THE BUSINESS OF TOURISM IN SANPARKS

SANParks Acting Chief Executive Officer
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SANParks Vision and Mission

Vision
A world class system of sustainable national parks reconnecting and inspiring society.

Mission
Develop, protect, expand, manage and promote a system of sustainable national parks that represents biodiversity and heritage assets, through innovation and best practice for the just and equitable benefit of current and future generations.
Tourism and Conservation – An Interdependency

Biodiversity is one of tourism’s greatest assets, its natural capital and fundamental to its long-term growth.

The World Tourism Organization (UNWTO)
Tourism – A Biodiversity Dependent Sector

Globally the interest and inclination of tourists in engaging in nature and culture based experiences is growing.

*Be it hiking, scuba diving or wildlife that draws tourists to a destination, the destination’s allure relies on healthy and intact ecosystems and the habitats, landscapes and natural attractions that comprise them.*

**Tourism is thus a biodiversity dependent sector.**

In the same vein, tourism can and does contribute to the protection of biodiversity and enhance its role as a main resource for tourism destinations.
Global conventions and programmes alone are not enough to ensure the continued existence of, and sufficient funding for, protected areas.

In times of fiscal austerity and tightening government budgets, traditional funding sources are increasingly under threat. Innovative alternatives to these traditional sources are needed in order to secure the long term viability of protected areas.”

International Union for Conservation of Nature (IUCN), 1998
SANParks has under its custodianship 4.2 million hectares in 20 national parks. With the Kruger comprising 2 million hectares.

In addition, SANParks also manages Marine Protected Areas comprising of 369,397 hectares across 5 parks.

Pre-COVID, the parks hosted over 6 million visitors annually–majority of which were domestic tourists.

The management of these vast tracts of South Africa’s conservation estates come with significant cost – infrastructure, service delivery efficiencies maintenance and development, law enforcement including anti-poaching,
Tourism in SANParks

SANParks is the largest self-owned and managed, self-catering tourism operator in South Africa managing more than 15,000 beds including camping.
National Parks across South Africa

Primarily a self-funding entity, SANParks generates approximately 80% of its operating budget.
Recovery of International and Domestic Tourism

A challenging economic (and now also geopolitical) environment could put additional pressure on the effective recovery of international tourism, with the surge in oil prices, increase in inflation, rise in interest rates, high debt volumes and the continued disruption in supply chains.

- UNWTO news release (adapted)
Recovery - Positive Side

• **High interest** in nature-based tourism, national parks and rural tourism.
• Anticipated **surge in travel** for personal wellness.
• **Pent up international demand for travel** and considerable amounts of savings, especially among UK consumers.
• People **value travel and personal time** more than ever.
• **Remote working opportunities** will expand the travel pie.
• Following the Omicron hysteria, **restrictions have been lifted** in our major overseas markets (Germany, UK, US, France, Netherlands).
• Large **pent-up savings and longer lengths** of stay have contributed to increased spend per arrival. More than 50% of travelers say they plan to spend more money on trips than they did before the pandemic.
• There is **pressure on the governments** around the world (including South Africa) to **remove COVID-19 testing requirements** for vaccinated travellers.
Recovery - Downside

• The recovery in both airline capacity and international arrivals has been slow with load factors well below 2019 levels.
• As a result of much uncertainty, international leisure travellers are hesitant to book far in advance.
• Demand for international travel is still very sensitive and likely to be further affected by the conflict in Europe.
• Amid low demand and rising jet fuel prices, airlines will need to increase ticket prices in a bid to restore their finances and comply with climate regulations.
• The Russia-Ukraine conflict introduced new shocks to the global economy through much higher energy and agricultural commodity prices.
• Local economic conditions are worsening and will remain challenging.
• Domestic tourism is likely to be affected by the weaker South African economy as consumers struggle to make ends meet.
• Research among US tourists suggests travellers over 55 years are significantly less likely to travel, and cite health worries as a top reason.
• Business travel may remain subdued for long time.
Key Uncertainties in 2022

- **Possibility of a prolonged war** in Europe spreading to other countries – risks of WWII and nuclear weapons?
- The risk of **new COVID-19 variants** emerging.
- Whether **global vaccine passports will take off**: Less than 10% of airlines had signed up for trials and very few low-cost carriers are participating.
Recovery Timeline

According to the latest UNWTO Panel of Experts, a majority of experts (64%) now expect international arrivals to return to 2019 levels only in 2024 or later, up from 45% in September. While 58% expect a rebound in 2022, mostly during the 3rd quarter, 42% point to a potential rebound only in 2023.

Sources: UNWTO news release 18 January 2022.
International Arrivals to South Africa

Although arrival numbers from the Top 5 overseas markets have been steadily improving, it is still well below from pre-pandemic levels.

Source: StatsSA Tourism and Migration publications.
SANParks Tourism Performance

All indicators point to a **gradual recovery** as anticipated, however tourist numbers are still **51% lower than 2019/20**.

Visitor numbers peaked in December 2021 despite the 4th wave – largely domestic tourists.

- Cumulative figures (Q1 to Q3) for visitor numbers are currently 2,464,808 - **15.3% above the target** of 2,138,600
- The December 2021 numbers show a 35% decline on 2019/20 figures for the same month - the **lowest monthly decline since April 2020**.
- The red-listing of SA by major international markets obviously impacted on the December 2021 numbers.
- Table Mountain (leading park in terms of visitor numbers (pre-COVID), Addo and Concessionaire lodges are largely driven by international tourists.
- Pre-COVID, **Table Mountain contributed as much as 60%** to the tourist volumes.
If the current trends continue, March 2022 volumes will be higher than March 2020 where visitor numbers plummeted suddenly as the Covid-19 was officially declared a pandemic.
SANParks Tourism Performance

Accommodation occupancy:

- **Kruger** unit occupancy was at **64.9%** at the end of Q3 2021/22 versus **85.0%** in 2019/20.
- **Parks** occupancy was at **49.7%** and **56.1%** in 2019/20 (however, massive differences in number of units between the parks to be noted).

Cumulative tourism revenue at R810 million has shown some improvement and is slightly above the target R803 million:

- **Accommodation**: budgeted amount was exceeded by **29.2%**.
- **Conservation Fees**: budgeted amount was underachieved by **-10.7%**.
  - *International rates for conservation fees typically account for over 80% of total conservation fees, therefore the impact of the red listing by major international source markets is mostly apparent in this line item*
- Concession Fees: similarly, the concession fees are driven by international tourists. The budgeted amount was underachieved by **-17.7%**.
SANParks Tourism Recovery