

CHAPTER I

PROBLEM STATEMENT AND METHODOLOGY

1.1 INTRODUCTION

KwaZulu-Natal stretches over some 92 180 square kilometres on the eastern seaboard of South Africa which covers 7,6 per cent of the country's geographic area. It is bounded in the north by Mozambique, Swaziland, and one of South Africa's nine provinces, Mpumalanga (formerly Eastern Transvaal). To the west, KwaZulu-Natal is bounded by Lesotho and another province, the Free State, and in the south by the province Eastern Cape (see appendix B). It enjoys one of the finest climates and boasts some of the most attractive and varied topographies in the world. There are hundreds of kilometres of magnificent sandy year-round beaches, the huge Drakensburg mountain range in the west and many unique natural attractions like the wetlands and lakes around St Lucia (KwaZulu-Natal Marketing Initiative, 1996).

The KwaZulu-Natal (KZN) Province has the largest population compared to other Provinces namely, 8,577 million, that is 21 per cent of the country's population, yet its contribution to gross domestic product (GDP) is as low as 14,5 per cent (Central Statistical Service (CCS), 1994). This calls for efforts towards increasing the Province's contribution to GDP and improving the welfare of the people in the Province. In 1991 the gross geographical product per capita of KZN was only R 5 212 compared to R 7 388 in South Africa.

Increasing the Province's contribution to GDP can primarily be effected by increasing the employment rate. Presently the unemployment rate in the Province is 32,2 percent and the highest level occurs amongst blacks, namely 38 per cent (Central Statistical Service, 1994). Furthermore, the labour absorption capacity is low (44,8 per cent) as compared to 56,9 per cent in the Western Cape and 49,9 per cent in South Africa (op. cit.). This shows that the Province has a relative large share of marginalised and poor people. Reducing the unemployment rate requires various strategies, and in this

Province it appears to be more problematic when looking at the Human Development Index (HDI) which can be regarded as a point of departure. Presently the HDI is 0,58 (Economic Affairs and Tourism, 1994) (desired rate = 1). This index measures the quality of life on the basis of three development indicators, namely, years a person has to live, (life expectancy), earned income (personal income) and ability to communicate (literacy).

The economic activities are geographically distributed very unevenly over the Province, (see Table 1.1), with a high concentration within and outside the metropolitan areas (Durban/Pinetown/Pietermaritzburg metropolitan areas), as well as the coastal areas where tourist activities have a considerable economic impact. Because of the favourable climate and the high rainfall, the agricultural sector in the Province makes an important contribution to the total agricultural production in the country. Although the agricultural sectors account for a relatively small contribution to GGP, it nevertheless plays an important role in the provincial economy, in the sense it provides raw materials to the agro-industries for further processing. The main agricultural activity in the province is sugar cultivation, dairy farming, maize production and meat production. The local forestry industry is a profitable and labour intensive industry. Besides the Mpumalanga Province, forestry in this province is the largest in the country (Industrial Development Corporation, 1996).

The contribution of the mining industry to economic activity in the Province is relatively limited (2,3 per cent). Zirconium and heavy metals such as titanium and rutile are exploited in the coastal dunes. High grade coal deposits also exist and are mainly exported. A noticeable feature of the KwaZulu-Natal provincial economy is its poor endowment regarding exploitable mineral deposits. Apart from coal, which is responsible for about 80 percent of the mineral production in the province, titanium minerals, building sand, aggregate and limestone are also exploited in small quantities. Manufacturing is the most important sector in the provincial economy. It is well developed and diversified. The Province has a very large and highly developed agro-

industry that processes the outputs of the agricultural sector into final consumption goods. Downstream activities from the forestry industry such as paper, pulp and wood production also make an important contribution to the manufacturing sector. The manufacturing sector was responsible for almost a third of the total economic activity in this Province in 1993 showing a well developed local economy (Table 1.1). This Province's contribution of more than 18,4 percent to total manufacturing production in the RSA is high compared with other Provinces. There has also been a steady growth in the production of nonferrous metals and related products. Most of this can be attributed to the activities of Alusaf and Richard Bay minerals. Alusaf now has the eighth largest production plant for aluminium in the world.

The tourism industry in the province (especially the coastal areas) is renowned and receives the third largest number of foreign visitors to the RSA. Some of the most visited attractions are beautiful beaches, Drakensberg resorts and various game reserves (Industrial Development Corporation, 1996). This is to a large extent responsible for the large share of the tertiary sector in the economic activity of the area.

The importance of services industries in the Province is shown by the fact that trade, transport and finance services contributed nearly 40 per cent towards the GGP. This is an indication of a well developed service sector in the Province that are vital to the further development of the tourism industry. There is an enormous scope for further growth in this sector, especially from downstream production activities (op. cit.).

As can be derived from the information regarding trade and accommodation, in Table 1.1 and in comparison with the corresponding data in other Provinces, tourism is noticeably contributing to economic activity in the Province, but have the potential to substantially increase its share in KZN.

1.2 INTRA- AND INTERREGIONAL LINKAGES

The data presented in Tables 1.2 and 1.3 gives a clear indication of the varied sectoral linkages that exist within KZN and between KZN, other RSA Provinces and the international world. It is important to take note of these linkages in the context of further development of the tourism industry in KZN. The salient features of the linkages of the main economic sectors are discussed below.

**TABLE 1.1: REAL GROSS GEOGRAPHIC PRODUCT BY ECONOMIC SECTOR
OF SOUTH AFRICA AND KZN, 1988-1993**

| SECTOR | KZN : % of GGP | RSA: % of GDP | KZN contribution to RSA GDP | % change in KZN GGP | % change in RSA GDP |
|---------------------------|----------------|---------------|-----------------------------|---------------------|---------------------|
| <i>Agriculture</i> | 5.9 | 4.8 | 18.1 | -0.6 | -1.2 |
| <i>Mining</i> | 2.3 | 10.2 | 3.3 | 2.9 | 0.2 |
| <i>Manufacturing</i> | 30.3 | 24.2 | 18.4 | -1.8 | -1.8 |
| <i>Electricity</i> | 2.5 | 4.8 | 7.6 | 3.3 | 2.5 |
| <i>Construction</i> | 3.2 | 3.0 | 16.0 | -1.8 | -1.7 |
| <i>Trade</i> | 16.1 | 14.9 | 15.9 | 0.3 | -0.4 |
| <i>Transport</i> | 11.0 | 7.5 | 21.8 | 0.7 | 0.5 |
| <i>Finance</i> | 11.1 | 11.8 | 13.8 | 1.6 | 0.8 |
| <i>Community services</i> | 2.0 | 1.9 | 14.9 | 2.4 | 1.5 |
| <i>Government</i> | 13.4 | 14.7 | 13.4 | -1.6 | 1.6 |
| <i>Other</i> | 2.3 | 2.3 | 14.9 | 1.0 | 1.0 |
| TOTAL | 100.0 | 100.0 | 14.7 | -0.4 | -0.1 |

Source: Central Statistical Service, 1994

The data in Table 1.2 shows that 16,2 per cent of the local agricultural production is further benefited (intermediate consumption) and used by other industries in KwaZulu-Natal, which is much higher than the average of 8,8 per cent for all the Provinces in South Africa. In addition to this, a higher percentage of agricultural

production is consumed by households in this province, compared with the RSA as a whole, resulting in a lower percentage of unprocessed produce available for interprovincial and international exports.

According to the data in Table 1.3, it is evident that the agricultural sector is less dependent on inputs from other provinces (6 per cent) and internationally (1,0 per cent) than the average agricultural sector in the country, showing a relatively higher agglomeration effect with regard to this sector, but imports of agricultural products from other Provinces constitute 82,3 per cent of the value of product consumed locally.

Table 1.2 shows that although only 5,4 per cent of the mining production is further beneficiated and used by other industries in KwaZulu-Natal, it nevertheless compares favourable with the average figure of 4,7 per cent for the mining sector in the RSA.

According to Table 1.3, the mining sector is less dependent on inputs from other Provinces (15,4 per cent) and internationally (3,6 per cent) than the average mining sector in the country, showing a relatively higher agglomeration effect with regard to this sector. As far as local manufacturing production is concerned, Table 1.2 shows that only 12,1 per cent is further beneficiated and used by other industries in KwaZulu-Natal, compared with an average figure of 16 per cent for the manufacturing sector in South Africa as a whole. Together with this, a lower percentage of manufacturing production is also consumed by households in this province, compared with the RSA as a whole, resulting in a higher percentage available for interprovincial and international exports. Looking at Table 1.3, it is evident that the manufacturing sector is heavily dependent on inputs from other provinces (43,3 per cent) and internationally (16,1 per cent) than the average manufacturing sector in South Africa showing also a lower agglomeration effect with regard to this sector. It is also clear that KwaZulu-Natal is less self-sufficient than the average province with regard to manufactured products, since 56,4 per cent of the manufactured products are used locally compared with 54,9 per cent in the case of the average province in South Africa.

TABLE 1.2: UTILISATION OF GOODS AND SERVICES PRODUCED IN KWAZULU-NATAL AND AVERAGE FOR PROVINCES IN THE RSA AS A PERCENTAGE OF SECTORAL PRODUCTION

| SECTOR | Intermediate Consumption | | Private Consumption | | Total Local Consumption | | Interprovincial Exports | | International Exports | |
|---------------|--------------------------|-----------|---------------------|-----------|-------------------------|-----------|-------------------------|-----------|-----------------------|------------|
| | KZN | AVER PROV | KZN | AVER PROV | KZN | AVER PROV | KZN | AVER PROV | KZN | AVER PROV. |
| AGRICULTURE | 16.2 | 8.8 | 3.7 | 2.7 | 19.9 | 11.5 | 72.8 | 82.1 | 7.3 | 6.4 |
| MINING | 5.4 | 4.7 | 0.0 | 0.0 | 5.4 | 4.7 | 0.1 | 10.8 | 94.5 | 84.5 |
| MANUFACTURING | 12.1 | 16.0 | 4.5 | 4.6 | 16.6 | 20.6 | 54.9 | 65.3 | 18.5 | 14.1 |
| ELECTRICITY | 10.8 | 17.6 | 2.3 | 2.2 | 13.1 | 19.8 | 86.2 | 79.6 | 0.7 | 0.6 |
| CONSTRUCTION | 3.3 | 5.3 | 0.0 | 0.0 | 3.3 | 5.3 | 96.6 | 94.6 | 0.1 | 0.1 |
| TRADE | 4.5 | 7.5 | 9.8 | 14.3 | 14.3 | 21.8 | 78.0 | 70.5 | 7.7 | 7.7 |
| TRANSPORT | 4.0 | 6.9 | 5.3 | 6.6 | 9.3 | 13.5 | 61.7 | 54.1 | 29.0 | 32.4 |
| FINANCE | 7.2 | 13.9 | 6.1 | 10.5 | 13.3 | 24.4 | 82.2 | 71.1 | 4.5 | 4.5 |
| OTHER | 8.9 | 14.7 | 5.8 | 11.4 | 14.7 | 26.1 | 84.8 | 73.4 | 0.5 | 0.5 |
| AVERAGE | 8.0 | 10.6 | 4.2 | 5.8 | 12.2 | 16.4 | 69.7 | 66.8 | 18.1 | 16.8 |

Source: Industrial Development Corporation (IDC), 1996

The service's sectors, namely, trade, transport, electricity and finance are relatively independent as each of them imports less than 30 per cent of its local production with the exception of the construction sector which is more heavily dependent on imports from other Provinces.

1.3 PERSONAL INCOME

Although whites represent only about 8 per cent of the population in KwaZulu-Natal, they earn nearly 45 per cent of the labour remuneration in the province, compared with the corresponding figure for blacks of about 82 per cent and about 36 per cent respectively (Table 1.4). An interprovincial comparison of income distribution, as

TABLE 1.3: IMPORTS OF KWAZULU -NATAL AND AVERAGE FOR PROVINCES IN THE RSA

| SECTOR | IMPORTS OF GOODS AND SERVICES (INPUTS) BY SECTOR AS PERCENTAGE OF PRODUCTION | | | | IMPORTS OF PRODUCTS/SERVICES AS PERCENTAGE TOTAL VALUE CONSUMED LOCALLY | | | |
|---------------|--|--------------|-----------------------|--------------|---|--------------|-----------------------|--------------|
| | PROVINCIAL IMPORTS | | INTERNATIONAL IMPORTS | | PROVINCIAL IMPORTS | | INTERNATIONAL IMPORTS | |
| | KWAZULU NATAL | AVERAGE PROV | KWAZULU NATAL | AVERAGE PROV | KWAZULU NATAL | AVERAGE PROV | KWAZULU NATAL | AVERAGE PROV |
| AGRICULTURE | 6.0 | 30.9 | 1.0 | 4.7 | 82.3 | 82.7 | 5.4 | 5.2 |
| MINING | 15.4 | 22.1 | 3.6 | 4.6 | 40.6 | 40.7 | 56.5 | 46.2 |
| MANUFACTURING | 43.3 | 40.1 | 16.1 | 15.4 | 56.4 | 54.9 | 24.2 | 24.0 |
| ELECTRICITY | 23.7 | 20.0 | 1.2 | 1.6 | 93.8 | 80.0 | 0.0 | 0.0 |
| CONSTRUCTION | 53.1 | 44.8 | 5.1 | 6.0 | 82.0 | 67.9 | 0.3 | 0.2 |
| TRADE | 30.2 | 29.2 | 2.8 | 3.1 | 86.0 | 75.8 | 1.0 | 1.1 |
| TRANSPORT | 26.8 | 22.4 | 4.1 | 3.7 | 70.5 | 70.2 | 10.1 | 10.2 |
| FINANCE | 14.6 | 14.5 | 1.4 | 1.6 | 83.5 | 69.3 | 4.8 | 4.7 |
| OTHER | 50.6 | 43.9 | 7.8 | 7.9 | 84.1 | 73.8 | 1.4 | 1.5 |
| AVERAGE | 29.3 | 29.8 | 4.8 | 5.3 | 75.5 | 68.4 | 11.5 | 10.4 |

Source: IDC , 1996

measured by the Gini coefficient, shows that the income distribution in KwaZulu-Natal with a coefficient of 0,73 together with Mpumalanga, is the second most skewed of all provinces (IDC, 1996 and Table 1.5).

However, the income distribution based on salaries and wages of employees before tax, shows a less skewed distribution than in the case of household income. The distribution pattern improves further, if the Gini coefficient is calculated on after tax remuneration, namely 0,56 compared with 0,61, if based on taxable income. This shows that the higher income groups are responsible for a substantial portion of personal income tax payments in the province.

**TABLE 1.4: REMUNERATION BY POPULATION GROUP
IN THE KZN AND RSA, 1991**

| Group | Income % | | Population % | | Per Capita (R) | |
|-----------------|----------|------|--------------|------|----------------|--------|
| | KZN | RSA | KZN | RSA | KZN | RSA |
| <i>White</i> | 44.7 | 66.9 | 7.5 | 13.5 | 19 652 | 19 666 |
| <i>Coloured</i> | 2.0 | 6.7 | 1.3 | 8.7 | 4 998 | 3 569 |
| <i>Asian</i> | 16.9 | 3.7 | 9.7 | 2.6 | 5 754 | 6 512 |
| <i>Black</i> | 36.4 | 32.7 | 81.5 | 75.2 | 1 473 | 2 025 |

Source: IDC, 1996

1.4 LABOUR

In terms of the provision of job opportunities in the formal sector KwaZulu-Natal is the second largest Province in the country (IDC, 1996). The highest concentration of employment is in the manufacturing industry and government sectors, accommodating 22,6 and 20,3 per cent of the labour force (5.8 million) respectively (Table 1.6).

While the number of jobs decreased by 1,2 per cent per annum during the period 1991 to 1993, it was however, less than the corresponding decrease of 1,5 per cent, registered for the country as a whole.

The largest decline in employment occurred in the construction sector during the above-mentioned period, namely a loss of 10 500 job opportunities, which is almost a third of the decreases in the total workforce in KwaZulu-Natal mainly due to the general downturn in the business cycle. Decreases were registered in the transport, electricity, and manufacturing sectors, which was partly offset by increases in the financial and

**TABLE 1.5: PERSONAL INCOME AND TAX AND GINI COEFFICIENTS
IN KZN AND RSA, 1991**

| <i>Personal income and tax</i> | <i>KZN</i> | <i>RSA</i> |
|--|------------|------------|
| <i>Personal income (Rm)</i> | 32 573 | 215 777 |
| <i>Personal income tax (Rm)</i> | 3 885 | 28 971 |
| <i>Personal disposable income (Rm)</i> | 28 688 | 186 806 |
| <i>Gini coefficients:</i> | | |
| <i>Household income</i> | 0,73 | 0,72 |
| <i>Employee's income before income tax</i> | 0,61 | 0,63 |
| <i>Employee's income after income tax</i> | 0,56 | 0,58 |

Source: Central Statistical Services, 1996

government sectors. The decline in employment, together with the natural growth in the supply of new job seekers in the market, caused unemployment to rise from 25,3 per cent in 1991 to 32,2 percent in 1994. This is just lower than the 13 percentage point increase in the unemployment rate, to a level of 32,6 per cent in the country. More than 25 per cent of employment is concentrated in sectors that are tourism related (finance, trade and transport).

1.5 INFORMAL SECTOR

The contribution of the informal sector to local economic activity in terms of value added amounts to 7,3 per cent, showing the importance of this sector in KwaZulu-Natal, whereas its contribution to the national economy is only 1,1 per cent (Table 1.7).

TABLE 1.6: EMPLOYMENT BY ECONOMIC SECTOR IN KZN AND RSA, 1993

| <i>Sector</i> | <i>% contribution in 1993</i> | | <i>KZN's employment contribution to RSA</i> | <i>Employment (annual % change), 1991 -1993</i> | |
|---------------------------|-------------------------------|------------|---|---|------------|
| | <i>KZN</i> | <i>RSA</i> | | <i>KZN</i> | <i>RSA</i> |
| <i>Agriculture</i> | 10.3 | 11.4 | 16.4 | -0.3 | -0.6 |
| <i>Mining</i> | 1.5 | 8.1 | 3.4 | -7.5 | -6.7 |
| <i>Manufacturing</i> | 22.6 | 18.2 | 22.3 | -3.2 | -3 |
| <i>Electricity</i> | 0.7 | 1 | 12.1 | -4 | -4.1 |
| <i>Construction</i> | 4.2 | 5.2 | 14.5 | -8 | -4.6 |
| <i>Trade</i> | 13.9 | 12.6 | 19.8 | -0.7 | -1.1 |
| <i>Transport</i> | 5.9 | 4.9 | 21.8 | -4.2 | -5 |
| <i>Finance</i> | 5.5 | 6.1 | 16.1 | 2.8 | 2.5 |
| <i>Community services</i> | 4.4 | 4.1 | 19.4 | 0.6 | 0.6 |
| <i>Government</i> | 20.3 | 18.2 | 20 | 1.7 | 1.7 |
| <i>Other</i> | 10.5 | 10.1 | 18.6 | -0.7 | -0.7 |
| <i>Total</i> | 100 | 100 | 18 | -1.2 | -1.6 |

Source: IDC, 1996

In terms of job creation in this province, the informal sector is also playing a noticeable role in providing 331 000 job opportunities, representing 19,5 per cent of the total employment in the Province compared to 3,6 per cent of employment in South Africa.

TABLE 1.7: PERCENTAGE CONTRIBUTION OF THE INFORMAL SECTOR TO GDP AND EMPLOYMENT IN KZN AND RSA, 1994

| | <i>KZN</i> | <i>RSA</i> |
|-------------------|------------|------------|
| <i>GDP</i> | 7,3 | 1,1 |
| <i>Employment</i> | 19,5 | 3,6 |

Source: IDC, 1996

Having stated some of the economic and socio-economic features and problems of the province, it is apparent that remedial measures and strategies need to be taken. One such strategy is tourism development. Tourism is a potent force for economic development and the nature of this province is suitable for tourism. The principal raw materials or elements of tourism are twofold:

- * its people and their history; and*
- * its natural features.*

The former KwaZulu government in 1989 hired consultants to research and investigate the tourism potential of the province. Fowkes (1990) found that the province has an exceptional tourism potential. Thus, it has the potential to enter into this market. Entering this market as an economic option requires a scientific analysis of the tourism potential of the province and its place in the total market.

Considering that tourism is recognised as:

- * a means of generating a positive flow of funds into the province, originating not only internationally, but also from elsewhere in South Africa;*
- * a profitable form of natural resource utilisation which is sustainable and non-consumptive;*



- * *a labour intensive industry; and*
- * *a means of encouraging understanding of all the cultural and other aspects of the Province by visitors, it can definitely be expected to contribute significantly to the economic growth and the general development of the province (Mill, 1992). By creating employment opportunities through expanding the tourism industry, personal income per capita will increase, and investing in tourism also entails investing in infrastructure - the results of which is general development.*

There is no doubt that tourism has, and continues to be, a focus for development in the world. This is particularly significant in those regions of a country that are either suffering the social and economic hardship of de-industrialisation or are seeking development options for foreign exchange earnings (Kinnaird and Hall, 1994). Tourism is recognised as the world's fastest growing industry, representing 7 per cent of all the world exports (op. cit.). These realisations indicate that the demand for tourism, linked to major indicators of lifestyle changes and opportunities among those most likely to participate in the international tourism market will continue to expand, therefore investing in this industry is a strategy for capital accumulation (Kinnaird and Hall, 1994).

Tourism is seen as a soft means of promoting development: it is attractive because it faces fewer constraints than alternative forms of economic development. There is an absence of market protectionism, technological and human resource demands are low (it is service - oriented and, for the most part, requires low - skilled labour), and it appears to have fewer environmental and infrastructural constraints than heavy manufacturing or agricultural development demand (op. cit.).

In addition to developments in the international tourism market, domestic or national tourism within many countries is also increasing. This is partly due to the prevalence of increased leisure time and wealth creation, but also to the encouragement of tourist-

related development in regions seeking to restructure their economies. In Britain the heritage industry occupies an increasingly central role in local and national strategies for economic growth and development. Regions attempt to present and promote a unique tourism image based largely on their heritage (Kinnaird and Hall, 1994). In South Africa, the situation is almost similar, and regions or provinces have to exploit those economic options in which they have a comparative advantage. Hence regions with tourism potential have to exploit benefits from the tourism industry.

Currently, this province is characterised by political violence, which is scaring investors and tourists. Again an analysis of tourism - related activities are an important conceptual and methodological tool for the understanding of social relations and individual and group behaviour. Kinnaird and Hall (1994) see tourism development in any particular place as a two - way process that is dependent upon the social relations present in both host and guest societies. In other words, tourism - related activity is a lens through which we can identify a space of "betweenness", which is necessary in order to build political and intellectual practice that is required. This means that tourism enables people from different origins with different cultures to see themselves as one - being the inhabitants of the universe. With this kind of attitude created, people learn from each other to live harmoniously and their knowledge base expand each time they meet different people.

1.6 OBJECTIVES OF THE STUDY

Seeing that tourist industry information in the province is limited and that the information that can be found, is not organised and is fragmented between the former KwaZulu and the then Natal part of the Province, the study aims at obtaining and analyse information that can contribute to integrated tourism development, and that can also expand the knowledge base on tourism as an economic and development option. For this reason, the main objective of the study will be to:

- a) Investigate the potential of the KZN tourism industry in to contribute to the improvement in the general standard of living (GGP per capita growth)*

- b) *Identify the main theoretical principles (micro/macro) that underlie the economics of tourism, for example, demand and supply conditions, and balance of payments, foreign exchange, tax revenue and employment implications.*
- c) *Special emphasis will be given to the job creation possibilities attached to the tourism industry.*
- d) *Collate and obtain data on the present situation pertaining to the KZN tourism industry.*
- e) *Identify and describe all the major role players involved in the development process of tourism generally and in KZN.*
- f) *Describe the main elements to establish a tourism policy.*
- g) *Determine and evaluate the impact of tourism growth on the economy of KwaZulu-Natal.*

1.7 **HYPOTHESES**

The hypotheses that would be investigated and analysed in this study are the following:

- (a) *The largest contribution to the GDP in this province can originate from the tourism sector.*
- (b) *Tourism can contribute significantly to the employment and balance of payments position of the province.*
- (c) *Tourism is a means of regional development especially infrastructural development.*
- (d) *The development and establishment of a regional tourism policy (involving all the role players) will contribute significantly towards regional development.*

1.8 **METHODOLOGY**

The study is based on both primary and secondary sources, and is of a descriptive and statistical nature. A literature study was undertaken of the relevant national and international sources to investigate the principles underlying the role of tourism in the economy. A questionnaire was used to interview stakeholders in the tourism industry in the province (see Appendix A). The questionnaire was used to seek opinions, ideas

and problems from those involved in the industry, and also to find out how they envisage the future of this province with regard to the tourism sector. The chapters will be categorised as follows:

Chapter I, deals with the problem statement and methodology, in which a general analysis of the economic situation of the province is described. Chapter II describes the tourism profile and potential and the institutional structure of tourism in KwaZulu-Natal; Chapter III will address the general principles underlying the economics of tourism. This will be followed by an empirical investigation of the impact of tourism on the KwaZulu-Natal economy in Chapter IV. In Chapter V issues surrounding tourism policy, marketing and planning of tourism activities will be addressed. In Chapter VI a summary of the research findings and recommendations will be given.

CHAPTER II

THE TOURISM PROFILE AND INSTITUTIONAL STRUCTURE IN KWAZULU-NATAL

2.1 INTRODUCTION

This chapter describes the profile of the existing tourist attractions in KwaZulu-Natal and the potential the industry has to contribute to the provincial economy. An understanding of the profile and institutional structure of tourism is an essential prerequisite for managing the tourist industry in a way that would yield the maximum social and private benefits to the province. There are a number of stages that are involved in the process of developing a tourist industry as well as legislation (policy) which guide the participants in the industry. Before an appropriate tourism policy and marketing and development plans could be put in place (as will be discussed in Chapter V), the present tourism profile and institutional structure in KZN should be evaluated because tourism is a multi-dimensional phenomenon, as a result it requires participation of different institutions, with each having its role to play.

2.2 TOURISM POTENTIAL OF KWAZULU-NATAL

It is important to understand the potential of tourism. Tourism can be an engine of growth capable of dynamizing and rejuvenating other sectors of the economy for a number of reasons:

i) *Tourism can provide immediate employment*

Properly organised and focused, the tourism sector can create many jobs within a short period. For example, if one quarter of the 8 500 tourist accommodation establishments (not to mention restaurants and fast food outlets) in South Africa began to offer live entertainment to guests, at an average of three entertainers per group, thousands of entertainers can be employed within days; and if large resorts opened their doors one day per week to encourage craft providers to market their products to the visitors (on condition that everything sold is

actually made by the entrepreneur, with a working demonstration of the skills) many employment and business opportunities will be created for surrounding local communities. The provision of weekly market days at the resort (at no rental charges) is already done by the Sandals Resorts group in the Caribbean (Department of Environmental Affairs and Tourism, 1996). Visitors view the market as a prime attraction that they look forward to.

ii) *Tourism is labour-intensive*

The tourism industry has the lowest ratio of investment to job creation. This means that more jobs can be created per unit of capital invested and many tourism activities are within the reach of the small operator.

iii) *Tourism employs a multiplicity of skills*

From accountants and hairdressers to tour guides and trackers, the tourism industry draws upon a multiplicity of skills. Moreover, the potential for on-the-job training is enormous.

iv) *The tourism industry creates entrepreneurial opportunities*

The tourism industry accommodates a thriving and dynamic informal sector - from craft and fruit vendors to beach vendors, chair rentals, and others. Apart from the opportunities provided in the informal sector, there are many

Business opportunities such as: entertainment, laundry and transportation services, craft rental; craft and curios tour guides and walking tours of places of interest; teaching of African languages and customs to interested visitors; restaurants emphasising local cuisine; guest houses; beach manicures and pedicures; and much more.

v) *Tourism brings development to rural areas*

Many of the prime tourism attractions are not located in the city centres but in the rural areas. Tourism allows rural peoples to share in the benefits of tourism development, promoting more balanced and sustainable forms of development.

Tourism provides an alternative to urbanisation, permitting people to continue a rural family existence, enfranchising both women and the youth.

vi) *Well-managed tourism is kind to the environment*

Unlike the mining and other smoke stack industries, well-managed tourism can help to save the environment. Many forms of tourism development rely on maintaining and even repairing the landscape and its natural features (lakes, rivers, estuaries and wildlife areas). Wildlife tourism - especially in arid regions of the country - is dependent on the restoration of natural vegetation and soil cover. Many state and private sector projects have spent large amounts on rehabilitating land damaged by commercial farming and other forms of land-use. Tourism which is responsibly practised furthermore allows for the protection of biodiversity on land used for its purpose.

vii) *Tourism builds cross-cultural relations and is a valid force for peace*

Through its inherent message of goodwill, hospitality, trust, service without servility, tolerance, interaction and communication, tourism is a most effective mechanism for fostering national and international cultural exchange and understanding among people. It is therefore an effective nation-builder and a strong incentive and reason for peace.

viii) *Tourism is a final good*

Tourism is not a primary export item (like coal, copper and iron ore) that adds little value. Tourism is a final good. This means that all the final touches (value) have to be added in South Africa - be it a taxi ride from the airport, a basket of fruit or flowers in the hotel room, wildlife viewing, binocular rental, helicopter tour, dive instruction or meal in a restaurant. This means that the value added in final stages of production is created in South Africa.

ix) *Potential to influence visitor tastes and create export markets*

Through tourism, South Africa becomes the supermarket or boutique to which visitors are drawn. Apart from the normal consumption of sun, sand and sea, wildlife, wine and water sports, tourism allows its clients to inspect other goods and services for sale in South Africa. Tourism to South Africa have the opportunity to sample the local fare (for example, wine, beer, food, craft, entertainment). Moreover, they have the leisure time, usually the money as well as the convenience (credit cards) to pay for local goods and services. The potential for South Africa to influence visitor tastes and create permanent export markets is very real.

x) *Tourism demand is continuous*

The consumption of travel takes place over one's lifetime. A holiday taken today does not reduce the demand for the holiday next year, next month or next weekend. This means that the potential market for tourism will continue to grow.

xi) *Tourism has a multiplier effect*

The impact of tourism is greater than the initial expenditure by visitors. In the Caribbean, for example, it is estimated that the sum of direct and indirect local value added generated per dollar of tourist expenditure was around 1.6 times the value of the initial input of visitor spending (KwaZulu-Natal Marketing Initiative, 1996).

xii) *Enormous potential for linkages*

The tourism industry provides enormous potential to create linkages and dynamise other sectors of the economy - agriculture, manufacturing and services. South Africa, more than any other country in the rest of Africa or in the developing world, has the potential to supply almost every need of the tourism industry - from meat and poultry, beverages and wines, to vehicles, machinery,

furniture, cut flowers, jewellery, diamonds and more. Tourism will generate demand and production in other sector of the South African economy.

xiii) *South Africa is already a global leader in ecotourism.*

Various South African companies and conservation agencies are already involved in ecotourism ventures, a factor which could act as a catalyst for further development in this field.

Other features adding to South Africa's appeal as an attractive tourism destination are its rich heritage of cultural diversity, pleasant climate, glimpses of untamed Africa, attractive sunny beaches as well as attractions of neighbouring countries. Knowing that South Africa is made out of nine provinces, it is obvious, that these features are spread throughout provinces at varying degrees. The location of a region is critical in influencing the type and number of tourists that may visit. Relative location is important for two reasons. There may be a problem of access for the potential tourists. Accessibility is important in terms of both money and time. In this regard an important factor influencing tourism in KwaZulu-Natal is the availability of transport facilities for tourists to access their attractions. A person will want to spend as little time and inconvenience as possible in arriving at a destination area. This province also has a relatively well established transportation system with major harbours, international airport and relatively good quality main roads linking the metropolitan areas with tourist facilities. Secondly, KZN enjoys a comparative advantage in terms of natural attractions. These attractions are supported by a well developed accommodation infrastructure.

KwaZulu-Natal is estimated to capture approximately 25 to 30 per cent of the domestic tourists market, accounting for approximately 1,9 to 3,5 million visitors per annum (Korsman and Van Wyk, 1994). Over 72 per cent of the visitors to this province

emanate from the Gauteng province, which is higher than any other region in the country, thus indicating this province's comparative advantage in respect of domestic tourism. By contrast, this province has not historically commanded a large share of the foreign tourist market, as less than 17 per cent of the total number of visitors visiting this province are foreigners (ibid.).

At a spatial and institutional level, the industry was fragmented in KwaZulu-Natal. Spatially, the province was divided into Natal and the self-governing territory of KwaZulu and only became unified in 1994. As a result two separate public authorities have been responsible for the promotion of tourism in the province. KwaZulu had a government department of Economic Affairs and Nature Conservation, whereas in Natal, Satour and the Natal Parks Board has been the main operating institutions. At a sub-regional level, the Joint Services Board fulfilled a tourism function through their Section 11 Tourism Committees. At the local level tourism promotion was done by local publicity associations. The Tourism Association of Natal-KwaZulu was established in 1987 to enhance private sector representation at a provincial tourism authority level and to focus on community tourism.

The government realised the need to activate the tourist industry and has taken steps to ensure a sound foundation upon which the industry should be based, and it is thus important that the impact it will have on the economy is known. It is also important for the government to know the status quo with regard to public knowledge on tourism and its acceptability. For this reason, 15 institutions involved in tourism within the province were identified and surveyed through a questionnaire (see Appendix A), the results of which will be discussed in Chapter IV.

In most instances, there is a symbiotic relationship between tourism and the establishment of protected areas. When this occurs, the tourists potential in the surrounding areas is an important factor in the process. Statistics show that growing

numbers of holiday-seekers want to see something different. They want to travel in relatively comfort and that they want to mix adventure and possibly learning with leisure activities.

Consequently, the most successful tourist package combines a number of different interests such as, wildlife viewing, becoming acquainted with local customs, visiting historical sites, shopping and most of all water activities. The sea, lakes, rivers, swimming pools and waterfalls all have a high value, particularly for domestic tourists (McIntyre, 1993).

Assessing the tourism potential for the province of KwaZulu/Natal, one finds that it does have protected areas, though not close to an international airport, but transport to all the attractions is readily available. Wildlife viewing is guaranteed in most areas. In fact, this province offers several distinctive features of interest and many cultural interests. This province can be said to be unique in its appeal as it has a range of beach recreational facilities and most areas can be categorised as of high beauty. The study conducted by Satour in 1994 confirmed that KwaZulu-Natal has the highest tourism potential as compared to other provinces.

Considering the fact that there are many areas within the province that have been surveyed and found that they can also serve as tourist attractions that can be developed, it is therefore apparent that the potential and the capacity of this province to generate revenue from the tourism sector is incomparable with any other province in the country.

2.3 THE PROFILE OF EXISTING TOURISM ATTRACTIONS

The tourism industry already exists in this province. Presently, there are more than 1446 different attractions. The attractions are spread throughout the province, but

areas with the largest number of tourist attractions are the Drakensberg and the Coastal Stretch from Kosi Bay to Lake Sibayi and Sodwana Bay (Ferrario, 1981).

The natural beauty and the location of this province in terms of different markets and the cultural experiences have been identified as the casual factors for the existing industry. The Hluhluwe area is at present the most important draw-card for international tourists. The rest of the region is also visited by international tourists but to a lesser degree. St Lucia and Sodwana Bay (in the Zululand part) are the two main family destinations for the domestic tourists. The Ulundi and Eshowe areas are known for the extent of educational tourism. The Wetlands of the St. Lucia is also a popular destination from an educational point of view. The Durban area is made popular by beaches and it serve as a pool for tourists since it has most of the facilities needed by the tourists, for example, accommodation. While other areas though have attractions but, they are not properly developed. Because the attractions are so widely spread throughout the province, the province can be categorised into four regions, namely, Thukela, Zululand, Southern Natal and Natal Midlands (see Appendix B for a map indicating all these areas and towns).

2.3.1 Thukela

The Thukela region is an area of contrasting variety whose magnificent landscape has provided a backdrop for the unfolding drama of some of South Africa's most significant history (Dundee Publicity Association, 1995). The spirit of Thukela region is epitomized by the pioneering endeavour of the first European settlers who courageously crossed the forbidding heights of the Drakensberg mountains in their search for a free new homeland. The region has also witnessed the explosive confrontation between European and African cultures as the early settlers encroached on the territories of the Zulu nation. The Thukela region offers an experience that is revitalising and original, an opportunity to escape from the hustle and battle of the mainstream and to relax in the warm embrace

of the delightful freshness of nature while sounded by the evocative ambience of living history. The variety of challenging and scenic hikes, the opportunity of excellent close range game viewing, a wide range of waterspouts, and fresh water fishing are found in this area.

This region has been the site of the greatest and most significant battles which have taken place on South African soil and has a fascinating heritage that extends across more than turbulent years (Dundee Publicity Association, 1995).

The tourist areas in this region can be classified into two categories, namely,

- (i) Battlefields; and*
- (ii) Drakensberg mountains. The information on battlefields and Drakensberg mountains was obtained from the Newcastle Publicity Association.*

(i) Battlefields

The Battlefields area is famous for the unexpected and successful resistance of the Afrikaner action to the advancing threat of Imperial colonization during the Anglo-Boer wars. Some of the attractions found in this area are the following:-

- * Ambleside Military Cemetery - many Colenso battle dead are buried here, particularly those of the Irish regiments.*
- * Clusto - Field of Remembrance - memorials and graves have been moved to this site, which was General Buller's headquarters during the battle of Colenso.*
- * Talana Museum - is situated on a portion of the Talana Battlefield on the slopes of Talana Hill.*
- * Talana Trail - this marked route follows the advance of the British troops up Talana Hill from the museum.*
- * Mouth Museum - this small museum in the Indumeni/Isandlwana Shellhole has an unique collection of military memorabilia dating from the 1879 Anglo - Zulu war to the present.*

- * *Blood River Battlefield - this is the area where the Voortrekkers defeated the Zulus.*
- * *Isandlwana Battlefield - the British defeat at the battle of Isandlwana will live forever in the annals of military history. An entire British column was annihilated here by a force of 25 000 Zulus. Isandlwana is 81 kilometers from Dundee.*
- * *Rorke's Drift Battlefield - possibly the most famous of the battlefields in South Africa. Here 100 men fought a 12 hour battle against overwhelming Zulu odds to stand victorious the following morning.*
- * *New Pharmacy Nature Reserve - a variety of buck and small game may be seen in this reserve.*
- * *Wagendrift Dam and Public Resort Nature Reserve - visitors enjoy fishing, sailing and motor boating.*
- * *Spioenkop Battlefield - surrounded by a range of cemeteries.*
- * *Zulu Fort - this fort was used as a place of refuge against possible Zulu attacks.*
- * *Statute of Gandhi, the Mahatma - this statute was erected in the grounds of the Lord Vishnu Temple and unveiled in October 1970. It was largely to show gratitude to Mohandas Karamchand Gandhi, who was a stretcher bearer with Buller's relief forces during the siege of Ladysmith, and that an Indian Army Corps of 1 110 did ambulance service during the war.*
- * *Hlobane Battlefield - the British forces were defeated by a Zulu impi on Hlobane mountain on 25 March 1879.*
- * *Kambula Battlefield - 25 000 Zulus were driven from British fortifications on the day following the Battle of Hlobane.*
- * *Itala Game Reserve - popular reserve for meetings, and is situated near Louwsburg.*

- * *Weenen Nature Reserve - this area has abundant wildlife, including the black and square lipped rhinoceros.*

The above mentioned attractions are the few among many others. The Thukela region is serviced by a number of towns, namely:-Charlestown, Colenso, Dannhauser, Dundee, Escourt, Glencoe, Ladysmith, Newcastle, Nqutu, Utrecht, Volkrust, Vryheid, Wasbank and Weenen.

(ii) *Drakensberg mountains*

The mythical magic of the Dragon Mountains (Drakensberg) reaches out to embrace every visitor with its unique blend of spectacular scenery and rich history. Visitors to the Drakensberg are welcomed by a wide range of accommodation establishments which include luxurious resorts, inns, lodges, guest houses, caravan parks and camp sites. The major attractions are inter alia the following:-

- * *Bushmen artifacts and paintings - Various caves and dongas in the area contain examples of Bushmen art.*
- * *Spioenkop Reserve - There is a wealth of animal life to be viewed. Giraffe, zebra, rhino and different buck species browse freely.*
- * *Upper Tugela Blockhouse - National monument built by the British in the Anglo-Boer War, and this unique structure is now a Mouth Shellhole.*
- * *The Winterton Museum - These museum houses were opened in May 1993 and has as its main feature the geology, fauna and flora of the Drakensberg. Secondary themes are the history of farming in the area. A chain of nature reserves with camps and resort hotels runs along the escarpment, the South Western boundary of the region, which extends from the Royal Natal National Park in the north to Giants Castle in the south. This is the reason why this area is called the premier mountain resort of South Africa. Activities such as fishing,*

boating, swimming, golf, tennis, bowls and other amusements, both, indoor and outdoor may be enjoyed by visitors. Overall, the Natal Drakensberg has long been famous for the wealth of rock paintings which can still be seen in caves that Bushmen occupied.

There are two towns that serve the northern and central Drakensberg, namely: Bergville and Winterton. The Drakensberg area is very popular to tourists, because there are relatively sufficient number of facilities needed by tourists. Other than Durban, Drakensberg is the most developed area or district in the province, and the attractions in the area are accessible and adequately marketed or promoted. A number of studies have confirmed this including the recent (1994) market survey by Satour.

2.3.2 Zululand

Zululand is situated on the East Coast of Southern Africa and forms the northern portion of KwaZulu-Natal. It is a region of exquisite beauty characterised by incredible diversity. Echoes of the past are a reminder of the history of Zululand which has included the establishment, growth and development of one of the great nations of Africa, the Zulus. Zululand is also a home to an astonishing variety of wild game.

There are many game reserves, parks and farms in the region which are dedicated to conservation and the heritage of wildlife preservation. Activities such as game viewing, hunting, wilderness adventures, canoeing, boardsailing and big game fishing, hiking, visiting museums, monuments and historical sites are some of many options available in the region (St Lucia Tourism Bureau, 1995).

When marketing this region it is said that it is a place where myth and mystery, history and legend are intertwined to become indistinguishable parts of what is a delightful

romantic whole. The Zululand region covers towns like Mkhuze, Mtubatuba, Richards Bay, Gingindlovu, Eshowe, Ulundi, Nongoma, Jozini and Sodwana. The history of the Zulus is the main tourist attraction in this region, followed by the natural beauty found in Maputaland.

Attractions in this region include the following:-

- * Greater St Lucia Wetland Park: This park contain five ecosystems, namely, the marine ecosystem, the Eastern Shores, Lake St Lucia, Mkuze swamps and the Western shores and display a harmony between the magnificent environment and the wealth of plant and animal life residing here.*
- * Charters Creek: It has a tremendous appeal to fisherman, and daily jet boat tours are available for visiting the nearby island and their hippo colonies.*
- * Kosi Bay Nature Reserve: This reserve is the northern most resort on the east coast of South Africa. It is situated on the shores of Lake Nhlange. It is a pristine wilderness area that incorporates the Kosi Bay estuary and lake system.*
- * Hluhluwe: This village can be regarded as the heart of wild game. with many reserves and ranches. Some internationally renowned reserves are situated in this vicinity and their conservation efforts have gained them worldwide recognition.*
- * Maputaland: This area is a transition zone between the tropics and sub - tropical Natal. It contains 21 different ecosystems and wilderness experience.*
- * Hluhluwe - Umfolozi Reserves: The famous Hluhluwe and Umfolozi Game Reserves have recently been combined to form one of the largest game parks in South Africa. Covering 96 000 ha, the park is the home of the world's largest concentration of white rhino. Game is beautiful in the Hluhluwe section with black rhino, white rhino, lion, herds of buffalo and a herd of elephant resident*

in the hilly environments. Kudus, impalas, nyala, hippo, giraffes, leopard and crocodile can also be found.

- * *Dukuduku Forest Reserve: A delightful feature of the Zululand region are the state forests. This forest preserves one of the few remaining stands of tropical coastal forest.*
- * *Phinda: In this region of fascinating diversity, north of Lake St Lucia, lies the 17 000 ha Phinda Resource Reserve.*
- * *Mkuzi: Mkuzi Game Reserve nestles below the Ubombo mountains, with riverine forest and a wilderness of tall tree savana. This reserve comprises*
ectares.
- * *Itala: Itala Game Reserve is about 29 653 hectares. This is a very big reserve with different types of birds and vast numbers of animals. Bushveld trails can be enjoyed and picnic sites are available for day visitors.*
- * *Jozini Dam: This dam is designed to irrigate more than 80 000 ha of agricultural land - supporting products. It draws its water from the Pongola river.*
- * *Sodwana Bay: The stunning beauty of this coastal reserve is known throughout Africa. It is the nearest beach resort to Johannesburg. From here visitors may travel north along the coast to the largest fresh water lake in South Africa namely, Lake Sibayi. Further north, along the coast from Lake Sibayi, is the Maputaland Marine Reserve, which stretches as far north as the Mozambique border.*
- * *The Tembe Elephant Park: This park is found on the road to Ingwavuma. The elephant population is gradually growing and these dignified giants are well worth visiting. Other animals include leopard and white rhino.*
- * *Ndumo Game Reserve: Ndumo is situated on a flood plain and consists of a patchwork of pans. Ndumo Game Reserve also situated on the Mozambique*

border, includes many tropical East African species. There are four guided walks in the reserve - one for game viewing, two for birding and one for trees.

In summary, the Zululand region can be categorised into four sub -regions namely:

(i) Lower Zululand Coastal Belt

Gingindlovu, Mtunzini, Empangeni, Richards Bay and Tugela Mouth.

(ii) Maputaland

Mtubatuba, Hluhluwe, Umfolozi, St Lucia, Mkuze, Sodwana Bay, Jozini and Pongola.

(iii) North Eastern KwaZulu/Natal

Louwsburg, Paulpietersburg and Vryheid

(iv) Zululand Midlands

Ulundi, Babanango, Melmoth and Eshowe.

KwaZulu-Natal has witnessed some of the most violent conflicts fought on the South African soil and Zululand has not been spared its share of the tragedy of war. The relics and memories of Zululand's violent past are evidenced in the numerous battlefield sites, monuments, graveyards and museums scattered across the countryside and in the towns. The rich heritage of heroism provides many interesting historical places which can be visited throughout Zululand.

2.3.3 Southern Natal

The Southern Natal covers areas of Durban and the South Coast. The City of Durban is the centre of the glorious garden province of KwaZulu/Natal in South Africa. Durban and the garden province are said to be unbeatable destinations in terms of price, convenience, infrastructure and value for money. There are many tourists

attractions and amenities, a variety of sport and sporting facilities and what they call, the golden beaches of Africa. On the South coast, the Wild Coast casino provides world class entertainment and facilities (Central South Coast Publicity, 1995).

Most of the real attractions are found here, namely:

* *The Wild Coast casino*

This is the oldest of all casinos in the country, and it is very popular. It is 10 kilometres from Port Edward. Tourists come from all over the country to this area. Local people take daily excursions to the casino.

* *Oribi Gorge*

This is the most attractive nature reserve, with a variety of natural features, for example, big rocks and wild animals. This nature reserve is found in the south of Umzimkhulu river. Tourists come from as far Africa.

* *Umnini Zulu craft village*

This village provides tourists with a variety of craft work. Women in this village earn their living from selling craft work.

* *Crocworld*

As the name suggests, tourists come to this place for crocodiles viewing. Crocodiles found here are unique.

These attractions are mostly used by domestic tourists. The city of Durban by its very nature serve more as the harbour of tourists than a place with tourist attractions.

It provides excellent accommodation which ranges from affordable holiday apartments and cabanas to up - market luxury time - share facilities and a range of hotels from the one star up to five star hotels.

2.3.4 Natal Midlands

The historic charm of Pietermaritzburg and the rolling hills of the Natal Midlands offer a wide range of tourist attractions in a compact area inland from Durban. Pietermaritzburg, "the heritage city", is a thriving centre of lovely parks, red - brick buildings and hotels. In the surrounding areas are the imposing Howick Falls and the Midmar Public Resort and Reserve featuring a historic village and open air museum consisting of buildings depicting life in early Natal (Pietermaritzburg Publicity Association, 1995).

A big attraction is the arts and crafts trail which stud the rolling green hills of the pastoral Midlands. Northwards, lie the richly fertile farm lands dotted with stud farms, famous schools, guest houses and country pubs. Delightful country towns of Richmond through Greytown and Weenen, reflect the beauty of the scenery and the fascinating history of settlers, trekkers, wars and rebellions.

2.3 INSTITUTIONS INVOLVED IN TOURISM

2.4.1 Government Sector

2.4.1.1 Reasons for government involvement

There are several reasons why the public sector should be involved in tourism. Firstly, there are political reasons. Tourism by its nature involves travel across national boundaries. Government must get involved in terms of policies relating to the procedures regarding the entry and exit of travellers and nationals. The encouragement of tourism can also be used for political purposes as a means of furthering international relations between two countries/regions or as a means of enhancing the national and international image of a particular destination (Mill, 1992). Secondly, there are environmental reasons for public sector involvement. Tourism "sell" things like scenery, history and cultural heritage of a region. One of the dangers of tourism is that in attempting to make the national

environment more acceptable to a foreign market, the true nature of that environment, physical or cultural, may be permanently damaged or altered (op. cit.).

Thirdly, there are also economic reasons for public sector involvement in tourism. Tourism generates income, creates jobs, help in economic diversification, complements certain other local industries, is an export industry and provides foreign exchange earnings. In order to enhance these economic advantages to the host destination, the government to some extent must get involved. The type and amount of government involvement varies from country to country. The greater the importance that government attaches to tourism, the greater will be the involvement. The conditions existing in the country also affect the type and amount of government involvement (Johnson and Thomas, 1993).

Finally, the level of socio - economic development is another important factor determining the level of government's involvement. The greater the economic development of a region, the less the need for government involvement. Furthermore, the maturity and financial capabilities of the private sector are also important factors. The greater the capabilities of the private sector, the less the need for public sector involvement (Mill, 1992).

2.4.1.2 Public sector roles and functions in tourism

The nature of tourism as an industry and especially tourism development requires extensive planning and co-ordination among different stakeholders, all of which have different roles. In this process the national government has a role to play and Mill (1992) mentioned the following:

(a) Co-ordination of public and private sector groups

Co-ordination is necessary among the many governmental bodies concerned with different aspects of tourism. To be truly effective, tourism within a country or a



province must be co-ordinated so that all regions are moving towards the same goals. For the same reason, co-ordination is necessary between the public and the private sectors as well as between the public sector and non-profit organisations. Many educational and cultural organisations, although they do not have tourism as their major focus, do much to provide resources that attract tourists. According to Mill(1992) the private sector is very much involved in tourism. To avoid duplication of effort, it is vital that goals and strategies be co-ordinated. This responsibility needs to be assigned to one specific agency responsible for tourism.

(b) *Tourism policy - setting and tourism planning*

In lesser developed countries as well as in some developed countries, government is involved in the planning for tourism development. National tourism policies and development plans are drawn up in which the government decides which sectors of tourism will be developed, what the appropriate rate of growth will be and who will provide the needed capital for expansion. The key is to balance the development of supply (for example, transport, attractions, infrastructure, human resources) and the promotion of demand (number and quality of tourists arrivals) concerning tourism.

(c) *Legislation and regulation of tourism*

An important role of government is that of a legislator and regulator. Government legislation can affect the number of paid vacation days during the year and hence the amount of discretionary paid time available for vacations (Mill, 1992). Policies on passports and visas also directly affect tourism. The appropriate policy is determined by the government influence and may also be felt in the regulations necessary to run a tourism business. Businesses may have safety and health regulations to abide by. The need to protect the environment and other resources that attract tourists, may result in restrictions regarding entry to and use of fragile natural resources.

(d) *Stimulation of investment, development and marketing.*

A government can stimulate tourism within a country or locality by among other things

the following :- First, financial and fiscal incentives, such as low-interest loans or non-payment of taxes for a specified period of time, may be offered to induce private - sector investment. Second, the public sector may sponsor research that will benefit an industry in general rather than one company in particular. For instance, research may be conducted on the characteristics of a particular foreign market.

The results can then be made available to those in the private sector who can develop their own plans to attract tourists by spending money on promotion. The effort should be aimed at promoting the entire province and it usually consists of travel promotion aimed at generating tourist demand. In some cases, it also involves investment promotion aimed at inducing capital investment for tourism attractions and facilities.

(e) Education and training of tourism personnel.

Another important role played by many of the world's government agencies is in the provision of education and training centres and programs for those involved in the tourism industry. Some governments are concerned with the establishment of minimum standards or competencies that tourism employees must be able to meet.

(f) Tourism development and operations.

The public sector is generally expected to provide the infrastructure (for example roads, airport facilities and electricity) for tourism development. Some governments are involved through the ownership and operation of certain attractions, facilities and services.

There are many reasons which justify central and provincial government involvement in tourism and which emphasise the need for clear policy objectives and clear link with planning and development policies. One of the main causes of government involvement in tourism is the fact that tourism per se offers opportunities for

infrastructural development to underdeveloped regions/areas. Most of the remote areas in this Province have an enormous tourism potential. To further this end the former KwaZulu government together with some private agencies started developing the Maputaland region as one of the tourists areas. Today, this region (though it is still being developed) is attracting a large number of tourists from other provinces and countries. Therefore, it can be said that policies for managing tourism with regard to regional development tend to be aimed at two directions:

- (1) to influence the capacity of an area to absorb tourists; and*
- (2) to influence and channel demand for tourism to particular areas.*

2.4.1.3 The role of the provincial government

The provincial government has a critically important role to play in the development and promotion of the tourism industry of South Africa. The provincial tourism organisations are key players in the tourism industry. Schedule 6 of the Constitution makes specific provision for tourism to be a provincial responsibility.

The provincial government has responsibility for all of the functions indicated at the national government level (facilitation, co-ordination, regulation, monitoring and development promotion) with a few exceptions, additions and modifications. Provincial tourism organisations will formulate tourism policies which are applicable to their areas, in accordance with the national policy (Department of Environmental Affairs and Tourism). They will also be partners in the implementation of relevant national policies, strategies and objectives.

The provincial government, through provincial tourism organisations, have responsibility for marketing and promoting their destinations. As is the practice in many other countries, provincial government should have responsibility to market the province to the domestic market in competition with other provinces.



Concerning international marketing, the national and provincial tourism organisations should agree on a strong, effective marketing strategy; to be co-ordinated at the national level and executed with the participation and support of the provincial organisations. This may not imply the promotion of separate brand identities by provinces, but possibly a number of strong product lines (for example, ecotourism, culture tourism and sports tourism) which are applicable across provincial boundaries (op. cit.).

This approach is recommended provided that it does not exclude provincial initiatives in markets that they wish to develop independently and where national presence is non-existent.

The following principles underpin the above approach:

- i) develop a common strategy for the international marketing and promotion of South Africa as a joint effort among the private sector, the national organisation and provincial authorities, taking cognisance of international trends and the competitive environment.*
- (ii) fund international marketing efforts from private sector, national and provincial resources*
- (iii) strong co-ordination of the international marketing effort by the national body, underpinned by effective participation by the provinces*

The provincial governments should also play a more prominent role in tourism development activities, than the national government. These include the involvement of local communities, environmental management, safety and security of visitors, tourism plant development and infrastructure provision. Budgets and resources allocated to provinces need to reflect this reality.

The growth of government involvement in tourism parallels the growth in demand for tourism. Initially government intervention in tourism activities was in response to overdemand. (Journal on Developing Tourism, 1983) Now, the regional development aims of creating jobs and generating income in rural areas should be promoted through tourism. It is hoped that tourism activities will ultimately assist in decelerating rural out-migration and provide extra income to improve local infrastructure and living conditions.

One of the major problems inhibiting tourism is the lack of appropriate accommodation, facilities and infrastructure. In less developed rural areas private enterprises are unlikely to take the risk of investing in tourism until there is a sure return. In an attempt to stimulate such economic investment, the provincial government has to invest in infrastructure and contributes towards the provision of tourism facilities.

2.4.1.4 *The role of local government*

At the local government level, specific provincial functions of policy implementation, environmental planning and land-use, product development, marketing and promotion are further supported. According to the Department of Environmental Affairs and Tourism (1996) specific functions of the local government include:

- (i) responsible land-use planning, urban and rural development*
- (ii) control over land-use and land allocation*
- (iii) provision and maintenance of tourist services, sites and attractions, for example, camping and caravan sites, recreational facilities (parks, historical buildings, sports facilities, theatres and museums) and public services*
- (iv) provision of road signs in accordance with nationally established guidelines*
- (v) market and promote specific local attractions and disseminate*

information in this regard

- (vi) control public health and safety*
- (vii) facilitate the participation of local communities in the tourism industry*
- (viii) own and maintain certain plant, for example, ports and airports*
- (ix) provide adequate parking, also for coaches*
- (x) facilitate the establishment of appropriate public transportation services, for example, taxi services*
- (xi) license establishments in accordance with national framework*
- (xii) promote and financially support the establishment of local publicity associations/community tourism and marketing organisations to facilitate, market, co-ordinate and administer tourism initiatives.*

Local government should not provide services that can be provided by the private sector. As noted, the exact role of the local authorities in each province will be determined by local conditions as well as skills and financial resources (Department of Environmental Affairs and Tourism, 1996).

In summary the role of the government is to set tourism policy, draft the necessary legislation, create the basic infrastructure, create institutional frameworks and promote the development of tourism, particularly amongst previously disadvantaged communities. The department of Economic Affairs and Tourism in KZN is tasked with facilitating and co-ordinating of the development of the tourist industry in the province. The community-based tourism programme is an attempt by this department to promote tourism development especially in rural communities, having recognised that the tourism industry can stimulate activity across a broad range of factors.

The Natal Parks Board (NPB) is a government body that promote tourism for the interest of the public at large. While steps are underway to amalgamate NPB and the department of Nature Conservation in KwaZulu-Natal and to

reach a common vision, the NPB goal is presently to conserve the wild life resources of Natal and the ecosystem and processes upon which they depend, and to assist all other public and private groups in ensuring the wise use of the biosphere. In this regard, to conserve means to ensure the survival of indigenous fauna, flora and natural ecosystems, the promotion of public environmental awareness and the provision of nature-oriented outdoor recreation. Wise use signifies that which maintain biological diversity and ensure sustainable utilisation of all resources. Biosphere denotes that part of the earth which sustains living organisms (Hughes, 1994).

2.4.2 Private sector involvement

The private sector includes either independent professionals or those grouped into associations for hoteliers or travel agents, various promotional organisations, editors, private centres for tourism studies, transport companies, agents for publicity and public relations and private museums property developers. All these agents are highly involved in tourism activities in this province. It is the role of the private business sector and organised labour to create an innovative, efficient, competitive and dynamic world class industry (Department of Economic Affairs and Tourism, 1995).

The private sector has and will continue to play a critically important role in the further development and promotion of tourism. The private sector bears the major risks of tourism investment as well as large part of the responsibility for satisfying the visitor. The delivery of quality tourism services and providing the customer with value for money are largely private sector responsibilities. Furthermore, the private sector is in a position to promote the involvement of local communities in tourism ventures by, inter alia, establishing partnership tourism venture with communities. The government is committed to providing a climate conducive to the further growth, development and profitability of the tourism private sector. Specific private sector functions include:

- i) investment in the tourism industry*



- ii) *operate and manage the tourism plant efficiently and profitably*
- iii) *advertise and promote individual tourism services as well as the country-locally, regionally and internationally*
- iv) *continuously upgrade the skills of the workforce by continuously providing training and retraining*
- v) *continuously refurbish plant and equipment*
- vi) *satisfy customer needs by providing quality products and services*
- vii) *develop and promote socially and environmentally responsible tourism*
- viii) *ensure the safety, security and health of visitors in collaboration with the government and other private sector members*
- ix) *collaborate with the government in planning, promoting and marketing tourism*
- x) *involve local communities and previously neglected groups in the tourism industry through establishing partnership ventures with communities, out-sourcing, purchase of goods and services from communities (for example, poultry, herbs, vegetables and the other agricultural suppliers, entertainment and laundry services)*
- xi) *enable communities to benefit from tourism development, for example communities benefiting directly from new reticulation systems and village electrification programmes developed through tourism investment in rural areas*
- xii) *operate according to appropriate standards*
- xiii) *efficiently organise itself to speak with one voice*
- xiv) *represent the interest of private business on the boards of the major national and provincial tourism bodies (Department of Environmental Affairs and Tourism, 1996).*

As a result the following institutions are the key stakeholders in the tourist industry of the Province:

- * *Federation of the Hotel and Restaurant Association of South Africa (FEDHASA)*
The aim of FEDHASA is to have a concentrated voice for the tourism industry, that will enable them to influence promotional agencies to get more tourists to

the province.

* *Association of South African Travel Agents (ASATA)*

This association aims to promote professionalism amongst travel agents in the tourism industry. In pursuance of that it liaises with principals and suppliers in the industry, to ensure that the standard and service levels are maintained.

* *Timeless Africa*

Timeless Africa is a marketing and promotional organization that has representatives from Zululand, Thukela and Natal Midlands Joint Services Board.

* *Durban Unlimited*

Durban Unlimited is also known as the Greater Durban Marketing Authority and was launched in May 1992 (association incorporated under section 21 of the Companies Act.). Its vision is to establish metropolitan Durban as the tourism, convention and sporting capital of Southern Africa. Their mission statement is the economic upliftment of the metropolitan Durban region by focusing on the job creation potential inherent in tourism, conventions, and sporting events. One of its business philosophies is to recognise and accept that Durban has a leadership role within tourism promotion in KwaZulu-Natal, and to lend support to the promotion of the province as a whole. Durban Unlimited is governed by a board of directors drawn from the public and private sectors.

2.4.3 The role of Non-Governmental Organisations (NGO's)

Non-governmental organisations particularly environmental and community-based ones, are expected to play a vital role in the development and spread of responsible tourism practices. They are expected to play the following roles:

- i) *contribute to the development of policies and plans for the tourism industry*
- ii) *assist the government in developing a standard for responsible tourism*
- iii) *assist the government, private sector and communities in implementing, monitoring and evaluating responsible tourism*
- iv) *attract funding from donor agencies to develop specific community-based tourism projects*
- v) *assist the communities and community groups in organising themselves, preparing themselves for tourism and implementing tourism projects*
- vi) *assist government in conducting tourism and environmental awareness programmes among communities and the tourism industry at large*
- vii) *liaise between the private sector and communities to generate more community involvement in the tourism sector and stronger private sector commitment*
- viii) *deliver education, training and bridging courses to local communities*

The main non-governmental organisations are the following:

* *Tourism Association of Natal-KwaZulu (TANK)*

The goal or mission that TANK wishes to achieve is to make tourism the single most important economic activity in the province by utilising and capitalising on the entrepreneurial skills of role players, with particular emphasis on the inclusive involvement and empowerment of all the people of the region, through the development of an appropriate and exploitable tourism infrastructure and the promotion of KwaZulu-Natal as the country's most desirable destination. TANK members are from different private associations involved in the travel business; from government, and from community-based organisations.

* *Rural Foundation*

Rural Foundation is a capacity building organisation. Its involvement is

through designing and conducting courses for communities involved in tourism.

* *Kagiso Trust*

Kagiso is a funding organisation, it provides funding for most development committees, including tourism development committees. These grants are provided in small amounts for activities like capacity building and gardening projects.

* *Operation Jumpstart*

Operation Jumpstart is also a funding organisation, it differs from Kagiso Trust in that it provides funding for the full development of a tourism project, that is bigger amounts of money. Once the project is funded, Operation Jumpstart only monitors whether the development phases and operations are appropriate and according to what is stated in the business plan.

2.4.4 The role of labour

Labour has a critically important role to play in improving the quality, productivity and competitiveness of the tourism industry (Department of Environmental Affairs and Tourism, 1996). While it is often believed that the key to quality is the physical features of the tourism product, it is actually the quality of the experience delivered by the labour force that determine the true quality of the tourism experience. At the same time, labour is often taken for granted. Rooms and equipment, walls and furniture are regularly upgraded but the skills of employees are rarely refurbished. In particular many front line employees - the first and often the most frequent point of contact for visitors - are often not adequately trained or prepared for the job at hand. In the tourism industry, as indeed in other industries, labour is far more than just a production cost - labour holds the key to quality (op. cit.).

Labour should play a number of vital roles in the tourism industry including:

- i) *provide services in a responsible manner*
- ii) *continuously upgrade skills and take advantage of all available training opportunity provided by the industry*
- iii) *deliver quality services to the tourism industry*
- iv) *negotiate for reasonable wage, working hours, working conditions(including transportation), job security and remuneration based on qualifications, experience and merits, and in general ensure working conditions that are amenable to improve productivity*
- v) *ensure equitable pay and working conditions as well as special conditions for female employees*
- vi) *support the growth of the industry and the creation of more job opportunities in the process*
- vii) *in partnership with the business sector , be flexible and responsive to the changing needs of the customer*
- viii) *participate fully in the tourism industry, not only in the supply of labour but also as tourists and shareholders in their own country*

2.4.5 The role of communities

Communities are also expected to play a vital role in the development of tourism. Many communities and previously neglected groups, particularly those in rural areas, that have not actively participated in the tourism industry possess significant tourism resources. According to the Department of Environmental Affairs and Tourism the role of communities in the new tourism thrust is as follows:

- i) *organise themselves at all levels (national and local) to play a more effective role in the tourism industry and interact with government and role players at all levels*
- ii) *identify potential tourism resources and attractions within their communities*
- iii) *exploit opportunities for tourism training and awareness, finance and incentives*



for tourism development

- vi) seek partnership opportunities with the established tourism private sector*
- v) participate in all aspects of tourism, including being tourists*
- vi) support and promote responsible tourism and sustainable development*
- vii) oppose developments that are harmful to the local environment and culture of the community*
- viii) participate in decision-making with respect to major tourism development, planned or proposed for the area*
- ix) work toward enhancing the positive benefits of tourism and minimise the negative impacts*
- x) organise themselves to maximise the sharing of information and experiences, possibly facilitated through financial assistance by local governments*
- xi) have a representative voice in all tourism structures at national, provincial and local levels*
- xii) encourage the press, particularly the radio and the print media to proactively provide tourism information and awareness to communities*
- xiii) work closely with Non-Governmental Organisations to educate communities concerning tourism and engender tourism awareness*
- xiv) make information on community tourism resources and attitudes transparent and accessible to all levels of national, provincial and local governments*
- xv) sensitise the private sector, tourism parastatals, environmental agencies and Non-Governmental Organisations to the importance of communities involvement in tourism development*
- xvi) actively participate in and promote responsible tourism.*

Community- Based Organisations (CBOs) involved in tourism are the following:

The KwaZulu-Natal government through the department of Economic Affairs and Tourism has initiated a community-based tourism programme (CBTP). This is done through the consultation process where government officials communicate to traditional

leaders and their communities the goals of the tourism policy. In each area where a tourism potential is identified, tourism committees are formed. Tourism committees are trained on the risks and benefits of the tourism industry with an aim of linking it to entrepreneurship.

The main aim of the government in this process is to generate interest in the tribe and to allow them to suggest on the basis of their resources what can be done in their areas. As a result there are a number of community-based forums especially in rural areas where the process has started.

The function of the CBOs is to negotiate with private developers and to participate in the process of developing the tourism industry by giving inputs in their small projects, so that eventually skills are transferred from developers to them and that they become owners of the schemes being members of the local communities.

2.4.6 The role of the media

Again the Department of Environmental Affairs and Tourism (1996) highlights the areas of participation and involvement by the local media in developing tourism as follows:

- i) tourism awareness programmes to the population at large*
- ii) press coverage and special campaigns to promote responsible tourism initiatives*
- iii) promotion of domestic tourism through familiarisation trips and press reports on different destinations*
- iv) co-operate with provincial tourism organisations in marketing their provinces to the domestic market*
- v) provide an important link to the national public relations efforts in overseas markets.*

2.5 THE RELATIONS BETWEEN THE PUBLIC AND THE PRIVATE SECTOR

The development and promotion of tourism depend to a larger degree on the scope and nature of the relationship between the public and private sector. In this regard many aspects frequently and continuously are relevant such as, the favourable prices both at the destination and the rate of exchange; of the beauty of the beaches and scenery; the climate; artistic and cultural attributes; the quality of the accommodation and the standard of the basic infrastructure; the personal safety factor; the sanitary conditions; the organisation of tours and the availability of places for both, international transport facilities and local accommodation, the style and efficiency of publicity and the distance from countries sending tourists, (Gratton & Taylor, 1988). This relationship is essential.

It is extremely important that harmony should exist between these sectors. The efforts made by the public sector will be in vain if they are not echoed in private initiative and the enthusiasm of the private sector will result in impotence if the government is indifferent to the problems of tourism.

The actions of one or the other sector may in turn prove inefficient unless proper co-ordination exists. The KwaZulu-Natal government realised this need, hence, the implementation of a community based tourism programme, where private developers are introduced to local communities for them to work together. A large association was established to co-ordinate tourism activities, namely, the Tourism Association of Natal-KwaZulu (TANK). TANK has representatives from all sectors: government, non-governmental organisations, community-based organisation, private sector and labour organisations.

The question that comes to mind is what are the objectives by which the public - private sector relationship in tourism may best express itself? Gratton & Taylor (1988) identified the following issues that should form the basis of the relationship:

- * The creation of a basic infrastructure : ports, roads, accommodation, restaurants.*
- * The development of complimentary infrastructure : sports facilities, country*

parks, conference centres, museums and preparation of beaches.

- * *The establishment of fundamental services ; education (schools of tourism), travel organisation (agents and tour operators), information (tourist offices).*
- * *The promotion and execution of various activities: fairs, exhibitions, congresses, competitions, seminars and advertising.*

The ways in which the public - private sector relationship evolve are as follows:

- * *Assisting and co-operating with each sector on technical, organisational and economic matters.*
- * *Supplementing the other sector by carrying out public works.*
The procedures by which the public sector may become involved with private enterprise are, amongst others, the following :
- * *Carrying out public works in support of private projects such as roads, improving beaches, clearing building plots, providing water and drainage, electrical and gas supplies.*
- * *Financing private development: accommodation, restaurants; golf courses, hunting or fishing reserves, congress palaces, with an aim to pull out once these facilities are fully developed.*
- * *Granting exemption from or reducing taxes, and providing customs facilities.*
- * *Legislation for : hotel classification and registration of companies*
- * *Providing technical advice on : hotel planning and market research compilation of statistics (Journal on Developing Tourism, 1983).*

2.6 SUMMARY

The White Paper on Tourism Development Policy (1992) describes South Africa's tourism products as follows; "South Africa has some of the world's most beautiful unspoiled scenic attractions and an impressive wildlife heritage, which is a unique asset as well as the major drawcard of foreign tourists. This is a distinct advantage for South Africa as many people in the developed countries are becoming increasingly interested

in destinations which take them out of their congested home environments into unspoiled natural surroundings in comfort". This description shows that the country as a whole has a tourism potential.

Having described the potential and profile of the tourism industry in the province, it will be necessary to review in detail the economics of tourism to reinforce the importance of the role of each stakeholder as has been discussed above. It will also be necessary to project what the situation will be in the future (as will be shown in Chapter IV). All policy analysis and planning problems in tourism require forecasts of future conditions. Estimates of future levels of demand for different commodities, travel volumes, market share of various destinations and many other economic and social variables are vital to managing and planning tourism development. In fact, forecasting can provide an assessment of the possible outcomes of alternative courses of action and strategies. In Chapters III and IV the economics of tourism and the economic analysis of the tourism industry in KwaZulu-Natal will be undertaken.