

Tourism perhaps the only sector that can help SA break out of the recession cycle

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31 Jul 2017

The South African economy has been hit by a perfect storm of rising unemployment, a widening budget deficit, credit ratings downgrades and most recently entered into a technical recession. This is happening in a world that is still struggling to regain some form of equilibrium on the socio, economic and political fronts.



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The situation in South Africa is further compounded by an unacceptable political environment of capture, corruption and succession debates which is causing continual internal focus rather than taking a global view of the nation's competitiveness and economic growth. Consequently, business and investor confidence is at its lowest level since 2008.

Even as the ruling party's national policy conference wrapped up in June, the leadership in-fighting and the consequent 'introspection' is likely to continue for some time given that their 2017 elective conference, as well as the 2019 general elections, are on the horizon. In this type of environment, the prognosis for the economy and consequently the levels of unemployment, poverty, and the likelihood of increased criminal activity and social unrest are extremely worrying as virtually any economic sector needs time to boost growth once 'basic confidence' is restored.

The sunrise sector

Tourism, however, is one 'sunrise' sector which can not only 'switch on' and generate swift growth but is also one that, societal upheaval aside, can be immune to many of the local issues and challenges provided that the visitor experience is not compromised. Tourism is a vibrant and vital economic sector whose total GDP contribution in 2016 alone amounted to no less than R492.2bn or 9.3% of GDP. The World Travel and Tourism Council (WTTC) forecast that this sterling contribution would rise to well above current GDP levels to 2.5% in this year and by a further 4.5% per annum thereafter.

Tourism's potential for job creation

In addition, last year the sector generated a total of 1,533,000 in jobs (9.8% of total employment), a figure which is projected to rise by 6.7% this year to 1,636,500 jobs, notwithstanding the current recessionary pressures.

Looking at the specific employment figures, it is critical to remember that this is the one sector with the ability to provide a broad range of job opportunities: right from the very technical to the soft-skills and the unskilled. Tourism has the ability and potential to generate jobs across the board in both rural, semi-urban areas and major cities. It has the potential to encourage the direct development of entrepreneurial opportunities in all its subsectors not forgetting to mention all the other indirect employment and entrepreneurship opportunities generated elsewhere in the country's economic value chain.

Complete change in mindset needed

But, despite being recognised for its immense economic potential, we are yet to scratch the surface with respect to leveraging this potential. Instead, the lack of cohesion and alignment in our planning and policy implementation has resulted

in the unintended consequence of creating barriers for growth of the sector. To illustrate this point, one only needs to refer to the issue of the immigration regulations that were changed in 2014 and the impact on the tourism sector. Issues of tourist vehicle permitting requirements, as well as the provision of bespoke investment incentives are amongst the key areas which need particular attention if we are to reap the economic benefits of a thriving tourism sector

What is needed is a complete change in mindset, change in view and a single vision, which we can all work towards together as the private sector, public sector and society at large. The recent process of reviewing the National Tourism Sector Strategy (NTSS), is a step in the right direction. As we interrogate the NTSS though, it is critical that we guard against our responses descending into a list of problems with the subsequent 'bashing' key elements normally falling within the public sector. This is, of course, neither constructive nor encouraging as it merely generates a negative mindset and inevitable hostility and mistrust amongst stakeholders that need each other.

What we need is frank and robust discussion regarding the challenges and barriers we face as a sector, guided by positive and innovative thinking by all role-players working together towards developing tourism solutions to the economic challenges the country faces. We need a fresh approach to find solutions that can help align the various components of the tourism value chain - from the supply side, the demand side and the enablers of a viable operating environment. We need to all work collectively behind a kind of tourism manifesto to help South Africa break out the recessionary cycle in the short to medium term.

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Getting practical: from challenges to solutions

Let's investigate a few examples and assess whether collaborative and positive thinking can generate sustainable solutions:

- **Growth in inbound and domestic tourism:** Our international arrivals are still increasing although we are still in the recovery phase following the poor performance in the past two years. We must continually examine what the critical success factors are which will enable us to sustain this positive showing. On the domestic front, our tourism numbers are declining, a situation, which will certainly be further exacerbated by the current economic situation. The technical recession and less disposable income may certainly lead to less discretionary spend on travel, which begs the question of what is the best approach for us to ignite a local travel culture amongst all South Africans.
- **Integrated public transport:** Successful tourism destinations virtually all enjoy fully integrated, convenient, affordable and safe public transport systems. This is one key area that requires serious focus and investment as it directly impacts on the ability to enable tourism activity within the country.
- **Personal safety:** South Africa has always had a good reputation as having one of the friendliest, warm and welcoming people. However, recent issues of airport follow-home robberies that have been in the media are putting a damper on this reputation and require serious attention by all the relevant parties. The annual brand tracking research by South African Tourism (SAT) indicates that the number one reason why potential visitors to South Africa don't convert their awareness, interest and desire into action is a concern for personal safety. We should strive to make South Africa liveable for our own people and thus improve our prospects of being visitable. Our success as a country in addressing this, not only for tourists but for locals as well, would be both a symbolic and a practical demonstration that the rule of law, order and mutual respect is desirable and achievable.
- **The enabling environment:** This is where a very simple shift is required in terms of mindset by the manifold authorities who perform the gatekeeping functions. We need a shift from a red-tape to green tape environment and make the tourism business experience simpler, better, faster.
- **Inclusive growth of tourism:** In the same way that we need to pay attention to making our country to be liveable for it to

be visitable, we also need to work together to ensure that all our people benefit from the growth of tourism in the country. We can do this by ensuring that we create an enabling environment for business to thrive (government), operate enterprises in such a way that we make it possible for budding entrepreneurs to enter the sector and its various industries (private sector) and ensure that we give a share of our disposable income to support tourism products and services in South Africa (public with disposable income) while also working together to create opportunities for all South Africans to experience tourism in their own country.

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The challenges and barriers are many and can by no means be comprehensively covered through one simple article. However, so are the solutions. It’s time to work together behind a vision to ignite South Africa’s tourism potential: to position tourism as not only a core pillar of the South African economy simply because we are indeed “a world in one country”. It’s time for us to liberate tourism, for the sector to take its rightful place as the economic engine that will kick-start economic growth quicker and more sustainably than any other sector. It’s time to provide the leadership and support required for this sector to make a serious contribution to our economy and country’s growth and development.

ABOUT THE AUTHOR

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