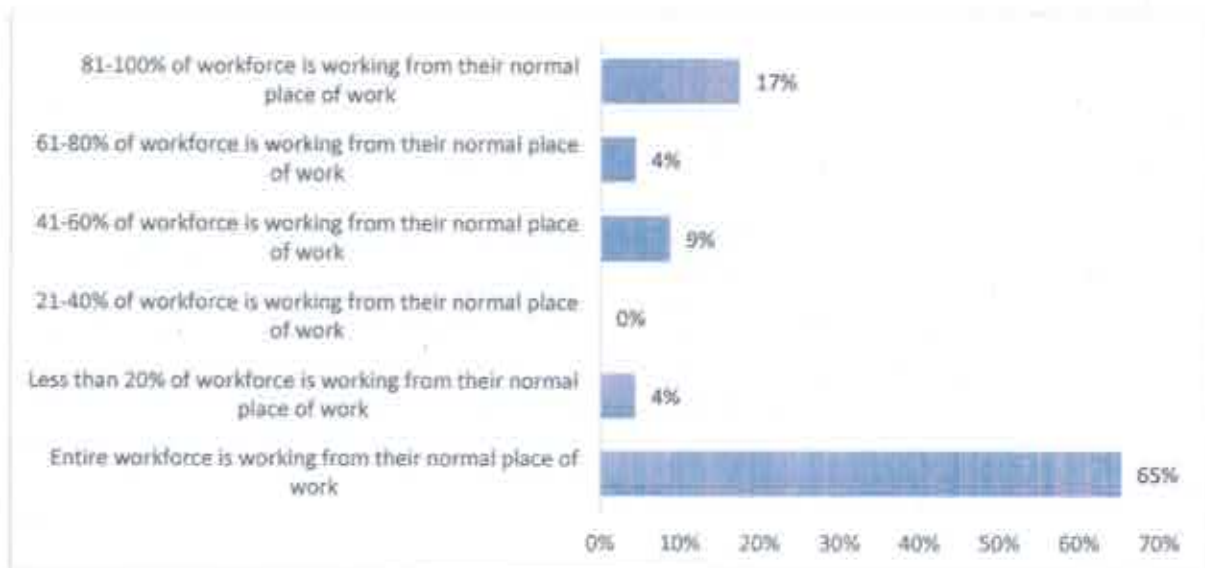
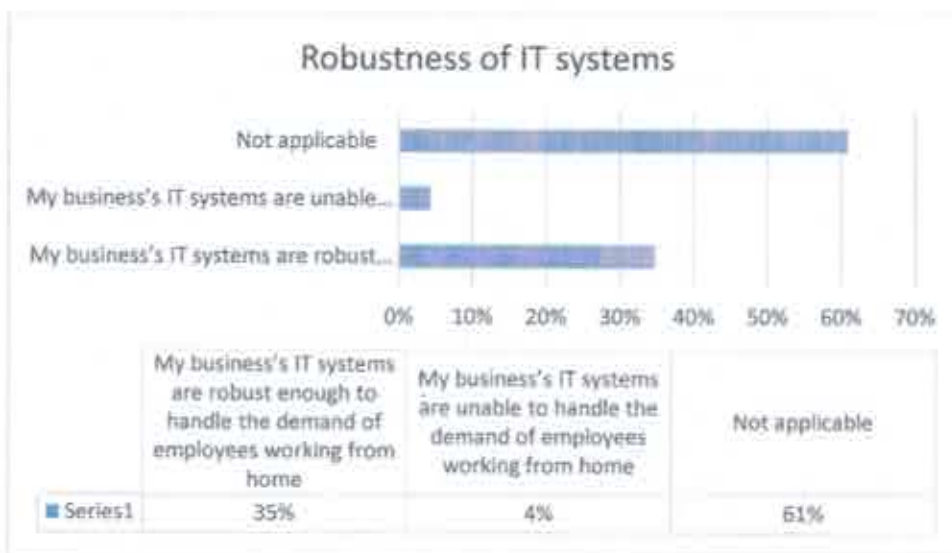


Figure 19: Robustness of IT systems

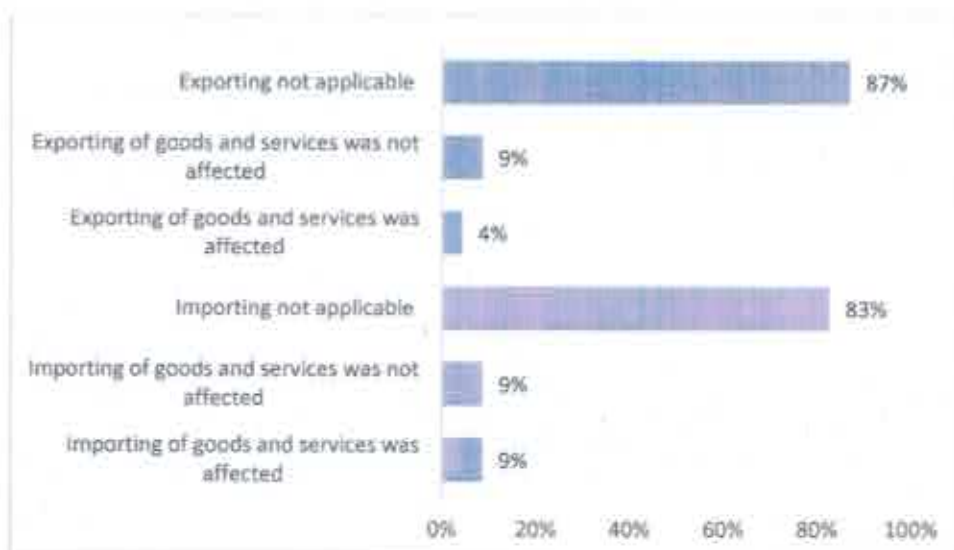


The pandemic has not only raised opportunities to advance technology-based solutions but also provided a rare opportunity to study the research and practice of technology, including information management, work practices, and design and use of technologies. The quick transition to telehealth, telework, and online education in response to the coronavirus threat is a reminder that digital technology brings many benefits and can play an essential role in managing and reducing the risks caused by the lockdown during the pandemic and even after the pandemic.¹⁷

7. Access to Goods and Services

Restrictions placed by the national lockdown posed a challenge to businesses in need of materials, goods and services. Of the respondents (as per figure 20), 87% reported that their businesses were not involved in exporting and 83% not in importing. Only 4% of businesses indicated that due to the pandemic, exporting of goods and services were affected and 9% for importing of goods and services.

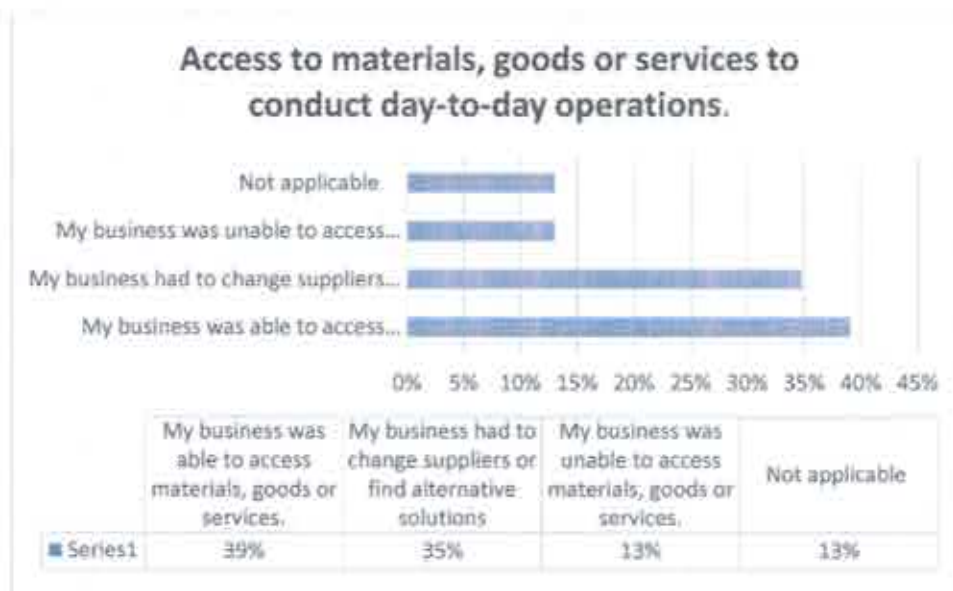
Figure 20: Exporting and importing of goods and services



The national lockdown led to challenges in business' ability to access materials, goods or services to conduct day-to-day operations; 35% of the respondents had to change suppliers or find alternative solutions and 13% were unable to access materials, goods or services (see figure 21 below).

¹⁷ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7724285/>

Figure 21: Ability to access materials, goods or services



The survey investigated whether there was a change in the prices of supplies (figure 22) used to conduct day-to-day operations, the majority of the survey's respondents (75%) indicated that prices increased more than normal.

Figure 22: Change in price of supplies



COVID-19 pandemic has posed significant challenges for supply chains globally. The national lockdowns have slowed down or even temporarily stopped the flow of raw materials and finished goods, disrupting manufacturing as a result.¹⁸

¹⁸ https://www.ey.com/en_gl/supply-chain/how-covid-19-impacted-supply-chains-and-what-comes-next

8. Additional Findings

The survey requested businesses to elaborate on how productivity or output had been impacted by the pandemic. Respondents stated especially how the regulations affected their business operations:

"Lockdown, curfew and other Covid-19 regulations forced us to reduce operational capacity to at one point below 50%".

"Tourism & Hospitality 100% affected. Received harsh restrictions during the various lockdown levels".

"Covid-19 regulations such as compulsory sanitizing and limiting the amount of people have impacted our productivity as no workforce was previously employed for such regulations".

Another respondent in the hospitality industry indicated, "Due to the stipulated number given for indoor activities we had to reduce our normal conferencing intake as we had to adhere to Covid-19 protocols".

An enterprise in Lejweleputswa responded that they were heavily affected: "No clients and as a result no flow of income. No revenue, but still have to pay rates and taxes, as well as other expenses". This matter was echoed by another enterprise in the same district, "We failed to payback our loans and other financial obligations".

When asked whether the pandemic had affected business's workforce, 24% reported that they had retrenched staff. Providing further elaboration, two of the respondents stated the following:

"Less staff due to retrenchments but more work demands on remaining staff" and
"More duties distributed to fewer staff".

A well-known hotel responded, "We had to lay-off some of our staff members and with the ones we kept had to allocate them according to the business we had". Another establishment in Thabo Mofutsanyana indicated, "Our workforce reduced with about 50%. Reduced working hours impacted negatively on the livelihoods of remaining employees".

One enterprise highlighted how ill health affected the workforce, "The company did from time to time appoint casual workers when staff were exposed or infected with Covid-19 in order to keep up the productivity".

Of the 33% of respondents who indicated that their business' workforce had not been affected by the pandemic, two enterprises in Xhariep explained that this was because "I have paid for all their extra needs" and another responded that their workforce, "Continued to receive payment".

Some of the lessons learned by the enterprises includes the importance of planning. A respondent in Mangaung highlighted "the importance of planning and assistance through extremely difficult times". Other respondents replied, "Be prepared and ready for disaster all the time. Adhere to rules and regulations (especially hygiene and safety matters)", to be flexible, more innovative and to adapt to changes with ease.

Respondents also referred to the lack of service delivery at local level, "Do not rely on the municipality for help. They could not supply water during the Covid-19 pandemic and still there is no water up to today (18 February 2022). Schools and clinics do not have water for 3 years".

The respondents furthermore commented, "It was like starting the business again from the ground to reach the standard where it was before Covid-19. During re-opening prices have to be increased to cover the cost and for survival" and "We learned to appreciate any amount of business we have because nothing is guaranteed and to raised our standard of service". This realisation by the participants emerged from the challenges experienced due to the pandemic.

Two participants from Fezile Dabi expressed the commitment of the workforce during the pandemic: "The workforce worked harder and the support between them was excellent" and to "Focus on cash flow management and how to operate with less staff". Another participant commented, "Honesty and listening to staff, providing emotional support especially during the pandemic".

One respondent in the attractions sub-sector referred to the importance of technology, "All meetings were on-line, thus no costs for travelling, accommodation and air tickets. Exhibitions were on-line which were very cost effective. Digital platforms and social media (10% - 50%) may be the way going forward".

Some of the recommendations by respondents were directed to the support and roll-out of Covid-19 support interventions by government:

"Any assistance given to SMME's should be well planned and executed timeously".

"There could have been more leniency towards the tourism sector as we were much more compliant to Covid-19 regulations, yet we were the hardest hit".

"The fact that UIF pay-outs was very late".

"To extend help equally to all businesses".

One respondent has also alluded to the reaction time of government. "The government's response to the pandemic was erratic and at times "trial and error". Once the government realised that their restrictions were very harsh & damaging and started implementing "adjusted" levels, things became better. I've learnt that the government cannot be trusted to look after the well-being of the sector and would recommend that they put more thought into the overall impact of their decisions".

Other recommendations from enterprises includes:

"Not to implement extreme levels for business. Employees suffered due to the lack of income. Hospitality in general are under major pressure due to retrenchments. Owners do not want to employ new workers, because the old staff are now doing the workforce of 3 to 4 staff members".

To manage municipalities properly.

"Fix roads, they are terrible. Why did you do it? Shouldn't have to shut down liquor. Government should take a serious look on how to push the tourism industry. Advertise the whole country for awareness".

"Lack of continuity plans. Back-up plans does not exist. Support and back-ups should be for all enterprises. Tourism as a career was not considered by students during the time of the pandemic".

The importance of communication and consultation with all relevant stakeholders were emphasised:

"Consider all business perspectives before lockdowns or bans are considered".

"Communication collapsed and need to be improved".

"Do not spread false news to avoid extra stress".

All relevant stakeholders in the provincial economy to "work hard and together", to keep on sanitizing and to stay healthy.

9. CONCLUSION

The Coronavirus (Covid-19) has resulted in retrenchments, decreased working hours, increased prices and supply chain disruptions causing ripple effects, not just in the tourism sector, but also across all economic sectors in the province. Free State also suffered the loss of lives and livelihoods.

South Africa is set to emerge from the crisis weaker than it had been going into it according to the World Bank. However the reasons for this do not lie in the government's crisis response, but instead, the pandemic has exposed long-standing structural weaknesses that have progressively worsened since the global financial crisis of 2008–09. For this reason, as the economy recovers, South Africa would benefit most if the government would simultaneously implement structural reforms. These include temporary support programs, more permanent changes in government finances, and a redirection of government policies to support job creation and entrepreneurship. The COVID-19 pandemic created an opportunity to accelerate the

reforms needed for a higher growth trajectory and a more inclusive and resilient economy.¹⁹

The provincial economy, as reflected in section 3, is now under tremendous additional pressure from the coronavirus response. This, in turn, led to the reduction in GDP and employment. The province therefore should align with the above-mentioned structural reforms for higher economic growth.

Some of the key results of the Free State Tourism Covid-19 Business Impact Survey included the following:

- 83% of respondents had turnover that was lower than their normal range
- 64% of businesses reported that they temporarily closed or paused operations; while 24% continued to operate partially during this period.
- 17% of the respondents indicated that their ability to access finance had decreased. Only 13% of the businesses indicated that their ability to access finance had increased since the Covid-19 national lockdown.
- 46% of respondents indicated that their workforce had decreased in size since the beginning of the lockdown. 21% of the respondent's experienced an increase in workforce size.
- 24% of respondents indicated that they retrenched staff, 10% laid off staff for the short term and 31% decreased working hours.
- 65% of respondents indicated that their entire workforce worked from their normal place of business, 17% specified that 81-100 % of the workforce worked from their normal place of work, 9% specified that 41-60 % of the workforce worked from their normal place of work.
- 35% of the respondents reported that their businesses' IT systems were robust enough to handle the demand of employees working from home.
- 35% of the respondents had to change suppliers or find alternative solutions and 13% were unable to access materials, goods or services.

Key observations among the participants are that all respondents (100%) agreed that they had been impacted financially and/or operationally by the COVID-19 pandemic and that 75% indicated that prices increased more than normal. A positive is the indication that the workforce had increased (21%) and 33% remained unchanged since the beginning of the lockdown. The responses by 43% of respondents that their

¹⁹ The World Bank: South Africa Economic Update, Edition 13, Building back better from COVID-19, with a special focus on jobs. 2021

ability to access finance during the pandemic remained unchanged and that 17% indicated that their ability to access finance had decreased is of great concern.

Based on the feedback provided by the participants, it is strongly recommended that: (1) Any assistance given to small, medium and micro enterprises (SMME's) be well planned and executed timeously, (2) Desteas and all relevant role-players to embark on an intensive education and mentorship drive to enhance diversity and innovation in the tourism industry and (3) To extend support and assistance equally to all business enterprises irrespective of the ownership.

Tourism is about the movement of people and if tourists are restricted or opt for advance technology and digital platforms, "working opportunities can get lost if clients opt to go online". It is thus important to fast track and ensure transformation in the tourism industry for future growth and development, as well as to put the industry on the path of recovery.

Despite the pandemic's devastating impact, exacerbating the already high unemployment rate in the province, especially under the youth, the provincial economy needs to keep growing. Provincial government and the private sector will have to join hands to capacitate and support all business enterprises to collectively reenergizing Free State's economy and labour market.