

Probe into 2010 hotel price-fixing allegations

By [Donna Bryson](#)

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South Africa's tourism ministry has ordered an investigation into allegations that World Cup hotel prices are unreasonably high, one month after a similar government probe was launched to find out if local airlines were colluding to inflate fares.

The hotel allegations have worried operators and others in South Africa's tourism business, who called a news conference Tuesday, 23 February 2010, to deny them.

Members of the Tourism Business Council of South Africa, an industry group, welcomed the investigation announced by Tourism Minister Marthinus Van Schalkwyk and said they were sure an independent inquiry would prove that most of them were not inflating room rates.

Don't take advantage

Business leaders have urged South Africans not to take advantage of World Cup visitors, saying profiteering would keep tourists from returning.

Jabu Mabuza, chairman of South Africa's state-owned tourism development company and chief executive of a national hotel and casino chain, said the country has sophisticated hotels, restaurants and attractions that rival those anywhere in the world.

He said the strategy has been not to market the country as cheap, but as a place where a traveler can get value for money.

"It is quite disturbing to us ... that there are people who have reportedly tripled prices," he told reporters recently. "It is very shortsighted. I think it is, frankly, stupid."

What is reasonable

No one disputes prices will be higher during the World Cup, but the question is what is reasonable.

"In recent weeks we have noted allegations that accommodation establishments in the tourism industry are not responsible, and are inflating prices excessively," the tourism minister said in a statement.

"Until now our impression has been that this is not the case, but we believe it should be investigated and the results of the investigation made public."

Ministry spokeswoman Ronel Bester said Tuesday it was too early to say what action might be taken if prices are deemed too high.

The probe follows an investigation announced late last month into whether South African airlines are colluding to inflate prices during the 11 June - 11 July World Cup.

That investigation is being conducted by the government's Competition Commission, which is charged with limiting monopolies and has a tribunal with the power to impose fines and other penalties. Keitumetse Letebele, a spokeswoman for the commission, said was not yet clear when the probe would be completed.

Price comparison

An Internet check showed a flight from Johannesburg to Cape Town that would cost R870 Tuesday would cost R1,270 a day after the World Cup kicks off. A room at a midrange hotel near Johannesburg's airport that would cost R1,145 Tuesday night would be at least a third more during the Word Cup.

Tourism business leaders said the higher prices reflect higher demand. They add that though the World Cup falls during the South African winter, usually the low season, it will be treated as the high season because of the tournament.

Mmatsatsi Marobe, chief executive of the Tourism Business Council of South Africa acknowledged "sporadic" instances of excessively high prices but stressed it was not widespread.

Shop around

"The market dictates what prices people charge," she said, and added a warning for those who think the World Cup market can bear anything. "If you are going to be overcharging, guess what, your room is going to be empty."

Marobe advised consumers to shop around, check the Internet and compare what different tour companies are offering.

Jaime Byrom, executive chairman of MATCH, charged by football's ruling body FIFA with organizing accommodation during World Cups, appeared alongside Marobe at Tuesday's news conference.

Byrom said that compared to previous tournaments in Europe, this year's World Cup won't be cheap. Europeans accustomed to hopping across a border for matches will have to travel much farther, and that costs more. He also cited the strength of South Africa's currency.

No difference in profiteering

Byrom said any profiteering in South Africa did not differ from what has been experienced at other World Cups. He has contracted with South African hotels and inns to offer rooms to World Cup fans.

"We certainly received fair prices and reasonable terms of business that we were able to pass on to our customers," he said, calling reports of price gouging exaggerated.

"Once its out there, this bad news seems to have very long legs."

The term swart gevaar during Apartheid referred to the then perceived security threat to the white government from the black African population.

Source: The Times

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