THE SANPARKS PPP JOURNEY

Managing Executive: Tourism Development & Marketing
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Background

1997
Cabinet explores how PPPs could improve infrastructure and service delivery efficiency, and increase efficient use of under-utilized state assets.

1998
The Department of Environmental Affairs and Tourism articulated the need for SANParks to prepare for a lesser dependence on state funding for fulfilling its essential conservation mandate.

2000
In preparation to lessen dependency on state funding and improve existing operational efficiencies, SANParks explores the development of a Commercialisation Strategy.

2001
Creation of a 10 year Commercialisation Strategy for SANParks to drive growth and revenue generation.
Responsible Tourism in SANParks

• Provide sustainable high-quality nature-based, value for money tourism experiences, whilst promoting biodiversity and cultural heritage conservation.
• Contribute to building a broad based constituency for sustainability and conservation in a people-centred way.
• Using appropriate nature-based tourism as the best possible financial opportunity to support and supplement conservation.
• Viewed together with other financial sources, the overall outcome must effectively enable SANParks to execute its tourism mandate in an equilibrium with its conservation obligations.
Commercialisation

The Strategic Plan for Commercialisation is a significant element of SANParks’ ecotourism pillar.
The Rationale

- The Commercialisation Strategy has been pivotal in the diversifying tourism offerings and enhancing the parks as nature tourism destinations.
- The Strategy is executed through the implementation of Public Private Partnerships (PPPs), has the objective to:
  - Additional revenue generation for funding conservation
  - Accelerate industry transformation
  - Optimal use of under-performing state assets
  - Leverage private capital & expertise in diversifying facilities
  - Reduce delivery cost of tourist amenities
  - Facilitate rapid infrastructure delivery
The Returns

- Implementation of the Commercialisation Strategy has resulted in increased market segmentation and product and price differentiation:
  - 60 PPPs in operation
  - 5 Star Lodges to appeal to the international market
  - Improved efficiencies of the restaurant and retail facilities, and activities contributing to an enhanced visitor experience

- 572 additional beds in 5 star segment
- SMME spend of R75 million annually
- Total revenue of R1.394 billion since inception
- Infrastructure developments over R955 million
- 2100 additional direct jobs
The Returns

Total PPP income from commercialisation started in 2001: R1.394 billion

Concession Lodges
Restaurant & Retail
Cape Point & TMACC
Total PPP Income

Linear Trendline (Total PPP Income)

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Financial Year

Concession Lodges
Restaurant & Retail
Cape Point & TMACC
Total PPP Income

Linear Trendline (Total PPP Income)
The PPP Framework

The National Environmental Management of Protected Areas Act (NEM:PAA) mandates SANParks to create destinations for nature-based tourism in a manner that is not harmful to the environment.
Public-Private Partnership or "PPP" means a commercial transaction between an institution and a private party in terms of which:

- the private party performs an institutional function on behalf of SANParks; and / or acquires the use of state property for its own commercial purposes;
- assumes substantial financial, technical and operational risks in connection with the performance of a SANParks function and/or use of state property; and
- receives a benefit for performing a SANParks function or from utilising the state property.
The PPP Process
Guided by the NT PPP Toolkit for Tourism

**Project inception & preparation**
- Development of specifications
- NT Exemption
- Projects identified for SMMEs

**Procurement of operator**
- Open tender process
- Advertise in newspapers & SANParks website
- Financial & tourism experience requirements
- Open to domestic & international operators

**Development**
- Private party develops products in consultation with SANParks:
  - EIA process
  - Construction
  - Engagement with local communities (recruitment, training, procurement etc.)

**Operation**
- Private party manages / operates products in consultation with institution

**Termination**
- Contract ends and decision made on whether to retender as PPP
New Era of PPPs

• Tourism is acknowledged as an engine for job creation and a driver of sustainable socio-economic development worldwide.
• As the largest state entity in tourism SANParks has an obligation to transform the tourism industry in South Africa.
• New PPP opportunities will have a strong focus on promoting:
  - Effective transformation through implementation of the B-BBEE Proposal
  - Skills development & skills transfer to local communities
  - Land claimant beneficiation through sustainable and viable shareholding models
  - Partnerships with SMMEs in managing PPPs
  - Enterprise development to strengthen the sector’s linkages with related sectors
  - Reinforcing initiatives that lead to the upliftment of local communities
Key Concessionaire Responsibilities

• **Partner with SANParks**
  Technical expertise, diversification, access to markets & funding

• **Develop & construct / upgrade tourism product**
  Including obtaining all licences / approvals

• **Operate and maintain product**
  In line with responsible tourism standards

• **Market product and attract tourists**
  Responsible for all marketing activities

• **Pay monthly PPP fees to SANParks**
  Higher of minimum fee or % of gross revenue

• **Promote environmental conservation**
  ‘Touch the earth lightly’, mitigate environmental impacts

• **Uplift local communities**
  Recruitment, skills development, procurement, enterprise development