TRADE & INDUSTRIAL POLICY STRATEGIES

NATIONAL EMPLOYMENT VULNERABILITY ASSESSMENT

TOURISM VALUE CHAIN

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TIPS supports policy development through research and dialogue. Its two areas of focus are trade and inclusive industrial policy; and sustainable growth.

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ABOUT THIS REPORT

The impact of climate change and the decisions taken to reduce emissions will have an impact on workers and communities in multiple value-chains. TIPS, with funding from the UK-PACT Programme has undertaken research on five key value chains that will be impacted: coal, petroleum-based transport, tourism, metals, and agriculture.

ABBREVIATIONS

B&B	Bed and Breakfast
EU	European Union
GVA	Gross Value Added
KZN	KwaZulu-Natal
SADC	Southern African Development Community
SME	Small and Medium Enterprise
TSA	Tourism Satellite Accounts
QLFS	Quarterly Labour Force Survey
UIF	Unemployment Insurance Fund
UK	United Kingdom
VFR	Visit Friends or Relatives

CONTENTS

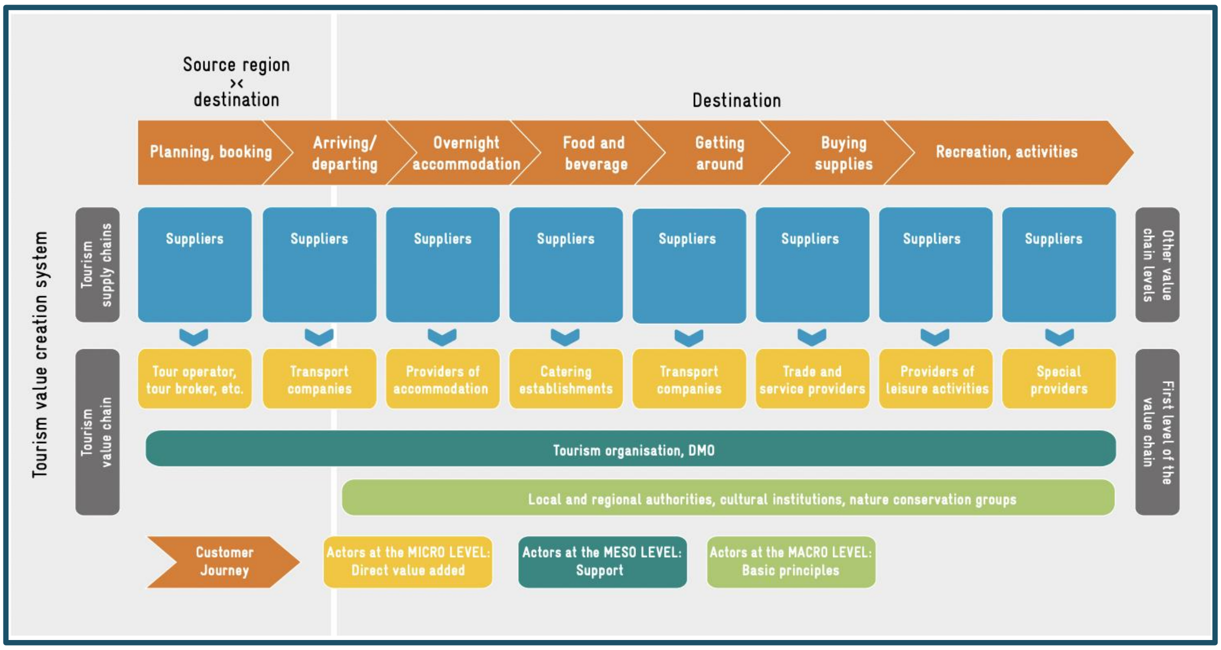
1. INTRODUCTION

Tourism is not a category in the standard industrial classification, which means that there is generally less reliable data on the value chain than in other industries. By definition, tourism is "the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited"(Statistics South Africa, 2025). For this reason, tourism as a sector includes travel for not only leisure (which comprises travelling on holiday or to visit friends or relatives (VFR travel)) but travel for health, religion, education or business (including meetings, incentives, conferences and exhibitions). Cross-border trade is also a form of business travel, but it, like other non-leisure forms of travel, is less discretionary than holiday travel.

Tourism data comprises consumption by tourists of goods and services in the destination economy. A trip can be intermediated by tour operators, travel agents (including online tour operators and online travel agents) or planned and booked by the traveller themselves. Tourist markets can be foreign and domestic.

Figure 1 shows the main scope of the tourism value chain from originating country or source region to destination.

Figure 1. The tourism value chain



Source: GIZ, 2020. The tourism value chain. Analysis and practical approaches for development cooperation projects.

2. OVERVIEW OF THE VALUE CHAIN

2.1. Production

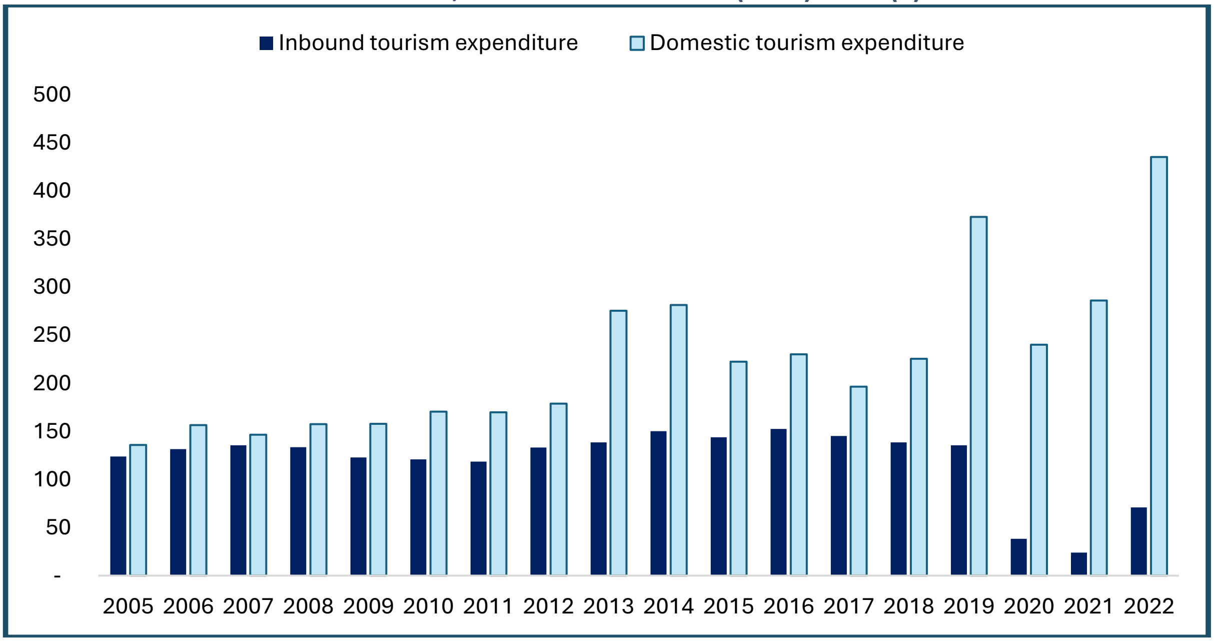
It is not possible to separate out the demand and supply of products and services for tourists from other consumers. To identify the implications of tourism for national economies, therefore, a methodology has emerged internationally that models the effects of demand by non-residents (including foreign and domestic tourists) based on their total spending. In South Africa, this approach underpins the tourism satellite accounts (TSAs) that Statistics South Africa has published since 2005.

According to the satellite accounts, in the 2010s and 2020s, growth in tourism primarily reflected increased spending by South Africans. Tourism is a fragile sector easily affected by events and perceptions. Expenditure by foreign ("inbound") tourists – two-thirds of who come from Southern African Development Community (SADC) countries, with most of the rest from Europe – was hard hit by the 2008/9 financial downturn, and had barely recovered in the late 2010s. A further downturn emerged in 2017, at least in part associated with the drought in Cape Town and also impacted by the Ebola virus in West Africa. Then, in 2020, tourism to South Africa was badly affected by COVID and its associated travel restrictions on both the international and domestic movement of people. Tourist numbers collapsed with serious consequences for industries and workers. For example, total income for the accommodation sector in South Africa declined by 98% in May 2020 compared with May 2019.

While fragile, tourism also bounces back fast. The TSA for 2022 indicates a nearly full recovery from COVID. Tourist arrivals and total expenditure data are more current than the TSA and show in 2024, foreign tourist numbers were at about 90% of 2019 levels. Domestic tourist numbers and expenditure had surpassed 2019 levels by 2024 (South African Tourism, 2025a and 2025b).

TSA data draws in part on the domestic tourism survey of South African Tourism, and for 2019 that methodology and sample were better aligned with Statistics South Africa, resulting in a new dataset for domestic tourism. This resulted in a large jump in domestic tourism expenditure for that year (and since then). Fortunately, as 2019 was already rebased, this provided a pre-COVID comparison year using the new time series. This new dataset indicates that domestic tourism expenditure was 30% higher in 2022 than in 2019 showing the importance of the domestic market for the broader tourism economy of South Africa.

Graph 1. Expenditure by domestic and foreign tourists to South Africa, 2005 to 2022, in billions of constant (2022) Rand (a)

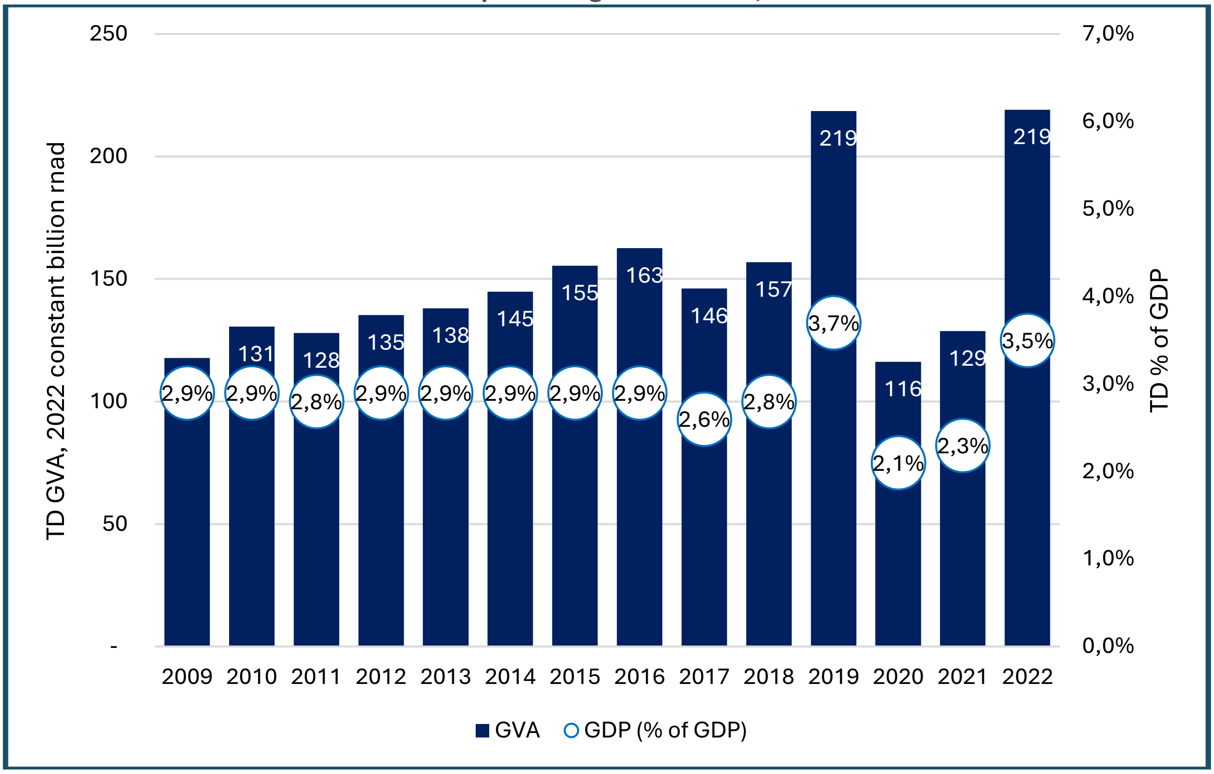


Note: (a) Reflated with average annual CPI rebased to 2022.

Source: Statistics South Africa. Tourism Satellite Account. Publications for relevant years. Pretoria.

Gross value added in tourism largely tracked the growth in the overall economy, fluctuating around 2.9% of the GDP up to 2018. In constant 2022 Rand, it climbed 4.2% a year through 2014, then flattened out. In 2019, with the change in the domestic tourism dataset, tourism's contribution to Gross Value Added (GVA) grew by 40% to R219 billion and to 3,7% of GDP. It returned to these levels in 2022.

Graph 2. Gross value added in tourism in billions of constant rand (a) and tourism as percentage of the GDP, 2009 to 2022



Note: (a) Reflated with average annual CPI rebased to 2022.

Source: Statistics South Africa. Tourism Satellite Account. Publications for relevant years. Pretoria.

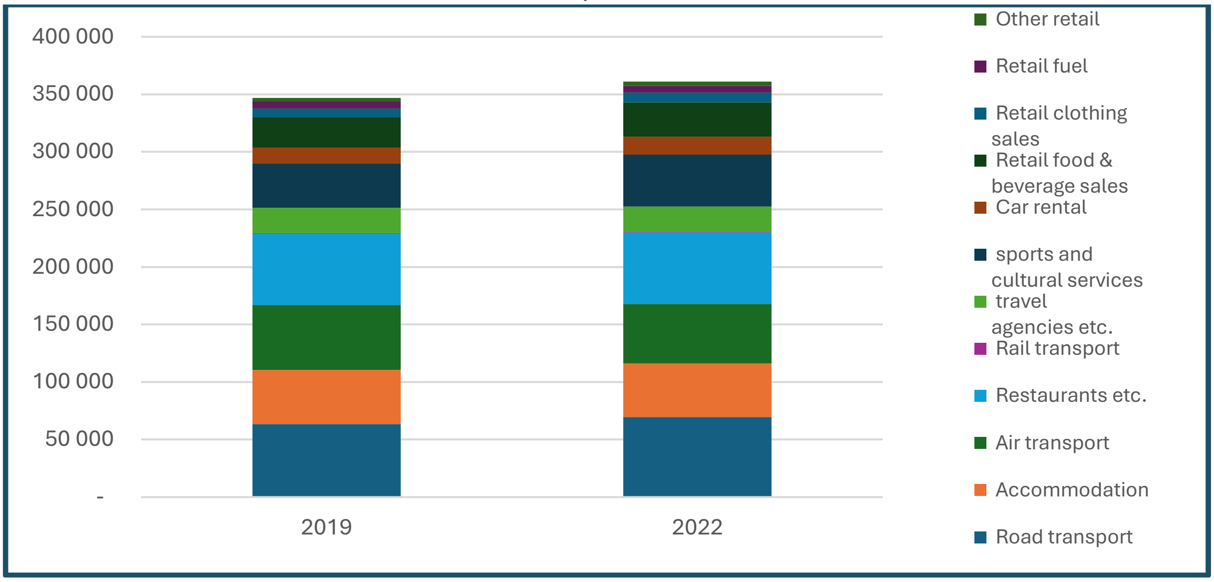
In terms of tourist consumption, the satellite accounts divide industries that provide goods and services to tourists into:

- "Characteristic products" on which tourists depend, and which typically in turn sell a considerable share of products to domestic and foreign tourists;
- Connected products, which are important for tourists but also for locals; and
- Non-specific products, where tourism spending is fairly small as a share of consumption in those industries.

According to this data, the bulk of tourism spending in South Africa goes to non-specific products (where tourism consumption is less than 1% of total), road transport, accommodation and food and beverage services (as illustrated in Graph 3).

By 2022, the overall pattern of expenditure had returned to 2019 pre-COVID levels and characteristics.

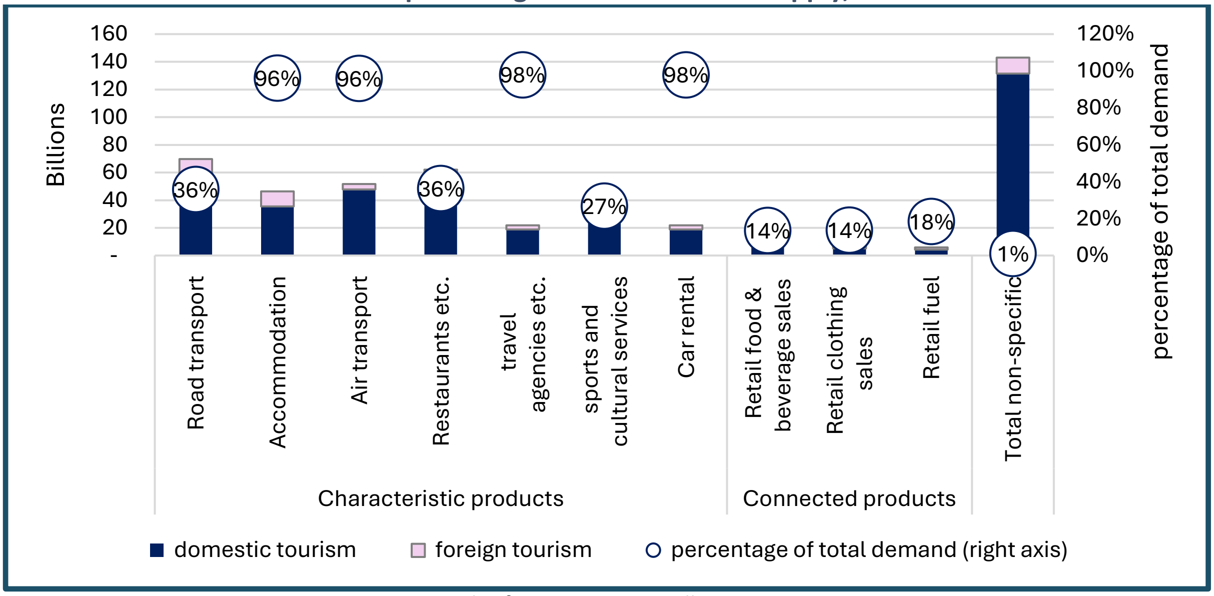
Graph 3. Major products consumed by foreign and domestic tourists, 2019 and 2022, in billions of rand



Source: Statistics South Africa. Tourism Satellite Account 2022 and 2021.

According to Statistics South Africa's estimates, the industries of accommodation, air transport, car rental and travel agencies are dependent on tourist consumption, while food and beverages and road transport rely on tourism consumption for just over one-third of total domestic supply. 'Sports and cultural services' have tourism demand at 27% of total supply (Graph 4).

Graph 4. Domestic and foreign tourist expenditure by industry in billions of rands and as a percentage of total domestic supply, 2022



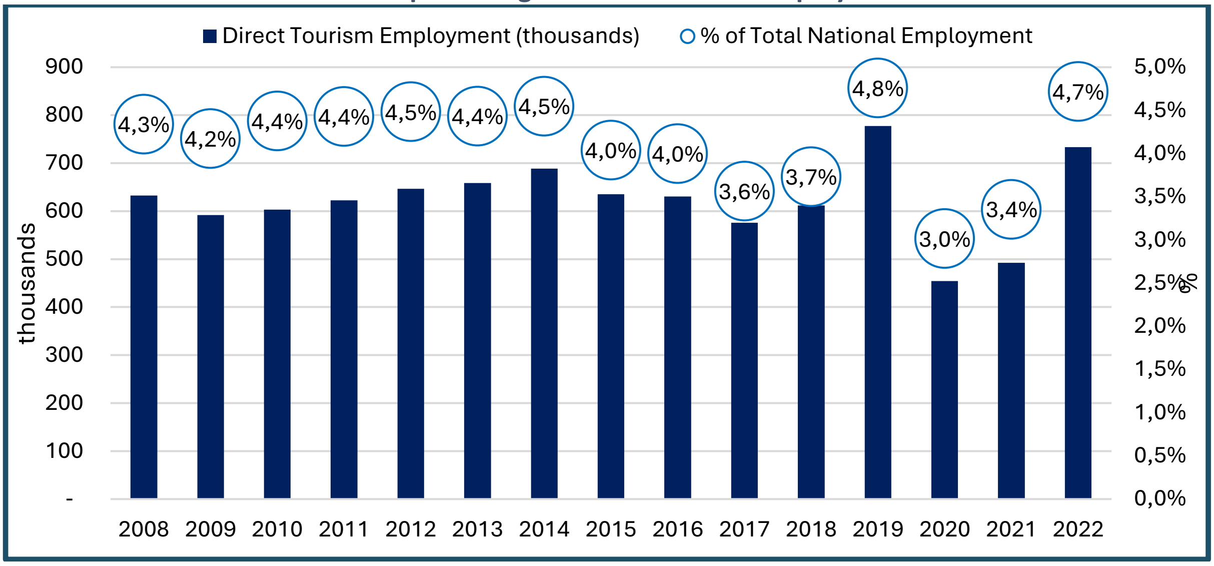
Source: Statistics South Africa. Tourism Satellite Account 2022. Pretoria.

2.2. Employment

In the TSA, Statistics South Africa estimates total employment from tourism in South Africa was about 733 000 in 2022, or 4.7% of all jobs in the country. The relatively high share in total employment reflects the importance of labour-intensive activities in industries used by foreign and domestic tourists. Tourism employment has grown at the same rate as the rest of the economy, except in 2017/ 2018, likely due to the drought in Cape Town, and then 2020/2021 as a result of COVID impacts.

Prior to COVID, with the recalculation of domestic tourism, tourism's share jumped to 4.8% of total employment in 2019. It returned to this level in 2022.

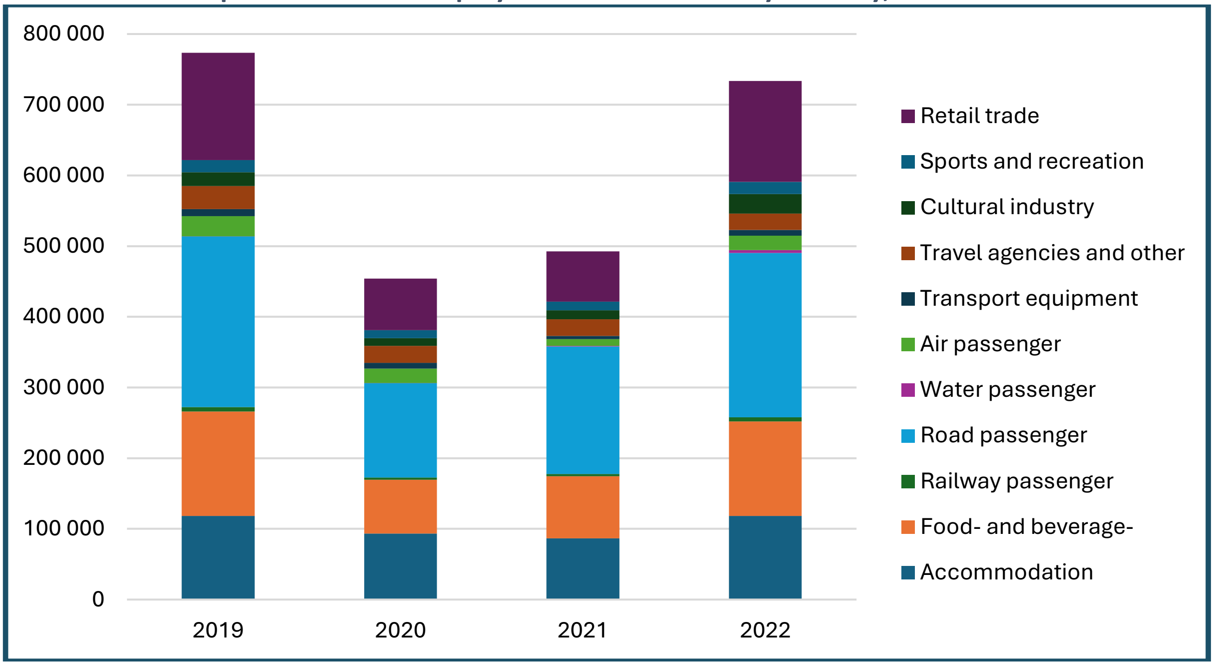
Graph 5. Estimated employment from tourism in thousands and as a percentage of total national employment



Source: Statistics South Africa. Tourism Satellite Account 2022. Pretoria.

In 2022, the estimated 733 000 jobs supported by tourism consumption, while not quite at the pre-COVID levels of the 778 000 jobs in 2019, had recovered 280 000 of the 324 000 jobs destroyed in 2020 and 2021. The industries where jobs had still not recovered by the end of 2022 were food and beverages[1], air passenger transport, travel agencies and other reservation services, and retail trade. In 2022, accommodation jobs had fully recovered 2019 numbers.

Graph 6. Estimated employment from tourism by industry, 2019 - 2022

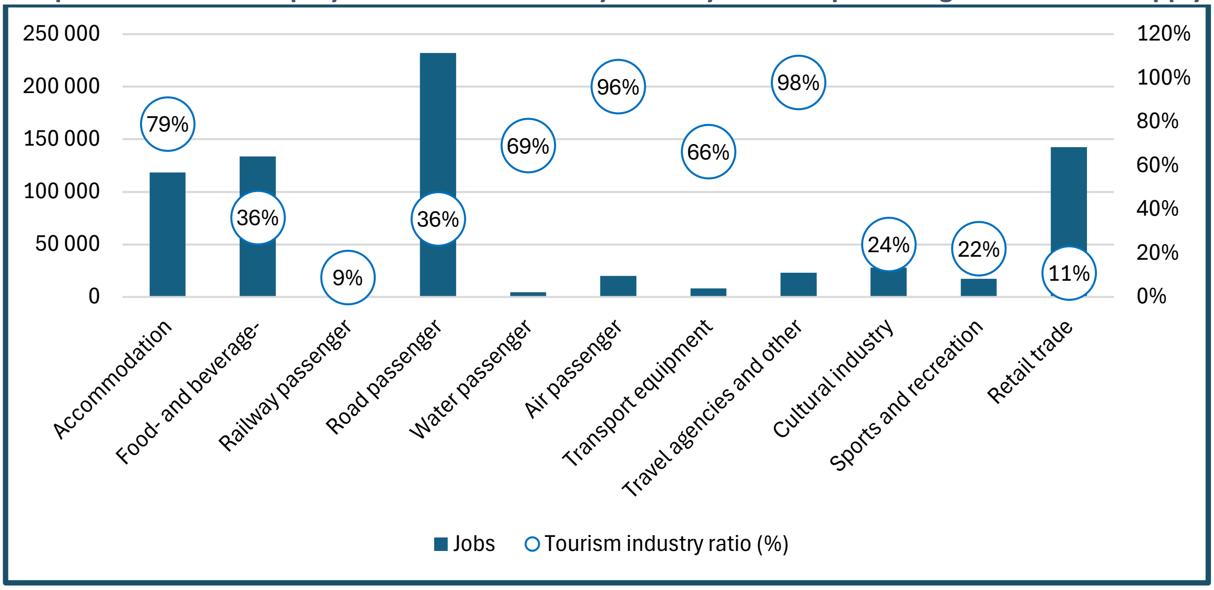


Source: Statistics South Africa. Tourism Satellite Accounts for relevant years. Pretoria.

[1] Food and beverages include restaurants, coffee shops, tearooms, fast food outlets as well as other catering services.

As with expenditure trends, in 2022, as in prior years, nearly all jobs supported from domestic and foreign tourism were in road transport, retail trade, accommodation and food and beverages industries, together.

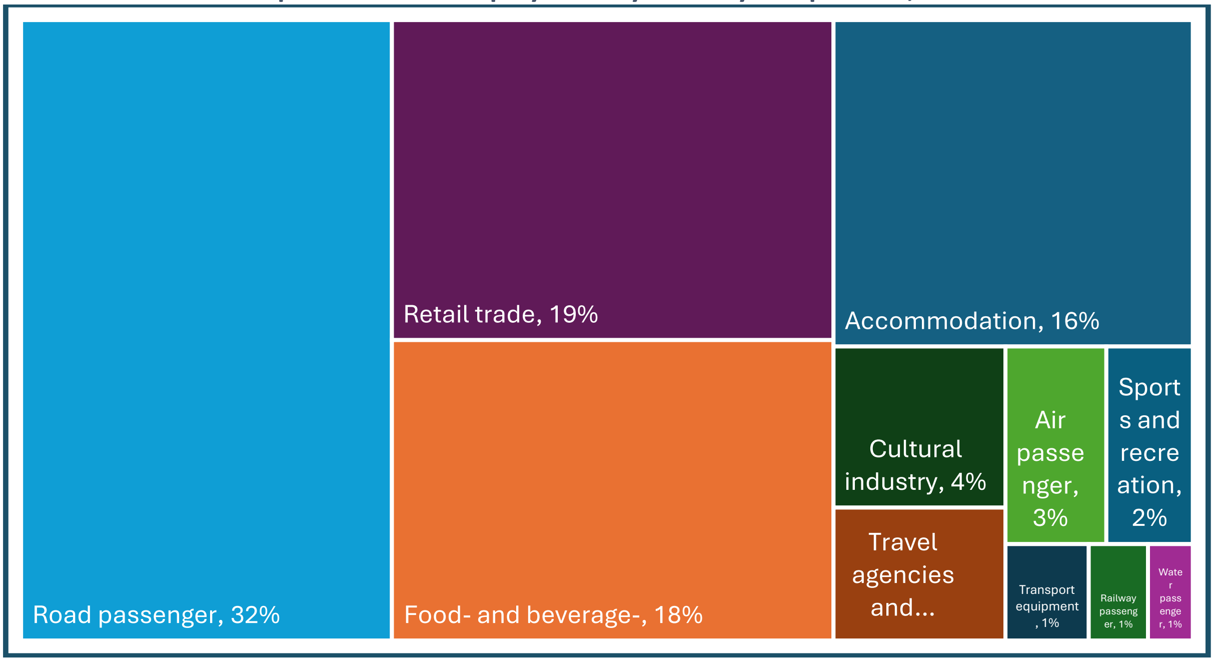
Graph 7. Estimated employment from tourism by industry and as a percentage of domestic supply



Source: Statistics South Africa. Tourism Satellite Account 2022. Pretoria.

Not all jobs in the tourism characteristic industries are created by tourism demand. For accommodation, Statistics South Africa estimated that tourism generated four out of five jobs in 2022. Tourism consumption drove even higher shares of employment in air passenger services, and travel agencies and other reservation services. Other than accommodation, these tourism-dependent industries are not large employers. They are also mid to highly skilled jobs in formal enterprises. As Graph 8 shows, road transport and retail together accounted for about 50% of total tourism jobs in 2022. Food and beverages together with accommodation accounted for 34% (Statistics South Africa, 2024).

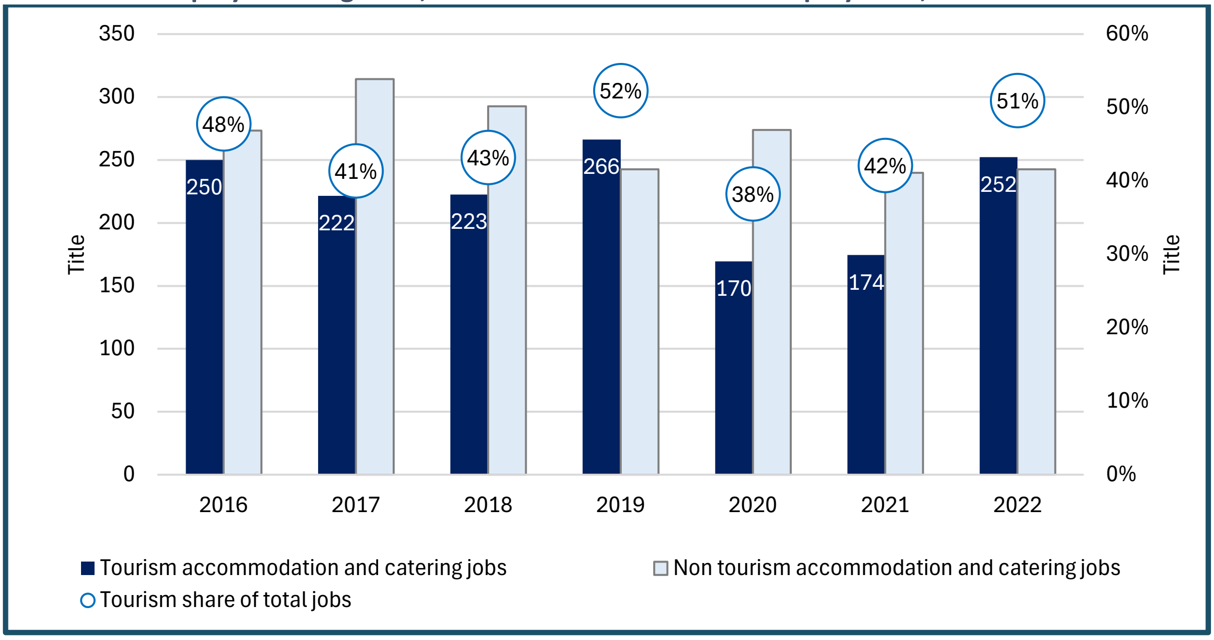
Graph 8. Tourism employment by industry composition, 2022



Source: Statistics South Africa. Tourism Satellite Account 2022. Pretoria.

Tourism jobs in accommodation and food and beverages together amounted to 250 000 in 2022, and 50% of total jobs in these two industries when taken together.

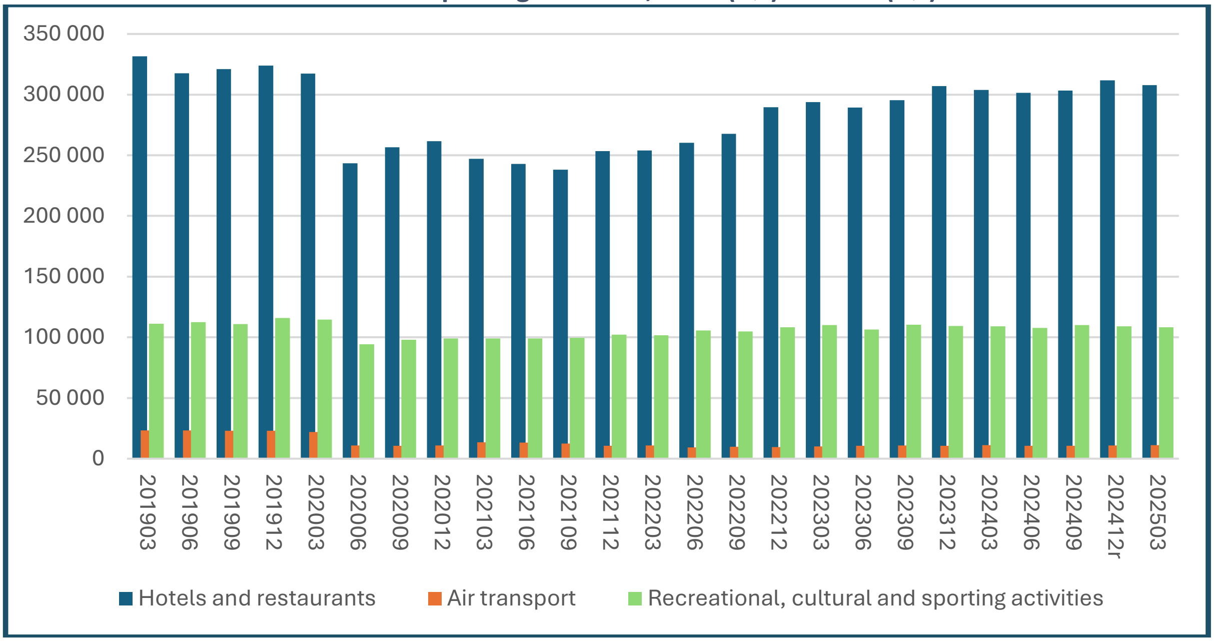
Graph 9. Tourism and non-tourism accommodation and food and beverage services industry employment together, and tourism's share of this employment, 2016-2022



Source: Statistics South Africa. Tourism Satellite Accounts for the relevant years. Pretoria.

The more recent data of the Quarterly Employment Survey indicates that, in the formal sector, by the end of 2024 Q4, hotels and restaurants together generated more than 300 000 jobs but were not yet the number in Q4 of 2019. Recreational, cultural and sporting activities were back to former levels, but air transport was at only at half those of 2019, at about 11 000 versus 23 000.

Graph 10. Formal jobs in hotels and restaurants, air transport and recreational, cultural and sporting activities, 2019 (Q1) to 2025 (Q1)



Source: Calculated from Quarterly Employment Survey, 2025. QES_Details_BreakDown_200909_202503. Statistics South Africa.

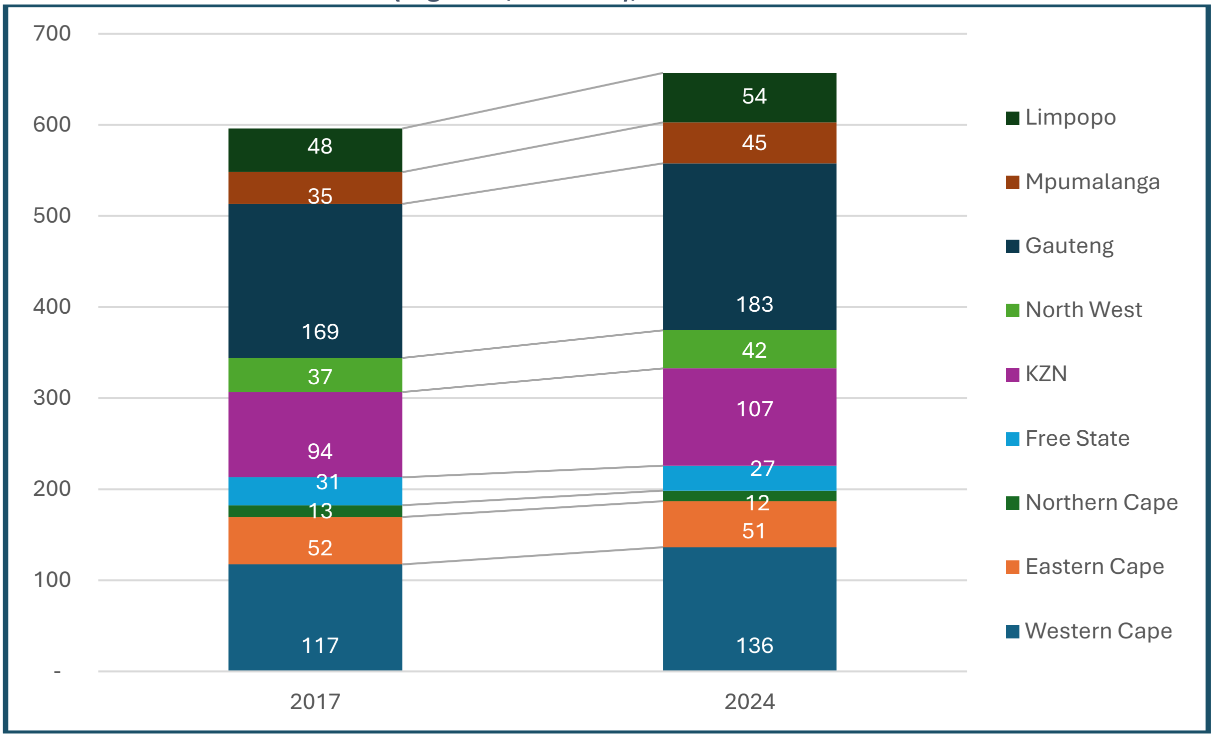
The Quarterly Labour Force Survey (QLFS), which measures all jobs, formal and informal, shows that for the average of the quarters for 2024 there were 657 000 jobs in the food and beverages and accommodation industries, together. Assuming tourism's share remained at 51% of total jobs (as in 2019), this would mean about 335 000 tourism jobs, including informal jobs in accommodation and food and beverages together, or 83 000 more than in 2022.

The TSA does not provide jobs data at a subnational level. While the QLFS does not differentiate between tourism and non-tourism jobs in food and beverages and accommodation, the overall number of jobs has been taken as a proxy for tourism employment performance at the provincial level.

Between 2017 and 2024, jobs in food and beverages and accommodation declined in the Eastern Cape, Northern Cape, and the Free State. In the Free State, the decline was the highest, at 10%. Of these three provinces, the share of tourism jobs of total only declined in the Northern Cape, as there was a general deterioration in employment in the other two provinces.

Job numbers grew the fastest in Mpumalanga with a 29% growth, equivalent to 10 000 new jobs; followed by the Western Cape, with 16% or 19 000 new jobs; KwaZulu-Natal with 14% or 13 000 new jobs; and North West with 12% or 4 000 new jobs, in that order. In 2024, Gauteng, KwaZulu-Natal and the Western Cape accounted for two thirds of employment in accommodation and food and beverages.

Graph 11. Provincial employment in food and beverages and accommodation (together, in '000's), 2017 and 2024

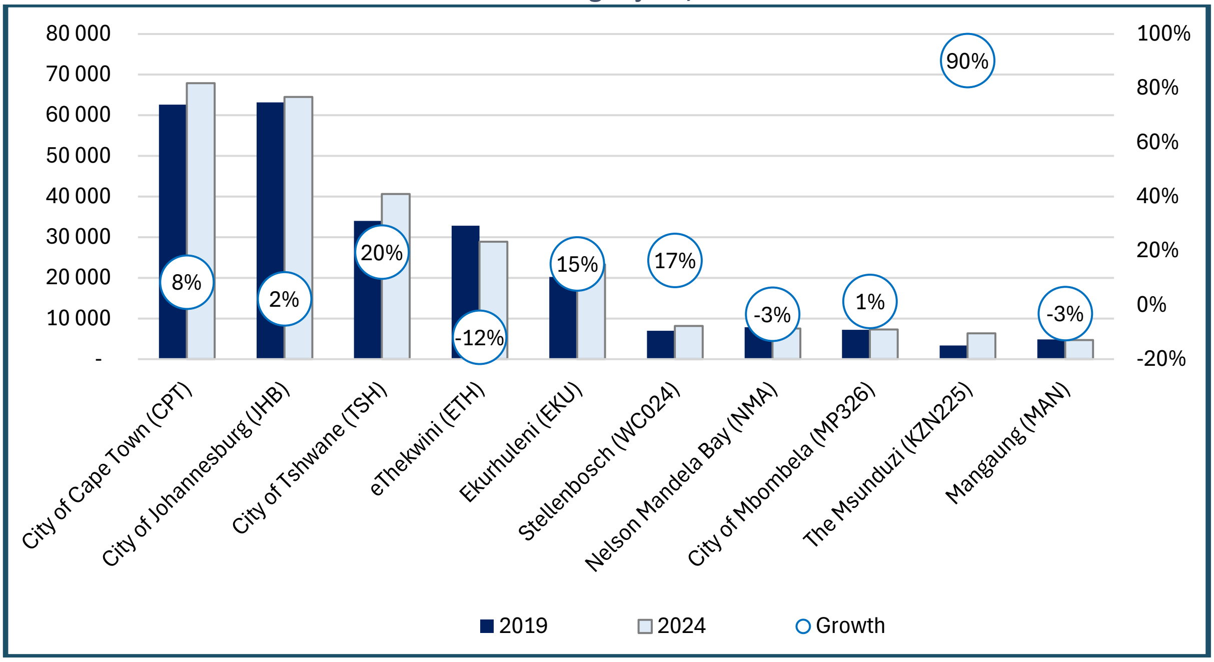


Source: For 2017, calculated from Statistics South Africa, Labour Market Surveys; for 2018 onwards, average of figures for Quarterly Labour Force Surveys for all four quarters.

At the local level, spatial tax data captures formal jobs in accommodation and food and beverages within municipalities. The metros account for the lion's share of all tourism jobs, as they attract travel for all tourism purposes: business, education, holiday and VFR tourists. Some holiday tourism is also driven by visits to nature-based tourism attractions in and around metros. In 2024, while most accommodation and food and beverages jobs at the district or metro level were located in Cape Town, Johannesburg and Tshwane, a significant number were also in eThekwini and Ekurhuleni, as indicated in Graph 12.

Graph 12 shares the top 10 metros and district municipalities for accommodation and food and beverages jobs in 2024, as well as the number of jobs in these places in 2019, and the growth rate to 2024.

Graph 12. Top metros and district municipalities by accommodation and food and beverages jobs, 2019 and 2024



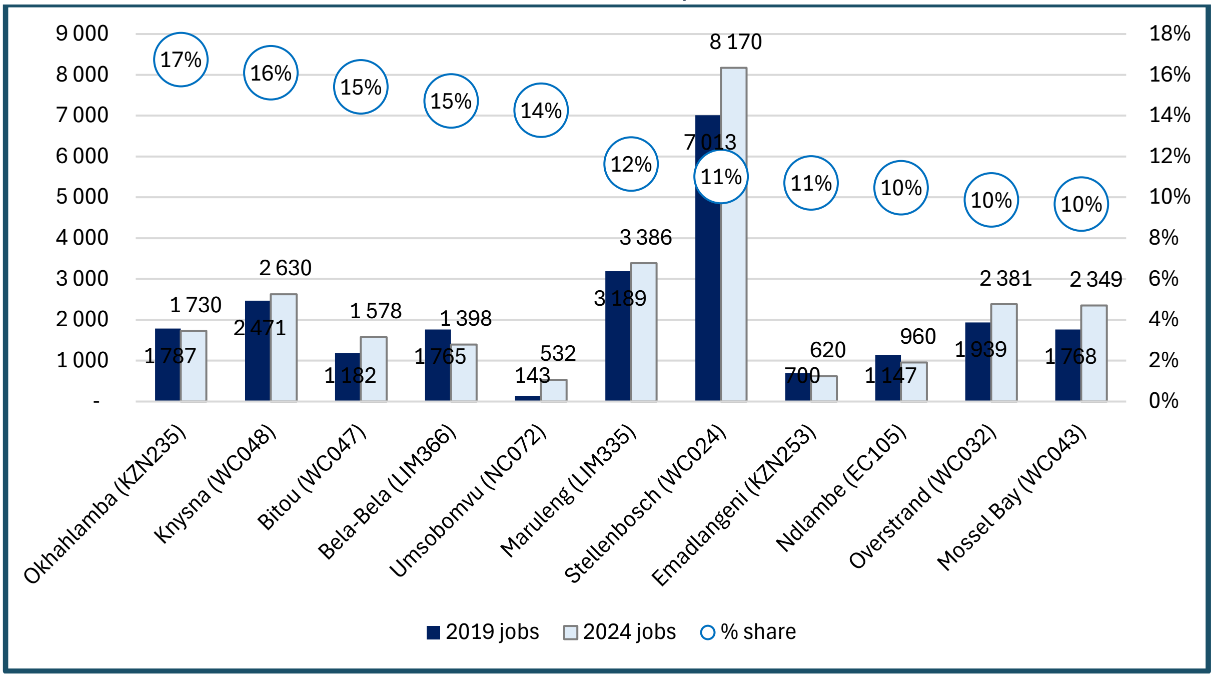
Source: Calculated from HSRC, Spatial tax data, 2025.

In contrast to the jobs' growth in KwaZulu-Natal (KZN) province indicated in Graph 12, eThekwini lost jobs in accommodation and food and beverages between 2019 and 2024. This is likely to be at least in part due to the floods in 2019, 2022 and 2023 and social unrest in July 2021, with associated impacts on infrastructure and perceptions of safety and security. Recovery after each flood has been slow and has impacted event bookings, including confidence in Durban for large, international conferences. Recent research confirms that climate change exacerbated the 2022 floods, which were the worst flood disaster in South Africa's history. Based on simulations, average rainfall was at least 40% higher than relative to a cooler world.

Tourism is also an important job creator in many rural municipalities and secondary and tertiary cities. This ability of the sector – to geographically distribute economic impacts – is one of the reasons it receives policy support, together with its other characteristics like its labour intensity and small and medium enterprise (SME) inclusion. Due to its spatial impacts, tourism is also a concurrent function across all three spheres of government.

While metros have the largest share of jobs, it is other municipalities that are the most reliant on accommodation and food and beverages jobs as a share of all local jobs, as indicated in the Graph 13. In 2024, 11 district municipalities relied on accommodation and food and beverages for 10% or more of all jobs. Five of the 11 districts are in the Western Cape, two in KwaZulu-Natal, two in Limpopo, and one in the Eastern Cape.

Graph 13. Municipalities where accommodation and food and beverages jobs were 10% or more, 2024



Source: Calculated from HSRC and National Treasury, Spatial economic activity data, 2024.

Of these tourism-dependent municipalities, all but one rely on their natural assets to attract tourists. These natural assets include national parks, coastlines, wildlife, wine estates and mountains. The specific natural assets include:

- The Cape Wine Route (for Stellenbosch),
- The Garden Route (for Knysna, Bitou, Mossel Bay),
- The popular seaside, whale-watching and shark diving towns of the Overstrand in the Western Cape,
- Seaside towns of Ndlambe, including Kenton-on-Sea, in the Eastern Cape,
- In KwaZulu-Natal, the Okhahlamba area of the Northern Ukahlamba-Drakensberg range; and
- in Limpopo, the big five attractions of Bela-Bela (where Warmbaths is located) and Maruleng (where Hoedspruit is located).

Umsobomvu in the Northern Cape, which hosts Colesberg, is halfway between Johannesburg and the Cape. Its location likely supports its role as an overnight stopping point. It is not immediately clear what the attraction is for Emadlangeni in KZN.

3. DIMENSIONS OF CLIMATE IMPACT

The tourism impacts of climate change and efforts to respond to it in South Africa relate to both supply and demand for tourism services.

3.1. Supply-side impacts

The changing environment affects nature-based tourism sites and infrastructure, through the damage caused to attractions. Damage to buildings, roads, electricity and water services also impacts tourism.

Nature-based tourism is the main attraction for holiday tourists to South Africa, ranging from game parks to beaches to Cape Winelands and Table Mountain and the Ukhahlamba-Drakensburg mountains, as confirmed by the local jobs data above. Natural attractions may be affected by drought, floods, wildfire and, in the case of the beaches, by rising sea levels. Biodiversity is particularly threatened by climate change, with key species at risk. While sea level rise is not a major threat in most places in South Africa, the impacts of extreme rainfall with associated floods, and droughts, and wildfires, are already being felt. For example, the "Day Zero" drought cost the Western Cape more than R5 billion, reducing the production of deciduous fruit, wine, and citrus, and contributing to the loss of 25 000 jobs. In accommodation and food and beverages services, between 2016 and 2017, these two industries lost 22 000 jobs, for a decline of 11% year-on-year, with numbers only recovering in 2019. While the drought was located only in Cape Town, the visitors deterred by the drought also impacted other parts of the country as the country offers an integrated set of destination experiences.

More recently, the 2022 KwaZulu-Natal floods saw 459 people lose their lives, over 4 000 homes destroyed, 40 000 people left homeless, and 45 000 people temporarily left unemployed. The spatial tax jobs data clearly shows 4 000 jobs were lost in the accommodation and food and beverages industries alone in eThekwini between 2019 and 2024.

Another climate impact is wildfires, with a surge recorded between 2022 and 2025 in the Western Cape. A total of 12 000 vegetation fires were recorded in 2024, up from 8 462 in 2020. In early 2025, wildfires resulted in several popular hiking trails in Table Mountain National Park, including Newlands, Kirstenbosch, Devils Peak, and Maclear's Beacon, being closed for to visitors. In 2025, Silvermine, part of Table Mountain National Park, and an important destination for hiking, was burned by wildfires and closed for some time.

3.2. Demand-side impacts

An increase in airfare prices due to emissions associated with air travel could affect global travel flows in the future due to price increases. Global aviation continues to grow faster than other modes of transport, and in 2022, aviation emissions reached almost 800 Mt of CO_2 with forecasts of up to triple this by 2050. Technologies – like sustainable aviation fuels, and improvements in airframes and engines – can assist, but demand-side management will likely be necessary, too. The European Commission has indicated it may make a legislative proposal in or after mid-2026 that could extend the scope of European Union (EU) emissions trading to all departing flights (including to outside of EU destinations). This depends on the performance of the International Civil Aviation Organisation's Carbon Offsetting and Reduction Scheme for International Aviation, which has been criticised in some quarters as inadequate and captured by airlines (Carrington, 2025).

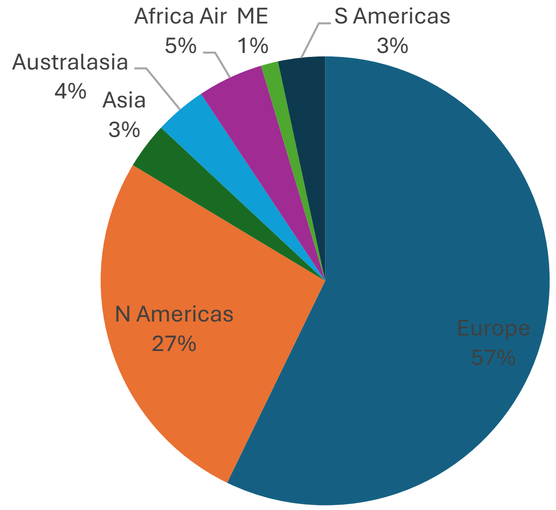
In the United Kingdom (UK), the Climate Change Committee of that government recommended in February 2025 that growth in aviation demand be managed through, among other measures, ensuring that the cost of decarbonising aviation is reflected in the price of flying. Various levies and taxes are proposed for consideration, all of which result in increases in ticket prices, particularly to long-haul destinations. South Africa is particularly far from Europe and the UK and reliant on these markets for holiday tourism.

In terms of domestic air travel, emissions from this could be mitigated by shifting from road and air to rail, if that is possible without excessive additional costs. While rail tourism is seeing a resurgence in Europe, low domestic demand and inadequate infrastructure in South Africa mean this is unlikely anytime soon. In general, globally, it can be assumed that convenience and cost will continue to drive growth in air travel until such a point that carbon pricing and regulatory pressure make air travel more expensive, which appears unlikely much before 2030.

Holiday tourism demand, as a main purpose of tourism, is more at risk from climate change than other purposes of travel, as it is strongly motivated by nature-based experiences, and is more discretionary than business or health tourism (for example). Foreign holiday tourists tend to make greater use of destination management companies, tour operators and tour guides, coaches, hotels and safari lodges and visit more attractions than business or other tourists. These then are the industries most at risk from a decline in demand from holiday tourists. In terms of geographic impacts, for first-time visitors, the traditional “country highlights” itinerary is the Western Cape, including Cape Town and the Winelands, and sometimes the Garden Route, and then Kruger National Park. Of the provinces in South Africa, the Western Cape is the most reliant on international holiday tourists in volumes of travellers and expenditure (South African Tourism, 2025a). The Kruger cluster is also highly reliant on international holiday tourists, particularly the luxury safari lodges.

The total estimated spend by foreign holiday tourists in South Africa in 2024 was R26.6 billion. This was 29% of all foreign direct spend in 2024, although holiday tourists were only 11% of total foreign tourist arrivals, indicating their higher average spend relative to other purposes of travel. Europe is the most important source region for this foreign holiday expenditure, comprising 57% of all the holiday tourist expenditure in South Africa. (South African Tourism, 2025a)

Graph 14. Foreign holiday tourism expenditure in South Africa, by tourist originating region



Source: Calculated from South African Tourism, 2024 Tourism performance report, 2025a.

The total number of 2024 foreign visits to the most visited natural attraction in each province amounted to some 3.7 million visits. This indicates the essential role that natural attractions – particularly SANParks’s national parks – play in the holiday tourism offering of South Africa. Table 1 indicates the leading natural attraction or site for each province in 2024, and the share of all foreign tourists to that site, as well as estimated foreign site visits in 2024. Gauteng does not have a natural attraction among its top visitor sites and is not included. But many of the foreign holiday tourists to Gauteng stop off in Gauteng en route to the Western Cape, or elsewhere. Gauteng tourism could also be affected by impacts to natural sites elsewhere in the country.

Table 1. Share of foreign tourists per province visiting the most popular natural site in that province in 2019, 2023 and 2024 and the number of visits in 2024

	2019	2023	2024	2024 visits
Western Cape				
Camps Bay beach	58%	56%	60%	827 200
Mpumalanga				
Kruger National Park	87%	85%	85%	1 785 000
Limpopo				
Kruger National Park	61%	66%	66%	396 000
Eastern Cape				
Addo Elephant National Park	54%	56%	55%	165 000
North West				
Pilanesberg game reserve	49%	42%	46%	184 000
KwaZulu-Natal				
North Coast (beaches)	23%	35%	39%	273 000
Free State				
Golden Gate National Park	24%	13%	16%	112 000
Northern Cape				
Kgalagadi Transfrontier Park	25%	19%	23%	23 000
TOTAL 2024 FOREIGN VISITS TO TOP NATURAL ATTRACTIONS				**3 722 000**

Source: Calculated from South African Tourism, 2024 Tourism performance report, 2025a.

The importance of the national parks estate is clear from the data in Table 1. For its 2023/2024 financial year, SANParks received six million visitors (inclusive of domestic and foreign, day trip and overnight visitors), close to the 6.3 million visitors of 2019, which translated into more than R2.1 billion from visitor expenditure. Climate change vulnerability assessments are being conducted for the national parks as this is recognised as a severe risk for biodiversity and ecosystems as well as visitor appeal and financial sustainability (SANParks, 2022).

Domestic holiday tourism demand patterns might also change due to climate change and associated impacts on infrastructure, costs and perceptions. While much of the overall expenditure would likely be retained in South Africa, the geographic impacts of domestic holidays might change.

There were 12.3 million domestic holiday trips in 2024, 30% of all domestic trips, and down 4.3% on 2023 numbers. These holiday tourists spent R5000 per trip on average or R61.3 billion together in total. Transportation (at R48.8 billion) and food and beverages (at R38 billion) remained the largest expenditure categories for domestic holiday tourists in 2024. Most of the 155 million bednights in domestic tourism (for all categories of domestic travel, not just holiday tourists) were spent with friends and relatives. In terms of paid accommodation, hotels, bed and breakfasts (B&B), guesthouses and lodges accounted for 19.3%, or 30 million, while Airbnb accounted for just 0.3% or 500 000 bednights. Holiday homes received 3.8% of all domestic trips, or just under six million bednights in 2024. Climate change might impact investment trends in second homes, and the insurability of these homes, impacting on broader employment in tourism-dependent regions, particularly of domestic workers. Gauteng and KwaZulu-Natal received the most holiday trips in 2024, at 2.3 million each, followed by the Western Cape, at 1.5 million.

4. VULNERABLE GROUPS IN TOURISM

The diffusion of tourism employment makes it difficult to define all of the vulnerable groups in the value chain. This section describes the resources available to workers in food and beverage services and accommodation.

4.1. Employment and enterprise size

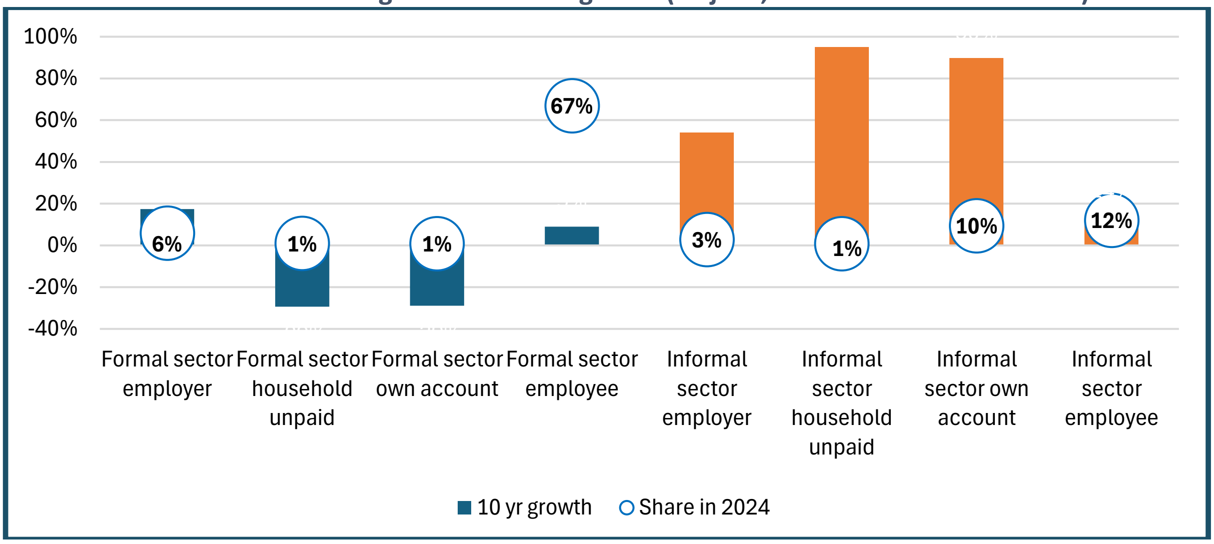
Most jobs for both the accommodation and food and beverage services industries exist within smaller enterprises. According to the Large Sample Surveys conducted by Statistics South Africa in 2022 on VAT-paying (i.e. formal firms) in these industries, large accommodation enterprises accounted for 51% of all income, but supported 30% of employment (Statistics South Africa, 2022a) . Micro-enterprises, on the other hand, accounted for 38% of income and 56% of employment (micro-enterprises were those where VAT turnover was less than R30.6 million for the year). In the food and beverage services industry, 67% of the employment and income was supported by SMEs (with a VAT turnover under R36 million) (Statistics South Africa, 2022b).

4.2. Informality in tourism firms and jobs

Many tourism firms – across the tourism characteristic industries – are not registered companies, or VAT paying, due to their size. Nonetheless, in 2024, formal sector employees were 67% of all employees across the two industries, with other formal categories comprising "formal sector employers", "own-account workers" and "unpaid household workers".

Informalisation has grown at a pace: while formal sector jobs in accommodation and food and beverages services increased by only 8% between 2014 and 2024, informal sector jobs grew by 41%. The QLFS data for the food and beverages and accommodation industries together show that approximately 25% of all employment in 2024 was informal, up from 21% in 2014. Informal sector own-account work and unpaid household employment grew the fastest of all subcategories, at 90% and 95% respectively between 2014 and 2024, although unpaid household work was a small share of total jobs. Many people appear to have moved between formal and informal employment between 2020 and 2022. Informal sector own-account workers grew by 90% and comprised 10% of all jobs by 2024.

Graph 15. 2014-2024 growth in different formal and informal jobs categories, accommodation and food and beverages industries together (all jobs, tourism and non-tourism)



Source: For 2014 to 2017, calculated from Statistics South Africa, Labour Market Surveys; for 2018 onwards, average of figures for Quarterly Labour Force Surveys for all four quarters.

4.3. Gender

Accommodation and food and beverages industries have a far higher share of female employees than the rest of the economy. (Notably, in road transportation, male employees far outnumber female employees). According to averages for the quarters in the 2024 QLFS, female employees occupied about 59% of formal jobs, and 56% of informal jobs across the two industries.

4.4. Permanent, casual and part-time work

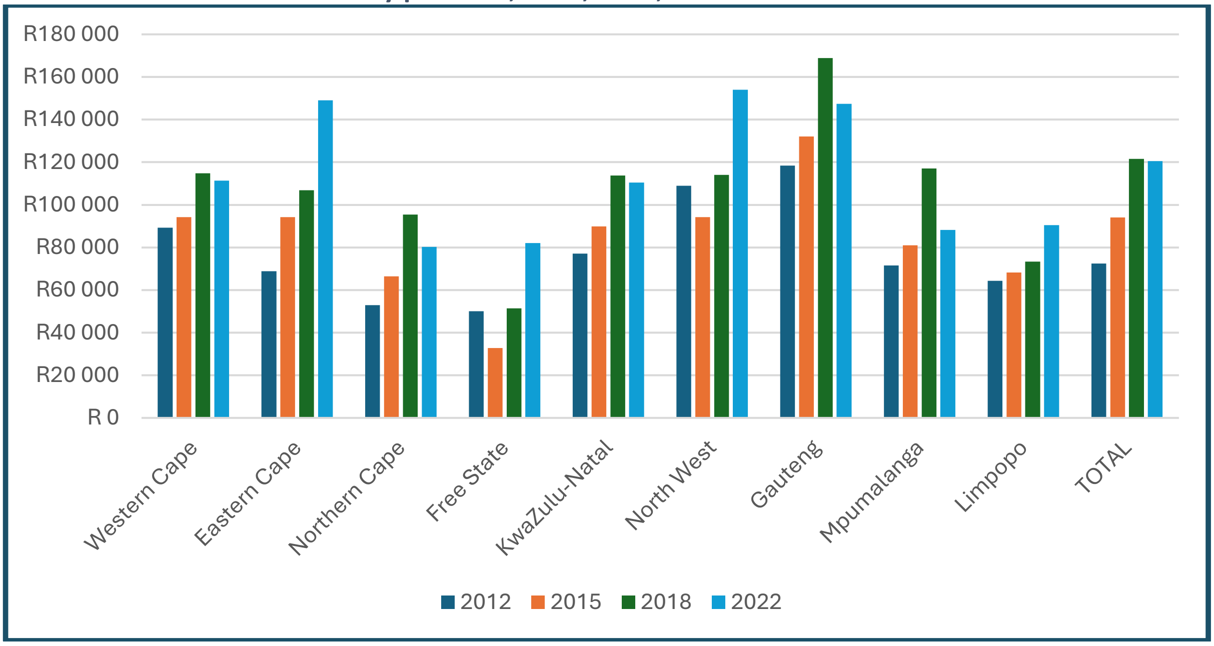
In 2024, there was a larger share of limited-duration jobs in the accommodation and food and beverages industries in both formal and informal employment than in other industries in the economy. About 20% of formal jobs were limited-duration. For the whole economy, this drops to 16%. For informal jobs, only about 26% were permanent, also a lower share than for the whole economy, but a similar proportion to this industry's informal job shared in 2017. Given the seasonal nature of tourist flows, casual staff are hired during peak periods in both accommodation and food and beverages industries, which could explain this trend.

4.5. Financial resources

Workers in food and beverages and accommodation have relatively low pay. In the accommodation industry, the mean average annual salary in 2022 was R120 486, slightly down from R121 512 in 2018. The mean salary in the category of "guesthouses and guest farms" was R85 149 in 2022, considerably lower than for accommodation in the "hotels, motels and inns" and "other accommodation" categories.

In 2018, prior to COVID, based on the mean average salary or wage for formal employees, accommodation employees earned the most in Gauteng, followed by Mpumalanga, KwaZulu-Natal and the Western Cape. They were paid the least in the Free State and Limpopo. There was a break in this trend in 2022. It is not clear why the Free State, Eastern Cape and the North West province had a jump in the mean average salaries in 2022 relative to 2018.

Graph 16. Mean average accommodation industry salaries and wages, by province, 2012, 2015, 2018 and 2022



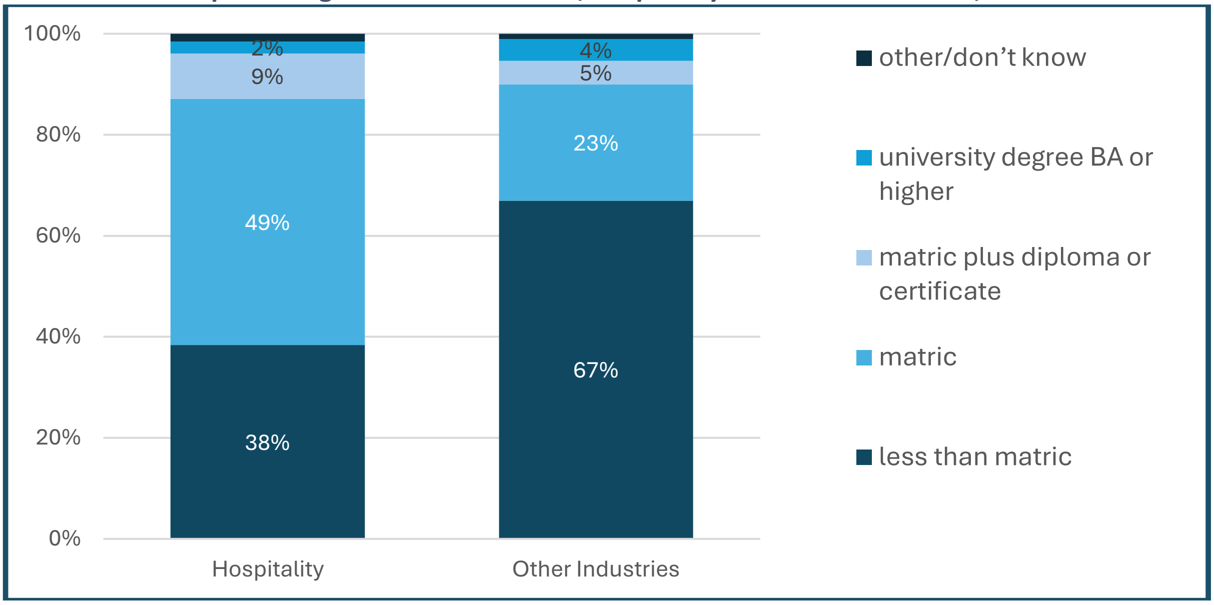
Source: Calculated from Statistics South Africa: Large Sample Survey for Accommodation industry, 2024. Statistics South Africa.

The mean annual average salary for formal food and beverages employees in 2022 was R71 442, up from R68 662 in 2018, but considerably lower than in accommodation. Salaries and wages declined in catering, and restaurants and coffee shops, while they jumped quite significantly in fast food and take aways, which would have fared better during COVID. Prior to 2022, the mean average salary was typically a bit higher in catering services than in the other two categories of food and beverages services.

4.6. Human capital

In food and beverages and accommodation formal employment, the share of matric certificate holders in 2024 was 52% compared with 40% in informal employment. Less than 10% of workers in formal hospitality businesses held post-matric qualifications, significantly lower than for jobs in other formal industries where the post-matric qualification rate was 30%. For other informal industries, it was similar to informal hospitality, around 6%. Graph 17 shows the trends for formal and informal together, for hospitality and for other industries.

Graph 17. Highest education level, hospitality and other industries, 2024



Source: Calculated from Statistics South Africa: QLFS, 2024, average of four quarters.

4.7. Social capital

As with other workers, the main information on social capital for accommodation and food and beverages workers relates to their workplace. About 17% and 1.2% of staff in formal and informal hospitality, respectively, were unionised in 2024. 78% of formal staff had Unemployment Insurance Fund (UIF) contributions deducted from pay, and 76% got sick leave. This dropped considerably to 28% with UIF deductions and 37% with sick leave for informal staff. For the formal sector, this was less than other industries; for the informal sector, hospitality workers had similar shares of UIF and sick leave as other informal workers.

4.8. Airbnb impacts

In addition to tax avoidance and zoning infringements, which are often concerns related to Airbnb properties, Airbnb is also criticised for its possible impacts on housing stock rental availability and affordability, with stock removed from the market for long-term residents, by shorter-term tourists (including "digital nomads") who pay higher prices. Less focus has, however, been placed on employment impacts. In particular, insufficient data exist on Airbnb's impacts on hotel and other accommodation firms' employment performance. From a demand-side perspective, South African Tourism's data on Airbnb use by both foreign and domestic tourists shows that Airbnb's share of bednights for these markets was less than 1% for both these markets in 2024 and 2023.

Airbnb's own modelling indicates that it supported 42 000 jobs in Cape Town in 2024 and contributed R7 billion in salaries and wages. This has been modelled to include all jobs (full-time, part-time and seasonal; direct, indirect and induced). Airbnb also indicates that it supports tourism outside of cities, where a lack of other accommodations limits visitation. Few small towns offer hotel accommodation, and, as with other destinations, Airbnb properties provide a far greater choice of accommodation, catering to different budgets and group sizes.

While Airbnb hosts in affluent areas and those with more upmarket properties benefit the most from this sharing economy platform, this is the same pattern of benefits and, conversely, exclusion, linked to historic land and property ownership in South Africa, which also characterises the guesthouse, self-catering and B&B accommodation segments. These accommodation properties are often white-owned, family businesses, based on primary or secondary dwelling assets, which are used as "lifestyle businesses" and may have limited profitability. They are often, nonetheless, for the most part, appreciating property assets[2].

Furthermore, as Airbnb properties cater to a longer-stay, family and/or family and friends demographic, it appears unlikely that Airbnb accommodation listings have displaced hotel accommodation. They are more likely to have displaced self-catering[3], B&B and guesthouse accommodation. Where Airbnb properties might have a discernible impact on employment is in smaller towns where formal accommodation is limited or expensive. Jobs in Airbnbs are likely to share similar characteristics to self-catering, guesthouse and B&B accommodation jobs: often in smaller firms, sometimes informal, domestic work; possibly of limited-duration and lacking protection.

[2] In 2015, the average profitability of VAT paying guesthouses and guest farms was 6.8%; it was only 2% in 2012; 4% in 2018, and negative in 2022.

[3] It is also possible that the category Airbnb as measured in South African Tourism surveys now contains the same properties that were previously listed as "self-catering", as Airbnb properties are self-catering in nature.

4. CONCLUSION

Tourism is a major source of employment in South Africa, accounting for jobs across all municipalities, particularly in metros and in other areas that are well-known for their natural attractions (like those close to national parks, coastlines, or mountain ranges). Jobs are also located across several industries. Female employees outnumber male ones, and matric certificate holders outnumber those with both fewer and more educational achievements. A total of 25% of employees are located in the informal sector, where they have limited job and social protection, as characterised through limited unionisation, UIF and leave provisions.

Foreign holiday tourism demand is most at risk from climate change. This was valued at about R20 billion in expenditure in 2024, with a high proportion located in the Western Cape and around Kruger (both Mpumalanga and Limpopo provinces). Parts of the value chain that would be most vulnerable to negative impacts in the instance of declining foreign holiday tourists would be tour guides, tour operators (including destination management companies), private coach operations and other contracted transport services, formal accommodation, air transport and visitor attractions.

While COVID resulted in many job losses, QLFS data indicate that by 2024, in absolute terms, these had been recovered, although with a notable trend toward informalisation. Climate events threaten to continue to impact the sector. Ethekwini and Cape Town have already experienced serious tourism economy losses due to floods and droughts. While the tourism sector jumps back soon after events like COVID, the financial crisis, droughts and floods, these shocks appear to exacerbate the trend towards informalisation and vulnerability.

Employees in informal accommodation and food and beverages firms in districts outside of the metros have the greatest increased vulnerabilities in the face of the changing climate. This is due to their large numbers and lower skills (relative to, for example, air transport and travel agency employees), limited social protection, as well as the heavy reliance on tourism jobs in the areas where they work, which are often characterised by limited economic diversification.

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