

A call for strategic alignment in South Africa's hospitality industry

As we eagerly anticipate the upcoming budget speech, the tourism and hospitality industry reflects on remarkable achievements while recognising the pressing need for collaboration with the government in terms of budget allocation to address significant challenges and unlock new opportunities.



By [Alan Campbell](#) 16 Feb 2024



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The tourism sector's substantial contribution of 7.6% to the country's GDP highlights its crucial role in economic growth. Achieving a phenomenal 48.9% surge in international tourism in 2023, with 8.5 million arrivals, showcases South Africa's global attraction.

However, as we celebrate these successes, there are several challenges and untapped opportunities that require immediate attention.

Back-logged infrastructure upgrades

The fragility of our infrastructure is evident in the poor state of our roads, particularly in the Eastern Cape, where resorts face closure due to accessibility issues, hampering domestic travel promotion. Four-hour journeys that used to be a mere 10-minute drive impede the sector's growth.

Investing in regional airports is vital to enhancing accessibility and affordability for domestic travellers. These airports need infrastructure development, increased capacity and terminal sizes with more competitive flight operators. The cost of flight to certain secondary nodes such as Pietermaritzburg, Upington and Kruger National Park are exorbitant at the expense of the region's tourism growth. We cannot have hotels closing due to travellers not being able to afford flights or roads being in a dismal condition.

The industry is ready for job creation

The government is the country's largest employer and seems to hold on to this burden of job creation firmly, but it needs to empower the private sector to drive job creation.

The hospitality industry, with its potential to generate 800,000 job opportunities and contribute R287bn to the national economy, stands as a gateway for skills training and job creation and the government needs to allow for better collaboration with the industry. In a nation grappling with staggering unemployment figures, hospitality and tourism have the potential to make a significant contribution.

Roles within hospitality cultivate adaptability, communication, and cultural awareness, accelerating personal and professional growth. Part-time roles provide flexible opportunities for skills development, leading to scalable career paths with global relevance. As matriculants move forward, hospitality stands as a beacon for meaningful careers.

Need for public-private partnerships

Effective collaboration between the government and private sector, facilitated by industry bodies such as SATSA and Fedhasa, is imperative.

We see a significant opportunity for a dynamic public-private partnership, wherein the government collaborates with the hospitality and tourism industry to uplift and empower smaller players within the informal tourism and accommodation sector. This multifaceted approach involves not only providing resources and enhancing accessibility, tasks that governments can readily facilitate, but also encompasses vital skills training and development.

We need to involve tour operators, both small and medium-sized, along with independent eateries and other niche players. These smaller players are integral to the fabric of South Africa's tourism landscape, contributing to the diverse range of experiences that attract visitors.

For the private sector to drive job creation and competitiveness, it must be empowered. If the government maintains a bureaucratic approach and holds onto certain areas, it risks impeding private sector-driven initiatives. Therefore, private companies must take the lead in this endeavour, with the government providing support to facilitate their efforts.

Government spending in the hospitality industry

Clarity on government expenditure in conferencing and accommodation is vital and Treasury needs to be transparent regarding budgetary concerns in limiting government travel and entertainment.

The sheer volume of government operations makes it a significant supporter of and an important revenue stream for the hospitality industry.

Engaging with the hospitality sector to determine reasonable rates and dispel misconceptions is critical for mutual understanding and in finding mutually agreeable solutions moving forward.

Renewable energy incentives

There is a pressing need for greater consideration of subsidies and incentives, particularly from a tax perspective, to encourage the adoption of renewable energy within the tourism industry. Some establishments are already resorting to implementing load-shedding surcharges due to the substantial cost of maintaining an uninterrupted power supply for guests.

Many guests choose hotels specifically for their ability to provide a seamless environment for both work and leisure. However, the financial feasibility of transitioning to renewable energy remains a significant challenge for numerous properties, given the scale of investment required.

It would be highly beneficial for the government to provide stimulus packages tailored to the hospitality and tourism sectors.

aimed at supporting initiatives to adopt renewable and more cost-effective energy solutions. Such support would contribute to sustainability efforts and alleviate the financial burden on businesses grappling with the rising costs of conventional energy sources.

In navigating the trajectory of South Africa's hospitality industry, a unified approach that combines government support, private sector innovation, and industry collaboration is not just desirable – it's essential. Only through strategic alignment and mutual commitment can we unlock the full potential of this important sector and propel South Africa into a sustainable era of tourism and economic prosperity.

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