



*THE CONTRIBUTION OF TOURISM TO GROWTH AND DEVELOPMENT
IN KWAZULU-NATAL*

By

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Undertaking

In conformity with the regulations of the University of Pretoria, I hereby state that what follows is my own original work, unless specifically indicated to the contrary in the text. Furthermore, this dissertation has not been submitted for a degree at any other University.



Abstract

In order to be able to determine the contribution of the tourism sector to the KwaZulu-Natal economy, the study starts by reviewing some economic indicators that show the contribution of different economic sectors to GDP and to the economy in general. Where possible a comparison was made with other provinces and the RSA. These comparisons showed that the KwaZulu-Natal economy still has many problems, such as a relatively low gross geographical product per capita and a high unemployment rate (32,2 per cent). However, it has the potential to be the largest contributor to the GDP of the country despite the political problems that are still prevalent in some areas of the province, and also the fact that it has the largest population compared to other provinces. The manufacturing sector is the highest contributor to GDP and during 1988 to 1994 its average contribution was 30,3 per cent, followed by trade and government sectors with 16 per cent and 13,4 per cent respectively.

The study reviewed the economic principles underlying the tourism industry, and also attempted to put the tourism industry into perspective with other economic sectors. This revealed that the tourism industry by its nature falls into the category of service industries and that it is governed by the same economic principles that govern any market namely, demand and supply forces. Most importantly however, is the realisation that this industry has a significant macroeconomic impact, for example, on inflation, employment, balance of payments and economic growth.

The study has attempted to elicit the views of those involved in tourism activities and through the use of secondary sources examined the position of the South African tourism industry to that in the world and more importantly the relative position of the KwaZulu-Natal tourism industry. This data showed that there is a steady increase in the tourists inflow from 1985 to 1995 (from 728 000 to 4.5 million) and also revealed their spending patterns. Based on this data, projections were made for 1998 to 2006, and these projections are in line with most of the economic analysts' speculations that there will be a steady increase of foreign tourist arrivals for the next five to ten years. Thus, the study has taken both a qualitative and a quantitative approach.



It was also found that in order for the tourism industry to contribute successfully to the economic growth of the province, it has to be properly developed and managed, which means that there has to be a policy that will guide the actions of all the interest groups, and all the appropriate structures has to be put in place following market development principles. The roles of different institutions, whether government, private sector or non-governmental organisations have to be defined and co-ordinated towards the same goals, that is, to have a tourism industry that is economically viable and that benefits all the communities.

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