

MISG South Africa 2022
Sector: Tourism
Industry: Transport - Airline

Problem 2: Tourism sector recovery plan for airlines

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Introduction

- According to Saayman (2013) Tourism is about movement of people from one place to another.
- The movement takes place within the eight industries that form the tourism sector.
- The 1996 White Paper on the Development and Promotion of Tourism in South Africa provides for the promotion of domestic and international tourism.
- The National Development Plan identifies tourism as a labour-intensive sector with the potential to stimulate economic growth and transformation.
- The need or desire to travel takes place for various reasons which includes business, leisure and visiting friends and relatives.
- Transport is used to effect the movement.
- The transport industry makes a vital contribution to the total tourism experience.
- Transport in tourism has three components:
 - i. Travel to the destination
 - ii. Travel at the destination
 - iii. Travel back to the place of residence.
- Transport is divided into four types namely: Air, Water, Rail and Road.

Background of the problem

- The problem focuses on air transport.
- Air transport comes in different sizes/ carrying capacity.
- Table 1 is based on the National Department of Tourism 2021 quarterly performance report by region on passenger arrival movement during July to September 2021 compared with July to September 2020.
- It shows the total passenger arrivals at Airports Company South Africa (ACSA) airports.
- The results can be attributed to the lockdown restrictions that were eased to allow international travel as from 01 October 2020.
- Strict lockdown regulations were in place during July, August and September 2020.

October 2020. Strict lockdown regulations were in place during July, August and September 2020.

Region	July-Sept 2020	July-Sept 2021	Difference	% Change
International	582	289 743	289 161	49 684%
Regional	0	37 965	37 965	∞ %
Domestic	630 845	1 445 885	815 040	129 %
Unscheduled	22 666	10 668	-11 998	-53 %
Total	654 093	1 784 261	1 130 168	173 %

Table 1: Tourism quarterly performance report by region on passenger arrival movement

Table 2 presents Year Percentage Change by month for departing passengers for year 2021 compared to year 2020.

Month	International	Regional	Domestic	Unscheduled
July	147 091 %	$\infty\%$	156 %	-79 %
August	674 587 %	$\infty\%$	154 %	-80 %
September	200 363 %	$\infty\%$	106 %	-70 %

Table 2: Year Percentage Change by month for departing passengers



AIM

- As part of the Tourism Sector Recovery Plan COVID-19 Response aiming to ignite the tourism sector, optimisation of profit through reduction in tax on available seats was suggested.
- The example of a Domestic Air Ticket is given in Table 3. It illustrates possible ways of achieving all available seats sold through tax reduction allowing the airline to make /maximise profit.

	Example 1	Example 2
Adult x 1	R1,220.00	R1,590.00
Taxes and fees	R3,298.00	R1,998.00
Booking details via WhatsApp	R27.00	R27.00
Flexible Travel Dates	R650.00	R520.00
Total	R5,195.00	R4,135.00

Table 3: Domestic Air Tickets cost breakdown example

Source: Travelstart (2021).

Questions that need to be answered are:

- i. What changes need to be implemented?
- ii. How many seats need to be sold and the cost per seat taking note that due to COVID-19 regulations airlines are not permitted to carry a full capacity.
- iii. How can airlines find ways to increase their profit using the available seats under the given COVID-19 regulations and taking into account the new Omicron variant?

Conclusion

- The findings that will come up from this study group will greatly contribute to the body of knowledge in a form of a research paper and also present suggestions/recommendations to address the real life problem that the airline industry is currently facing.

Keywords:

Air transport, tax, tourism sector, mathematical model, optimisation, National Department of Tourism

References

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Supporting Material

1. National Department of Tourism (2021). COVID19 Tourism Relief Fund (TRF) demand continues. Access date: 17 December 2021. Available from: [https://www.tourism.gov.za/AboutNDT/Publications/COVID19%20Tourism%20Relief%20Fund%20\(TRF\)%20demand%20continues.pdf](https://www.tourism.gov.za/AboutNDT/Publications/COVID19%20Tourism%20Relief%20Fund%20(TRF)%20demand%20continues.pdf) .

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**Ngiyabonga!
Thank You!**



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