Local economic development, tourism and land use choices
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Abstract

Tourism is seen as one of the top sectors to address the challenges of unemployment and poverty in South and Southern Africa. In planning for tourism, appropriate land use choices need to be made. Land use and spatial planning is a local government responsibility in South Africa. This article highlights the importance of land use choices for tourism with reference to the different property development models that exist in the sector. These property development models have varied outcomes for society, local economic development (LED) and the environment. In this regard, it is argued that productive tourism enterprises (such as hotels) are preferable to holiday homes (particularly 'lifestyle estates') from a developmental perspective – and that these two property models should not be conflated. LED and Land Use Management (LUM) strategies need to be cognisant of the effect of land use choices on the tourism industry.

1. Introduction

Poverty is arguably the biggest development challenge facing South Africa. In the drive to achieve the government’s Vision 2014 targets – of achieving a 6% growth rate, and halving unemployment and poverty – tourism has been identified as key economic contributor (The Presidency, 2007a). It is much touted as ‘the goose that lays the golden egg’ because of its labour intensity, ability to attract foreign exchange earnings, and creation of opportunities for small business participation, amongst other reasons. But there are challenges that come with the relentless promotion of tourism as a development choice. In particular, this paper seeks to highlight and explore one emerging issue in the relationship between tourism and land in South Africa in the context of land use choices (which are the purview of local government): that of holiday homes, particularly lifestyle/housing estates, as a form of tourism property development. These estates often trade on the perception that they bring the benefits that tourism offers for local economic development.

2. The performance of tourism in South Africa

Tourism’s many proponents, including the United Nations World Tourism Organisation (UNWTO), see tourism as potentially a model contributor to sustainable development. Whereas tourism per definition ‘comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes’ (United Nation’s World Tourism Organisation). Ecotourism is a particular form of tourism based in natural areas that includes benefits for communities and the conservation of ecosystems. Responsible tourism is a broader concept that describes tourism operations that take a triple-bottom line view (which includes not only considerations of the economy, but also society and the environment), and that can also occur outside natural areas. Both ecotourism and responsible tourism can be viewed as forms of sustainable tourism. They are often put forward as the most suitable forms of tourism for sustainable resource use and beneficiation.
Tourism is a major economic sector the world over, and in South Africa. Although estimates of its contribution to Gross Domestic Product (GDP) and employment are based on many assumptions, some of them unverified, it is certain that tourism can and does make a serious contribution to economic development (Department of Environmental Affairs and Tourism, 2009). Furthermore, with particular reference to sustainable development, tourism can protect biodiversity and conserve natural resources. It can also protect and promote local cultures in a responsible and sensitive manner.

In South Africa, tourism is credited with directly accounting for about 8.1 percent of GDP (direct and indirect contribution), approximately 400 000 direct jobs and about R60 billion in foreign exchange earnings in 2007 (South African Tourism, 2007). This has earned it the title ‘the new gold’ (Fontyn, 2008). The 2010 FIFA World Cup™is expected to increase global awareness of the country and region, hopefully changing certain strongly-held negative perceptions (around crime in particular) which will lead to more foreign tourist arrivals in years to come.

In terms of legal and regulatory ‘governance’, South Africa’s relatively robust policies around land restitution, labour rights, Broad-based Black Economic Empowerment (BBBEE), amongst others, afford it a strong framework for equitable development of tourism, at least on paper. On the environmental front, the country’s National Environmental Management Act (No. 107 of 1998) and recently adopted National Framework for Sustainable Development (2006) are also progressive pieces of work. These policies clearly articulate environmental limits to development choices.

Progress on the issues of inclusion and natural resource conservation in tourism is experienced as real and meaningful (although by no means adequately so) by South Africans: increasing numbers of black South Africans are participating in the sector, as tourists, owners, operators, employees and service providers. On the environmental front, the land area under management by national parks has increased, and many conservancies have been created (The Presidency, 2007b). A bold initiative exists in Transfrontier Conservation Areas, also referred to as Peace Parks – megaparks across national borders, linking together the subcontinent in nature conservation, tourism and development passages.

With the energy crisis and renewed attention placed on water, more sparing use of resources is also underway with general consumer and industry awareness of these scarce resources at unprecedented levels. Climate change and the relatively new focus on carbon emissions from travel has led to the mooted imposition of carbon taxes on flights, and perhaps some behavioural change amongst clients (‘the tourists’) will result. It is not yet known what the extent of behavioural change will be, nor its impact on demand for long-haul destinations, such as South Africa.

3 Development and ‘local economic development’

The discourse on development is complex terrain. For Ted Trainer (2002), the main problem with ‘development’ arises when it is simply equated to growth – which assumes trickle-down benefits to the poor (to achieve ‘development’ through growth). Closer to home, in a recent book edited by
Ben Turok (2008), it is argued that the trickle-down effect assumed by orthodox market economists does not work. Benefits received by poor and marginalised people are often few and inadequate unless the structural dynamics of exclusion are addressed.

In South Africa, within the National Framework for Sustainable Development, development is seen as ‘a process that results in the qualitative improvement in human wellbeing, which, in turn, is achieved via access to infrastructure and services, education and enhanced skills, empowerment via secure livelihoods and cultural development, decent health care and welfare support’ (Department of Environmental Affairs and Tourism, 2006: 64).

In contrast, material economic growth is defined as ‘the quantitative material expansion of physical infrastructure, capital assets of various kinds, economic resources, intellectual and institutional capital’ (ibid). It is argued that material growth is a necessary condition for development up to a certain point, beyond which development can occur at a rate that is faster than material economic growth.

Non-material growth and development is achieved by reducing the ‘total material requirements of the economy’ – more commonly known as ‘dematerialisation’ (ibid). This recognises that we live on a biophysical planet, where certain environmental limits exist, and where certain natural capital cannot be substituted by financial capital or technology innovation.

In order to achieve development, a number of theorists have proposed alternative ways of living (see Max-Neef, 1991; Korten, 1995; Shuman, 1997; Henderson, 1999; Norberg-Hodge, 2002; Trainer, 2002). What they have in common is a focus on people meeting their own needs through contributing and controlling their own productive efforts – which allows for a measure of self-reliance. This involves practicing community-based decision making and participation; applying local resources and technologies in an ecologically sound manner; building local economies; rejecting one-dimensional and simplistic views and solutions to the challenges of poverty and development; and striving for satisfactory and sufficient but materially simple living standards as distinct from the Western consumer lifestyle.

Within the ‘development debate’ outlined above, the Bertlesmann Foundation and World Bank see local economic development as ‘the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation in pursuit of a better life for all’ (Ackron, 2005).

Nel (2001), in reviewing the status of LED in South Africa, quotes Escobar as saying that ‘LED is one response to the so-called development impasse ... and has parallels with the antidevelopment argument about the need to focus on innovative grassroots movements’. For Rogerson (2003: 1004), however, LED in South Africa has not been based on this ‘innovative grassroots movement’ approach, but has had a distinct neo-liberal flavour. He believes that the traditional practice of LED has been historically characterised by four key components: competitiveness of localities, the enhancement of growth (here he talks about property-led development), supporting job creation (through business
retention and SMME development), as well as community development (such as community enterprises and cooperatives). This paper highlights a case in point where property development as a form of infrastructure expansion can have negative impacts on development.

4. Tourism and LED

It is well recognised that tourism can be a strong driver of LED: responsible tourism developments are able to create many jobs and other spin offs in the local community, including supplier development and demand for other tourism products in the destination (see Rogerson, 2006). Tourism can also help ‘brand’ an area – and improve its attractiveness to tourists, investors and the like. When tourists visit a destination, they spend money not only on accommodation, restaurants, and activities, but in shops and petrol stations and on other service industries (such as banks, transport services, etc). With an increased local rates base brought by tourism enterprise growth and its effects, demands are increasingly placed on local government to respond to service delivery. This can have the effect of speeding up service delivery for the poor. So tourism’s potential to uplift spaces is significant (Dulstroom, Franschhoek and Clarens are cases in point).

Conversely, linked to this ‘gentrification’, a common effect of a successful tourism destination strategy is the appreciation of property values, which can put land and buildings increasingly out of the reach of the landless poor in the area. So although more jobs might have been created, and a more robust local economy stimulated, and perhaps even service delivery enhanced, tourism can still have negative (albeit it indirect) impacts on the poor, who often may remain marginalised from procuring assets such as land. This is not unique to tourism. As land becomes more attractive to developers, it is they who end up deciding the most appropriate form of land use. Local government’s role here should be setting up and implementing an appropriate land use framework. This then facilitates the actual approval of zoning, as well as attachment of conditions to development plans in line with the framework, to guide decisions. This process will be returned to later.

4.1 Land use planning and LED

According to Rampete (2008), a recent review of integrated planning in South Africa indicates that land use management strategies (LUMS) are a challenge for local government. Not only this, many municipalities do not have functional LUMS in place at all. Where they exist, they are seldom influenced by the local Spatial Development Framework – one of the key competencies of local government. This inadequate land use planning environment has consequences for socio-economic and environmental decisions. Holiday homes, particularly large lifestyle estates are a case in point.

4.2 Lifestyle estates – a kind of tourism?

The lifestyle estate approach to settlements – where, in areas of increasing tourism attractiveness, property developers plan and build housing estates for residents, often including golf courses or game can threaten the social, economic and environmental sustainability of local spaces.
This form of land use is criticised by community advocates and environmentalists alike for its social exclusion, environmental and economic inefficiencies and the separation between rich and poor that it entrenches.

A recent article in the Financial Mail (Martin, 2008) points to the growth of these estates:

*Four golf estates are already established and running in the Waterberg, and there are three other projects on the go – two of them taking the concept of golf and game to an entirely new level in terms of a bushveld experience for its residents and visitors. Homes will be on huge stands, some so isolated that you’ll need your 4x4 to visit a neighbour.*

These are significant land use choices, driven by private developers and comprising swathes of land: ‘...the Meletse estate...is set in 16 000ha of bushveld... Dainfern would fit 50 times into Meletse’ (Martin, 2008).

It is acknowledged that lifestyle estate development can bring some economic development to rural or semi-rural areas. Certain estates also include some conservation of ecosystems where game is part of the offering. Many development practitioners would argue, however, that the unadulterated pursuit of this form of property-led development undermines the potential for sustainable human settlements, integrated land use, and meaningful, full time job creation for locals.

And holiday homes in general and lifestyle estates in particular are often conflated with tourism. This conflation exists for a number of reasons. In certain instances of new estate developments, tourism offerings are included in the estate plan. These tourism components are usually hotels, wellness centres, conferencing and recreational facilities. Indeed, part of the appeal of the estate may well be the tourism attributes and recreational facilities it offers, as well as the tourism destination appeal of the surrounding area.

This mixed-use property development is a growing trend, the reason being that it makes financial sense for the developers and owners. House sales realise returns and cash flow for developers in the short term, while the hospitality components take longer to make money. Also, there exists a mutually beneficial relationship between the housing and tourism components: the housing is more attractive to individual property investors because of the tourism offerings on the estate, and the tourism offerings benefit from the demand from the housing investors. According to Bernard Forster (2008) of IFA Resorts, which co-owns Zimbali, twenty percent of the demand at the Zimbali hotel is from the house owners and their guests. So the hotel also benefits from the large house estate on its doorstep which creates a market for its services – rooms, food and beverages, services, etc. Thus for developers, the lifestyle estate and tourism components fit well together.

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1 Meletse is a new estate near the Waterberg in the Limpopo Province.
2 Dainfern is an upmarket suburb in the north of Johannesburg.
3 Zimbali is a residential resort and golfing development on the north coast of the KwaZulu-Natal Province
Lifestyle estates may also be conflated with tourism because of the reputational benefits this can have for a developer seeking planning permissions. As indicated earlier, tourism is politically well-supported in South Africa. When developers reference tourism impacts, government officials and other role players might treat development plans with more enthusiasm than would otherwise have been the case. Indeed, if one wants to be pedantic in terms of definitions, the owners who visit their holiday properties are certainly tourists, but their houses cannot and should not be understood to be tourism businesses as they are not actively traded as tourist accommodation. They are thus unable to create the work opportunities and other linkages that trading businesses can.

It goes without saying that the development choices we make impact on our ability to address poverty and unemployment, as well as sustainable resource use. Land use planning in this context is paramount. In a recent letter to the editor in *The Star*, Tshepo Diale (2008) traces the issue of land inequality to patterns of spatial development that characterised colonialism and apartheid. This is well accepted. He bemoans the little progress made in land reform despite the Freedom Charter demand that ‘the land should be shared amongst those who work on it’. In addition, Diale (2008) highlights that:

> Land speculation has been rife and rural communities have had to watch as our land is sold off to foreigners, and as large tracts of land that could be used for food security and livelihoods is converted into game reserves, hunting lodges and other tourist attractions.

Diale makes an important point when he outlines the link between land use planning, food security and livelihoods. He also captures certain development advocates’ growing concerns with tourism as a developmental choice. Given the conflation between tourism and lifestyle estates, this is understandable. But different approaches to tourism, and different types of tourism businesses have varying socio-economic and environmental effects. Despite the concerns and criticisms, tourism developments can indeed benefit local people and in so doing improve livelihoods.

This requires that the tourism approach adopted has a deliberate developmental agenda. Responsible tourism and ecotourism have both been cited as approaches that are active in demanding developmental outcomes. Fair Trade in Tourism South Africa has certified over forty ‘responsible tourism’ businesses in South Africa (Seif, 2009).

Where property developments are strong on housing sales and weak or absent on dedicated tourism offerings, however, few direct benefits accrue to anyone other than the developers, the real estate owners, and, possibly the municipality (with an enhanced rates base). Certainly increased numbers of people visiting and living in the area has a multiplier on general economic activity, but whether and how much this increased activity and rates base then ‘trickles down’ to the poor in terms of service delivery or employment opportunities is debatable. Where property developer and local demands coincide, it’s those who can most easily give material effect to their own demands that win.
Another example closer to home better demonstrates a particular instance of land use pressure brought about through property development linked to tourism attractiveness. The UNESCO World Heritage Site of the Cradle of Humankind has seen an increasing number of lifestyle estates develop in its vicinity, just north of Johannesburg in the Gauteng Province. These are particularly driven by the successful development of the area into an attractive tourism destination, but are also related to the demand for land close to Gauteng for upmarket residential estates. The pressure from estate developments is undermining the environmental integrity of the World Heritage Site and its surrounds, and the ability of dedicated tourism businesses, which could create jobs, to access land for development. This threatens the status of local tourist attractions and potential benefits that tourism businesses could bring to the area. To address this, the Cradle of Humankind is working with local government to look at a land use planning strategy which guides more appropriate and mixed use forms of development (Pillay, 2008).

Research on the Midlands Meander\(^4\) indicates a similar threat from increasing property values in that area (Coetzee et al., 2008). This trend threatens the core values that saw the Meander first established in the 1980’s, which include culture, nature, authenticity, and social inclusion. Today the impingement of lifestyle estates, which change the very experience offered to tourists, and take away the ‘natural offering’ as well as the opportunity for tourism and craft businesses to purchase land to establish in the area, can have serious consequences.

For the author, one of the single biggest concerns is that lifestyle estates are relatively passive from a job creation point of view, whilst often having a major environmental footprint (particularly in areas where inadequate water supplies exist). Certainly jobs are created during construction (although there is no guarantee that locals will receive these opportunities). Once the units are sold, lifestyle estates (with or without the game reserves and golf estates) create few permanent jobs other than domestic workers and garden staff. Where this housing is part of a larger development which includes dedicated trading tourism businesses, such as hotels, conference centres, etc., those hospitality components would create more fulltime employment. Depending on the scale of the hospitality component, this could be significant for the area. In certain instances, where owners of the sections or fractions visit their holiday homes or fractions often, alternatively putting their room nights into a pool for usage by others where this is an option provided by the developers, the development impact can be higher. (Fractional title is the flavour of the month, with the option to make a return through pooling unutilised room-nights as part of the proposition made to the individual investors). The more footfall received in the estate, the greater the likelihood of benefits accruing to the various businesses in the area, creating positive mutlipliers. But in reality many holiday homes stand empty most of the year.

In some instances land that is perfectly located for dedicated and trading hospitality businesses – on the coast for example – has been developed into housing estates. So, residential property development and tourism are not always easy companions. In these instances, the opportunity

\(^4\) A cultural tourism route in the Midlands of the KwaZulu-Natal Province.
cost for tourism businesses, and for jobs, may be immense. As there is less and less access to prime coastal land, land use choices for this prime land should favour productive businesses over housing estates. This is where land-use planning, and the governance of land given its relationship to LED, needs to work in favour of employment-creating businesses.

In this context it is alarming when the following statement is made in the Financial Mail (Martin, 2008):

_The Limpopo provincial government sees tremendous potential for international tourism in the Waterberg... It has encouraged development of these golf estates in contrast to the Garden Route, where the Western Cape government has stymied the fast-tracking of golf estates through the approval process. But then the Garden Route doesn’t need that many more developments to remain attractive to tourists, whereas Limpopo certainly does._

This statement legitimises lifestyle housing estates as a ‘developmental choice’ for government. It would be disingenuous not to recognise the tourism value of golf estate developments: many tourists – both foreign and South African – enjoy golf and some choose holiday destinations that provide these facilities. But the value of these developments should not be overstated; nor can it be necessary to offer seven golf estates in the Waterberg to attract tourists! As a tourism practitioner, the author would argue that developmental tourism is about attracting investments that can create many jobs, and which actively market the area, in turn attracting new visitors and establishing a ‘destination effect’. Responsible tourism businesses will also deliberately pursue strategies to benefit local populations, by prioritising host communities for jobs, implementing a BBBEE and/or an indigenisation agenda, building local enterprises and supply chains, respecting local cultural practices and the like. This also means considering issues relating to land access, ownership and usage.

If we ignore the distinction between housing estates, including holiday homes, and tourism businesses, and fail to understand the positives and drawbacks of those instances where they coexist, we will miss out on much of the local economic development potential of tourism.

It is accordingly of concern that South African developers are exporting this housing-estate ‘tourism’ model to our neighbouring countries, notably Mozambique. One can’t open a magazine without seeing an advertisement to buy up a piece of a resort development on the coast of that country. A few factors may keep the developers at bay in Mozambique. One is that the International Finance Corporation and the Mozambique Ministry of Tourism are busy developing an integrated tourism resort scheme to guide the kinds of tourism developments that should take place in the country. This will ensure product mix (to get away from a ribbon of housing resorts on the coast).

Another factor which may stymie interest is that investors get long leases on the land, not outright title. This means the development choices won’t exist in perpetuity. Although fifty years might still be too long for many of the communities whom are likely to experience many negative impacts – from seeing their traditional lands privatised, and access to the sea and land for livelihoods reduced – even if local jobs are created.
A third and major factor is the economic climate. With the global economy reeling from the sub-prime crisis and its knock-on effects, it is likely that many of the planned lifestyle estates will struggle to attract investors, at least in the short- to medium-term.

5. Conclusions

Local economic development choices need to balance various voices and demands. Reference to academic authors on the topic indicate that local economic development is a process, and that the process requires participation and a consideration of what development choices can deliver the best outcomes for the area. This is often understood in terms of job creation, given the high unemployment facing South Africa. Literature also warns of assuming trickle-down benefits will accrue to the poor from economic growth (without a consideration of its modalities). At the same time, it is recognised that many rural spaces do not have the advantage of great and diverse investor demand. Property developers, who promise to attract affluent South Africans and foreigners alike, have a part to play in the development of housing and recreational facilities, and a local rates base for municipalities. But land use choices must be carefully considered, as well as the possible impacts thereof, both positive and negative. The political prioritisation of tourism should not lead to ill-conceived development choices that result in the further marginalisation of the poor, which is likely if we continue to conflate lifestyle housing estates with tourism and give access to prime land to property developers of the first category, rather than second.

So what does this all mean and where to from here?

- In improving its performance on integrated development planning, including LED, local government must develop integrated human settlement plans and LUMs. These should be sophisticated enough to accommodate and link together the various needs that exist amongst different social groups and investor categories. A deliberate strategy of integrated planning, sustainable human settlements, LUMs and service delivery is needed to address some of these challenges. And this requires not only institutional capacity at the level of local government, but the ability and desire to deal with the complex issues that ‘development’ can bring.

- If well planned, there is certainly room for upmarket housing estates but without this becoming a kind of ‘mono cropping’ land use form. Rather, these estates should form part of an overarching land use strategy in an area. Where holiday/lifestyle housing estate developers appeal to ‘tourism’ as a legitimiser of their projects, government, communities, and the tourism industry at large need to be clear on the actual benefits and impacts that are likely to result. Tourism strategies within LED planning need to look at different types of tourism products to attract various visitor groups and, in so doing, diversify their tourism asset base. They should not rely on second home holiday makers alone. Other local visitors, domestic and foreign tourist markets all offer potential.
We also need to recognise that economic development in an area can further exclude the most marginal groups given the effect on land prices. This needs to be acknowledged upfront and addressed through the aforementioned integrated human settlements’ approach which should deliberately construct spatial planning for localities based on the needs of all the areas’ inhabitants.

The ANC’s recent resolution on rural development, land reform and agrarian change (ANC, 2008) at Polokwane resolves to:

*Build stronger state capacity and devote greater resources to the challenges of rural development, land reform and agrarian change. In particular to ensure that the state regulates the land market effectively with a view to promoting the goals of rural development and agrarian change, limiting the unsustainable use of land for elite purposes (such as the conversion of prime agricultural land to golf estates) and ensuring that land remains predominantly in the hands of South African residents.*

Access to land will remain a burning issue in South Africa. We must ensure that our land use choices benefit the poor by placing the poor at the centre of the development agenda. Responsible tourism can contribute to this agenda. It should be prioritised and planned as part and parcel of a LED strategy which is underpinned by wise land use choices and informed by the objective of building sustainable communities.

**References**


