An Overview of the SANParks Commercialisation Strategy

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Presentation Outline

• Tourism and Conservation – an interdependency
• Park performance
• Commercialisation – the rationale
• Commercialisation – the returns
• Current partners
• A new era of PPP’s in SANParks
• Vision 2040
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)

- **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)
Tourism and Conservation – an interdependency

- SANParks has under its custodianship 4 million hectares in 19 national parks. With the Kruger comprising 2 million hectares.
- Combined, the parks host over 6 million Visitors annually – of which 75% are 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 and Conservation – an interdependency

• Primarily a self-funding entity, SANParks has since its inception, relied in some shape or form on tourism revenue to support its conservation mandate.
  • SANParks generates approximately 80% of its operating budget.

• Of the 19 National Parks, only 5 currently provide surplus revenues that are then able to subsidise the remaining parks operational cost requirements.
Top 3 by visitor volume 2016

- **Table Mountain**: 2,749,892 day visitors. High churn.
- **Kruger**: 1,767,218
- **Garden Route**: 442,799

- 8000 beds.
- 2 million hectares.
2nd tier parks by visitor volume 2016

West Coast: 276,755
Addo: 231,464

Limited accommodation facilities.
High occupancy/medium visitor volume parks

- Kgalagadi: 44,211
- Karoo: 40,548
- Mountain Zebra: 26,853

Average 90% + annual accommodation occupancy
High potential parks

Golden Gate: 58,665
- Within 400 km radius of JHB.
- Location: Outside Clarens

Agulhas: 32,325
- Within 400 km radius of CPT

Marakele: 24,475
- Within 400 km radius of JHB.
- Location: 50km outside Bela-Bela
• The National Environmental Management of Protected Areas Act mandates SANParks to create destinations for nature-based tourism in a manner that is not harmful to the environment.

• In this vein, the SANParks Commercialization Strategy which is executed through the implementation of Public Private Partnerships (PPP’s) was birthed in 2000.

• The Strategy has been pivotal in the diversification of tourism offerings and enhancing the parks as nature tourism destinations.
Commercialisation – the rationale

- The Strategic Plan for Commercialisation is a significant element of SANParks’ ecotourism pillar
- The strategy intends to achieve through the implementation of PUBLIC PRIVATE PARTNERSHIPS (PPP’s)

- additional revenue generation for funding conservation
- optimal use of under-performing state assets
- facilitate rapid infrastructure delivery
- reduce delivery cost of tourist amenities
- accelerate industry transformation
- leverage private capital & expertise in diversifying facilities
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;
- and
- 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 utilizing the state property
Commercialisation – the returns

- Implementation of the Commercialisation Strategy has resulted in increased market segmentation and product and price differentiation.
- In addition, it has resulted in improved efficiencies of the restaurant and retail facilities, contributing to an enhanced visitor experience to the guests of SANParks.

- Total revenue of R817 million in 15 years
- Infrastructure developments over R712 million
- 380 additional beds in 5 star segment
- SMME spend of R57 million per annum.
- 1946 additional direct jobs
- 47 PPP’s in operation
Commercialisation – the returns

CONCESSION REVENUE 2002 – 2016 (R MILLIONS)

2007: SANParks & Partners review rental mechanisms to increase viability

2010 World Cup precipitates diminished bookings
Current Partners - Kruger

19 Partnerships

- Singita
- Skukuza Airport
- Shishangeni
- Imizali
- Lion Sands Game Reserve
- Lukimbi Safari Lodge
- Jack Safari Lodge Kruger National Park
- Rhino Walking Safaris Kruger National Park
- Tshokwane Trading Post & Picnic Site Kruger National Park
- Cattle Baron Grill & Bistro
- Tindlova Family Restaurants
- Wimpy
- Mugg & Bean
- The Park's Shop
Current Partners – Parks Division

26 Partnerships
A new era of PPP’s in SANParks

• Tourism is acknowledged as an engine for job creation and a driver of sustainable socio-economic development worldwide.

• Within G20 countries, China, India, Indonesia, Mexico and South Africa are expected to be among the fastest growing tourism and travel destinations.

• As the largest state entity in tourism SANParks has an obligation to transform the tourism industry in South Africa.
A new era of PPP’s in SANParks

- The next phase of our PPP programme will place more emphasis on concessionaire programmes that provide impetus to:

  **Skills development:**
  - skills transfer to communities; vocational education and training for staff

  **Enterprise development:**
  - strengthening the sector’s linkages with related sectors in its supply chain (e.g. agriculture, handicrafts, transport, construction)

  **Land claimant beneficiation:**
  - Inclusion of land claimants in sustainable and viable shareholding models

  **Socio-economic development:**
  - reinforcing initiatives that lead to the uplifment of neighbouring communities
THANK YOU