



Memo: Western Cape Government submission on COVID 19 Alert Level 3 regulations relating to the tourism and hospitality sector.

Purpose: This submission makes proposals for amending the Alert Level 3 regulations to provide for the expansion of the tourism and hospitality sector. It is argued that by following a staggered approach certain sections of the tourism economy can start to resume safely under Alert Level 3 based on the credible implementation of health and safety protocols and procedures across the value chain. Specifically, this proposal argues that accommodation establishments should be allowed to accept guests who are travelling for leisure purposes; that intra-provincial movement of people should be permitted for leisure purposes; and that certain visitor attractions, where risk is low, should be allowed to re-open. Allowing these sections of the tourism and hospitality sector to open under Alert Level 3 will help to minimise further job losses and will accelerate industry recovery. The proposal takes cognisance of the hard work that has been done to date by the industry to develop health and safety guidelines and protocols aimed at 'de-risking' the sector.

Problem statement: At present, the Alert Level 3 regulations do not permit movement of people for leisure purposes, do not permit accommodation for leisure purposes and do not allow other broader forms of tourism linked to leisure purposes. Thus, the tourism and hospitality sector will only be permitted to start opening fully under Alert Level 2.

This delay in reopening the tourism, hospitality and visitor economy will have a severe impact on businesses in this sector, many of whom are small, medium and micro enterprises (SMMEs) who do not have cash reserves for such a lengthy closure of operations. The extended closure of the tourism economy is already having detrimental effects on the economy such as a:

- Systemic erosion of the supply chain;
- Reduction in investment;
- Loss of skills in the sector as people start looking at other sectors for work; and
- Loss of jobs in the sector.

As such the current regulations are eroding the sector value chain, costing jobs and preventing the safeguarding of livelihoods. Given that the wider tourism sector has already developed health protocols and standard operating procedures, it is argued that a more nuanced and phased approach can be implemented that can see certain parts of the leisure tourism economy resume with trade. This also takes into consideration the urgent need to protect the productive capacity of the sector and to avoid the loss of vital tourism infrastructure.

Sector past performance & potential

Before COVID-19, the tourism sector on average saw tourists spend 12.9 nights in the Western Cape, staying in a variety of types of accommodation ranging from hotels, homestays (e.g.

Airbnb), self-catering, guesthouses and Bed and Breakfast's (BnBs) and with family and friends. The sector provided close to 175 000 direct jobs.

Key indicators of the sector in the Western Cape are as follows:

- **GVA** : R15.5bn (2.58% of Provincial)
- **Employment**: 174, 000, (7% of Provincial)
- **Domestic vs International**: 30% vs 70%
- **Key source markets**: UK: 14.7%, Germany: 12.5%, US: 10%, Namibia:6.2%, France: 6%
- **Supply structure**: Accommodation: 17%; Transport: 40%, Food and Beverage: 20%, Retail: 18%; Other 5%
- **International Arrivals**: 1.8 million
- **Spend-per tourist**: R12,000
- **Average stay per tourist**: 12.9 nights (international), 5 nights (domestic)

The average multiplier effect used to determine the impact of every rand spent by a tourist relating to travel, accommodation, retail and related services in the Western Cape is estimated to be 3.5.

Prior to the COVID-19 crisis, research showed that the international market share for the Western Cape tourism sector had the potential to grow from 1.7 million arrivals per year to 5.7 million over the next ten years, with total foreign direct spend predicted to reach R54.7 billion. Similarly, the domestic market share had the potential to grow from 1.2 million trips per annum to 5.28 million domestic trips taken with a total domestic direct spend reaching R7.6 billion in the next ten years.

This sector has been one of the most negatively impacted by COVID-19 within the Western Cape economy. It has the potential to bounce back but if revenue does not return (demand side) which relates to tourism expenditure then the supply side will be negatively impacted. Finding ways to start to stimulate cash flow for the sector is thus crucial – and can start to be done safely following a phased approach.

A risk-based approach to re-opening the tourism sector

Certain types of tourism businesses are less at risk for the spread of COVID-19.

The proposal is thus for a staggered approach to be followed that seeks to stabilise the tourism value chain by rebuilding domestic tourism first, starting with strictly controlled intra-provincial travel for leisure purposes.

Should the sector be able to open for intra-provincial and later domestic inter-provincial travel for leisure successfully, it will lay the foundations for the safe and responsible reopening of international travel for summer. Most industry organisations emphasise the importance of the summer season as the “last chance” to rescue thousands of businesses.

It is proposed that the following areas of the tourism and hospitality sector can safely open under strict guidelines under Alert Level 3:

- Certain leisure accommodation establishments should be allowed to re-open subject to the following. No home sharing; self-catering options only; and the closure of all communal spaces such as pools, recreation rooms and seated eating areas. This would allow people to travel intra-provincially for, as an example, a weekend away to a self-catering cottage where engagements are limited to their family alone.
- Certain visitor attractions, where risk is low, should be allowed to re-open. This should include botanical gardens and other similar open air visitor attractions like national and private parks. For these types of attractions entrance fees are the main economic driver and by their nature allow for ease of physical distancing. Specific maximum entry limits can also be imposed.
- Intra-provincial movement of people for leisure purposes should be allowed to resume. This would allow short-break trips and the re-opening of outdoor attractions and activities.

Measures to ensure safe operations

In the past few weeks, protocols have been developed by the industry-led by the Tourism Business Council of South Africa (TBCSA) which make provision for the general de-risking of the sector based on the following key pillars:

- Customer information and communication (including tracing)
- Personal protective equipment
- Physical distancing, and
- Sanitisation and hygiene practices.

These protocols have been aligned with guidelines issued by the World Health Organisation, the National Institute for Communicable Diseases and the National Department of Health.

Proposed amendments to current Alert Level 3 regulations

We accordingly suggest that consideration be given to amending the Alert Level 3 regulations:

Table 1 - Alert level 3	
Clause number	Proposed amendments
33(1)	1. Amend clause 1 to add subsection (h) as follows: “(h) Travel for leisure tourism purposes.”
33(4)	2. Amend clause 4 to add subsection (j) as follows: “(j) persons travelling for leisure tourism purposes.”
39	3. Delete clause 39 (2)(f), (h) and (m). 4. Amend (3) to read as follows: “(3) Tourism attractions must remain closed except for private self-drive excursion activities, national parks, botanical gardens and open air attractions provided that social distancing is strictly maintained.”
Table 2	5. Delete section (3)