SANPARKS TOURISM INVESTMENT SUMMIT

South African NATIONAL PARKS

An Overview of the SANParks Commercialisation Strategy

Mr. Fundisile Mketeni

CEO SANPARKS

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

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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**

Tourism and Conservation – an interdependency

"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

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- **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 t remaining parks operational cost requirements.**

Top 3 by visitor volume 2016

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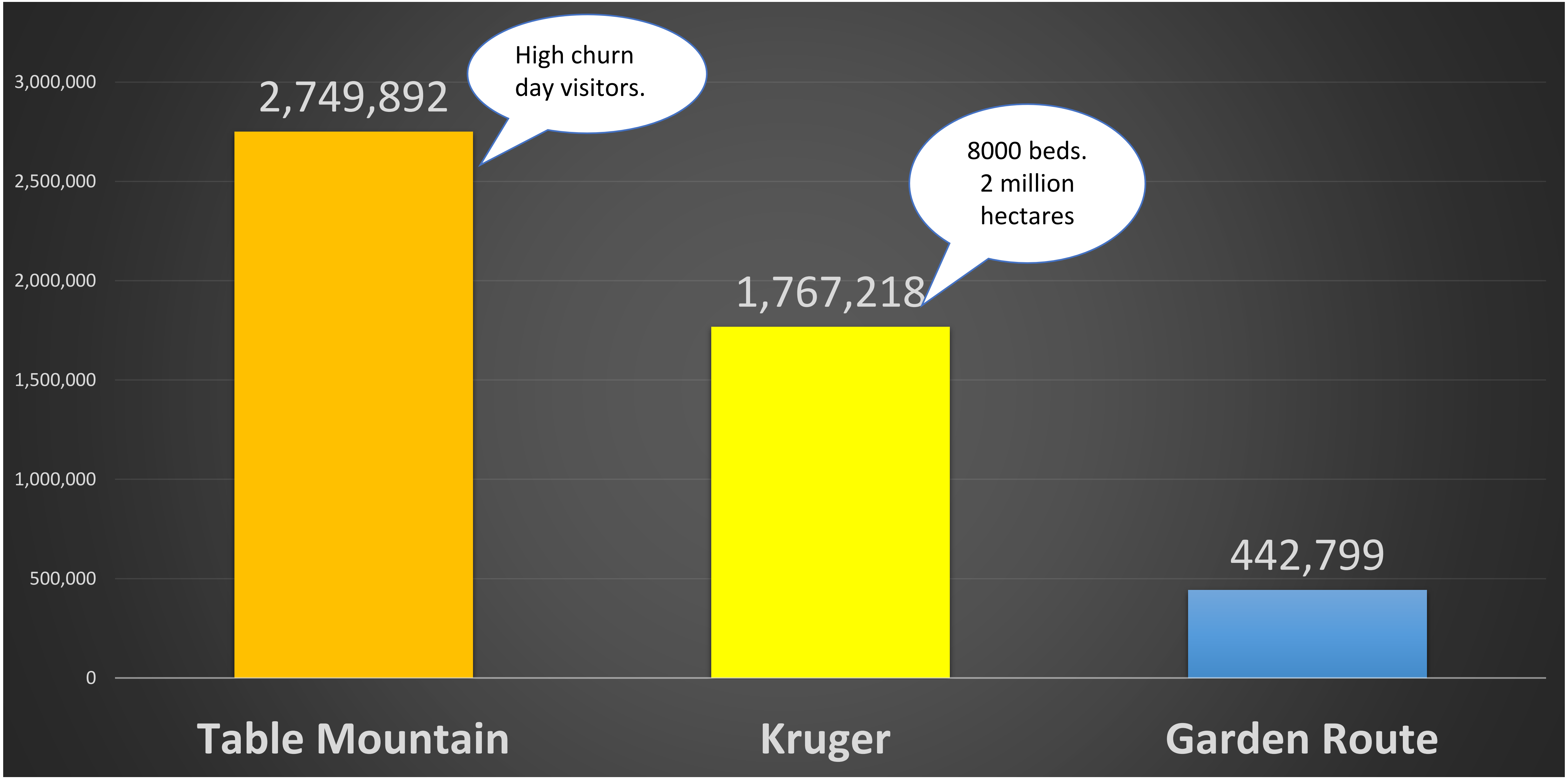

2nd tier parks by visitor volume 2016

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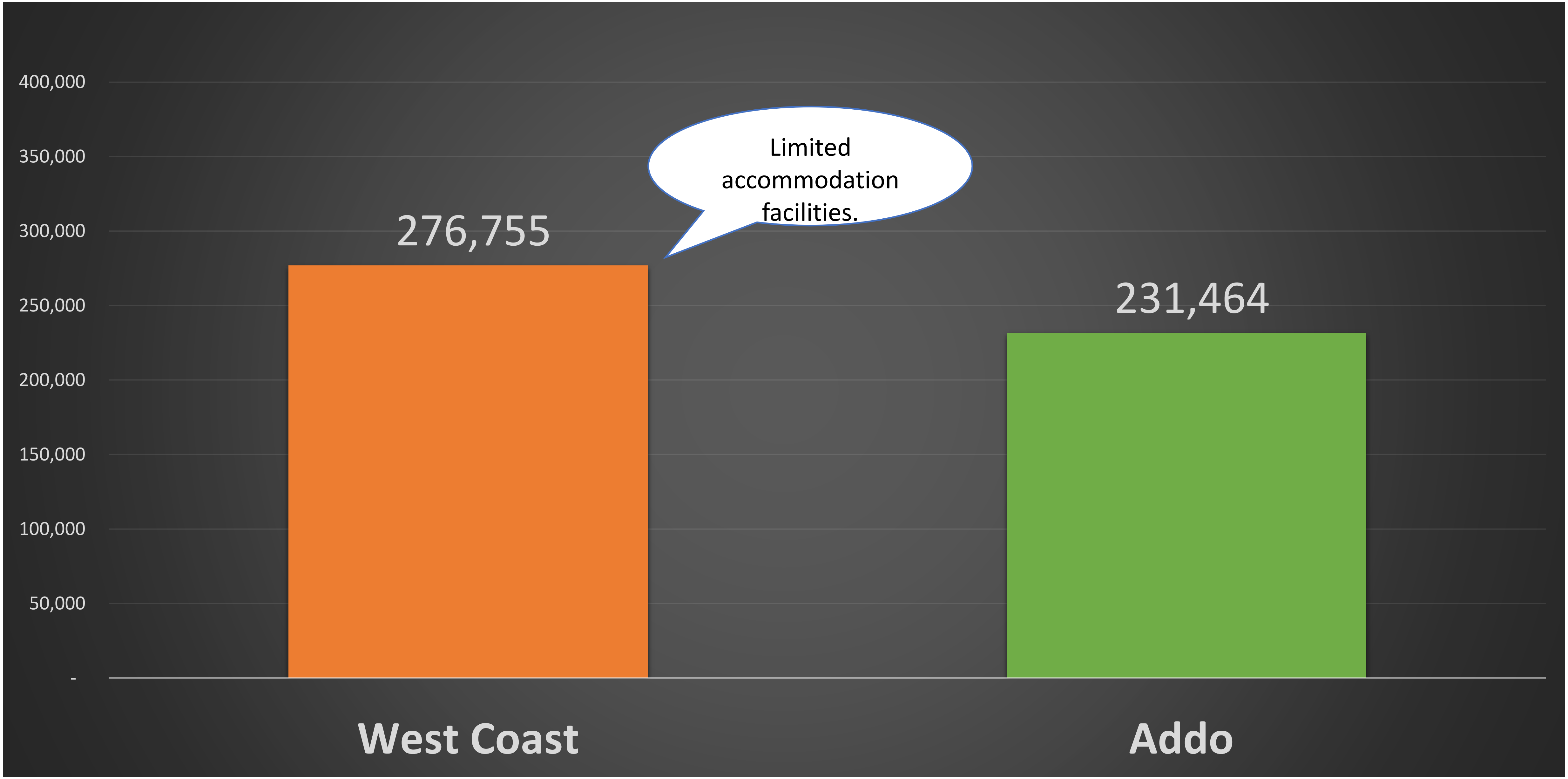
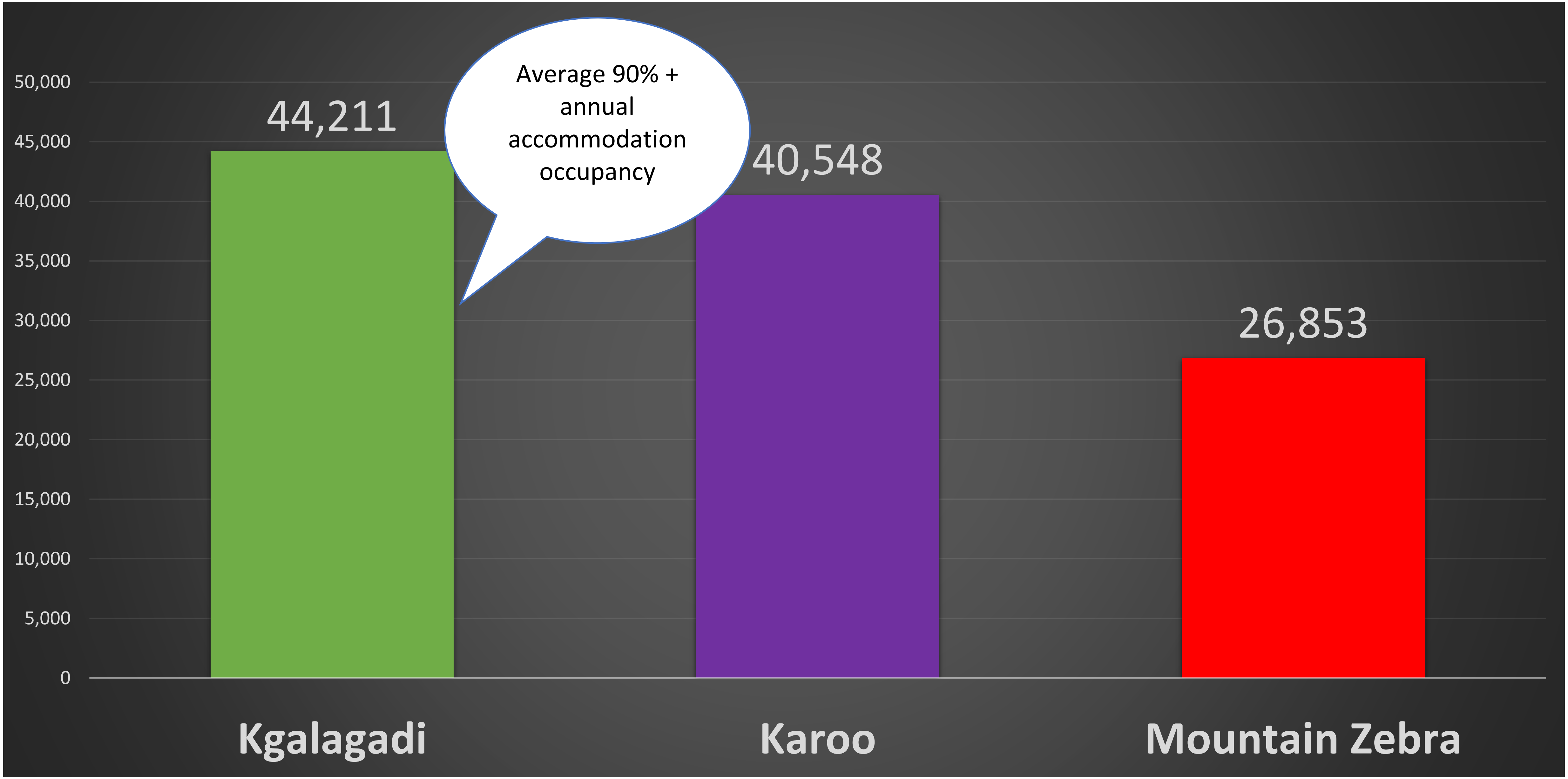
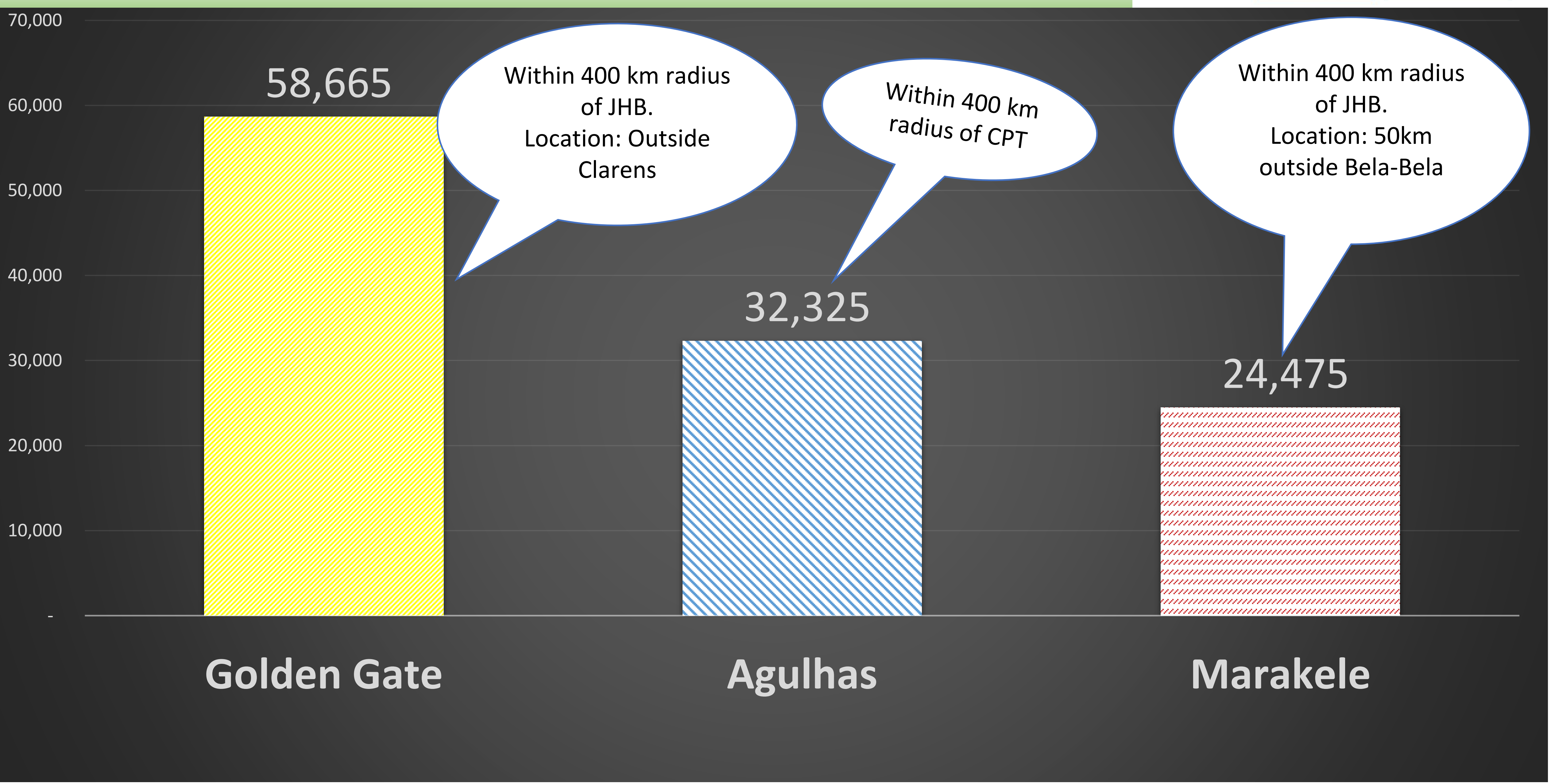


High occupancy/medium visitor volume parks



High potential parks



Commercialisation – the rationale

- **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

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- **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

The PPP framework

- 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

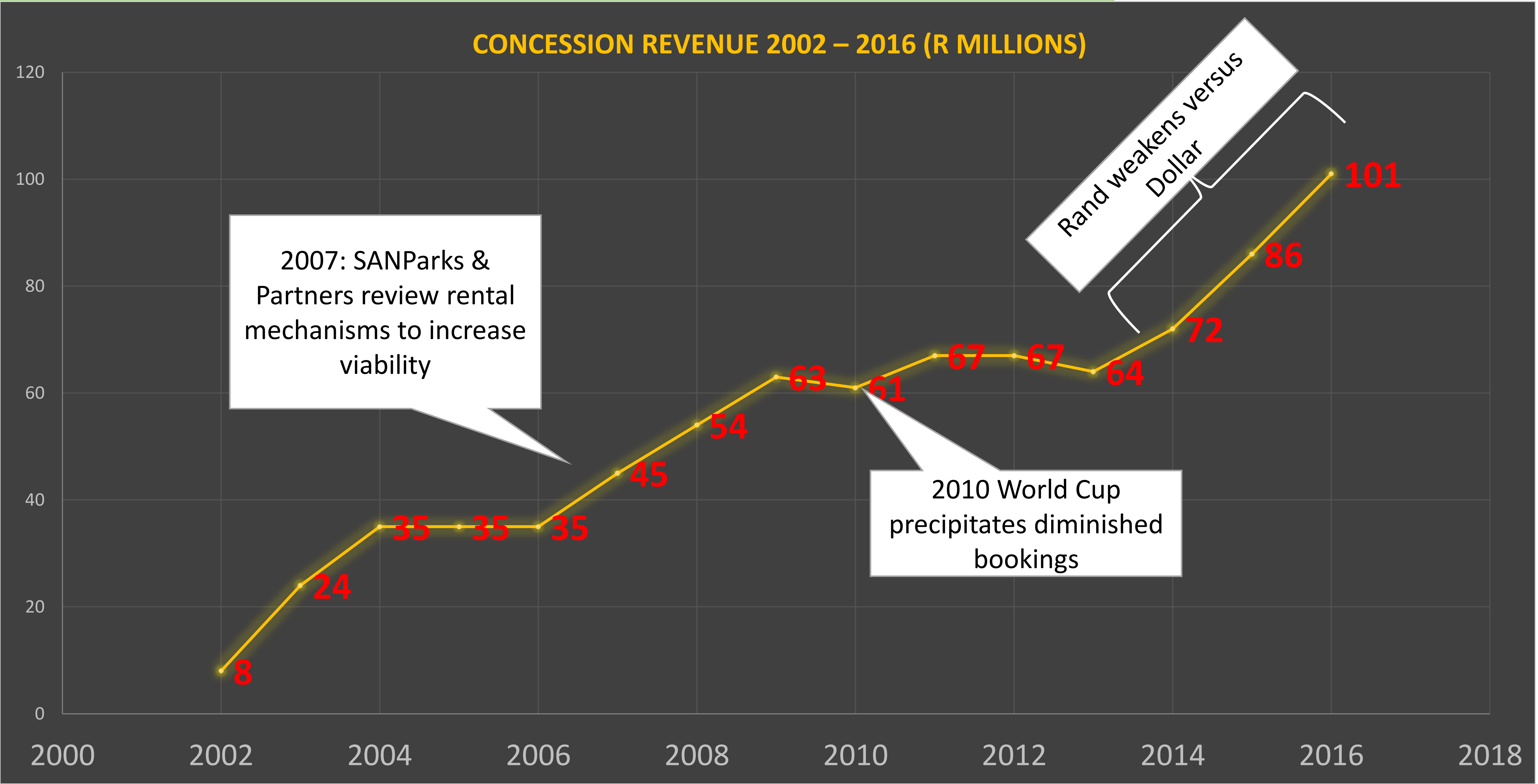
380 additional beds in 5 star segment

SMME spend of R57 million per annum.

1946 additional direct jobs

47 PPP's in operation

Commercialisation – the returns



Current Partners - Kruger

19 Partnerships

Singita

Skukuza AIRPORT

SHISHANGENI PRIVATE LODGE • KRUGER NATIONAL PARK

Imbali SAFARI LODGE

Lion Sands GAME RESERVE

Lukimbi Safari Lodge

Jock SAFARI LODGE KRUGER NATIONAL PARK

RHINO WALKING SAFARIS KRUGER NATIONAL PARK

TSHOKWANE TRADING POST & PICNIC SITE KRUGER NATIONAL PARK

Cattle Baron™ Grill & Bistro established 1987

Tindlovu FAMILY RESTAURANTS quality is our main ingredient

WIMPY

MUGG & BEAN

THE PARK'S SHOP

Current Partners – Parks Division

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26 Partnerships

Marataba SAFARI LODGE

KUZUKO LODGE PLACE OF GLORY

TINTSWALO ATLANTIC

GORAH GORAH Elephant Camp

!Xaus Lodge

RIVERBEND LODGE

CAPE POINT-SOUTH AFRICA THE CAPE OF GOOD HOPE

Geelbek Restaurant WEST COAST NATIONAL PARK LANGEBAAN

Cattle Baron™ established 1987 Grill & Bistro

Rhodes Memorial

A new era of PPP's in SANParks

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- **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

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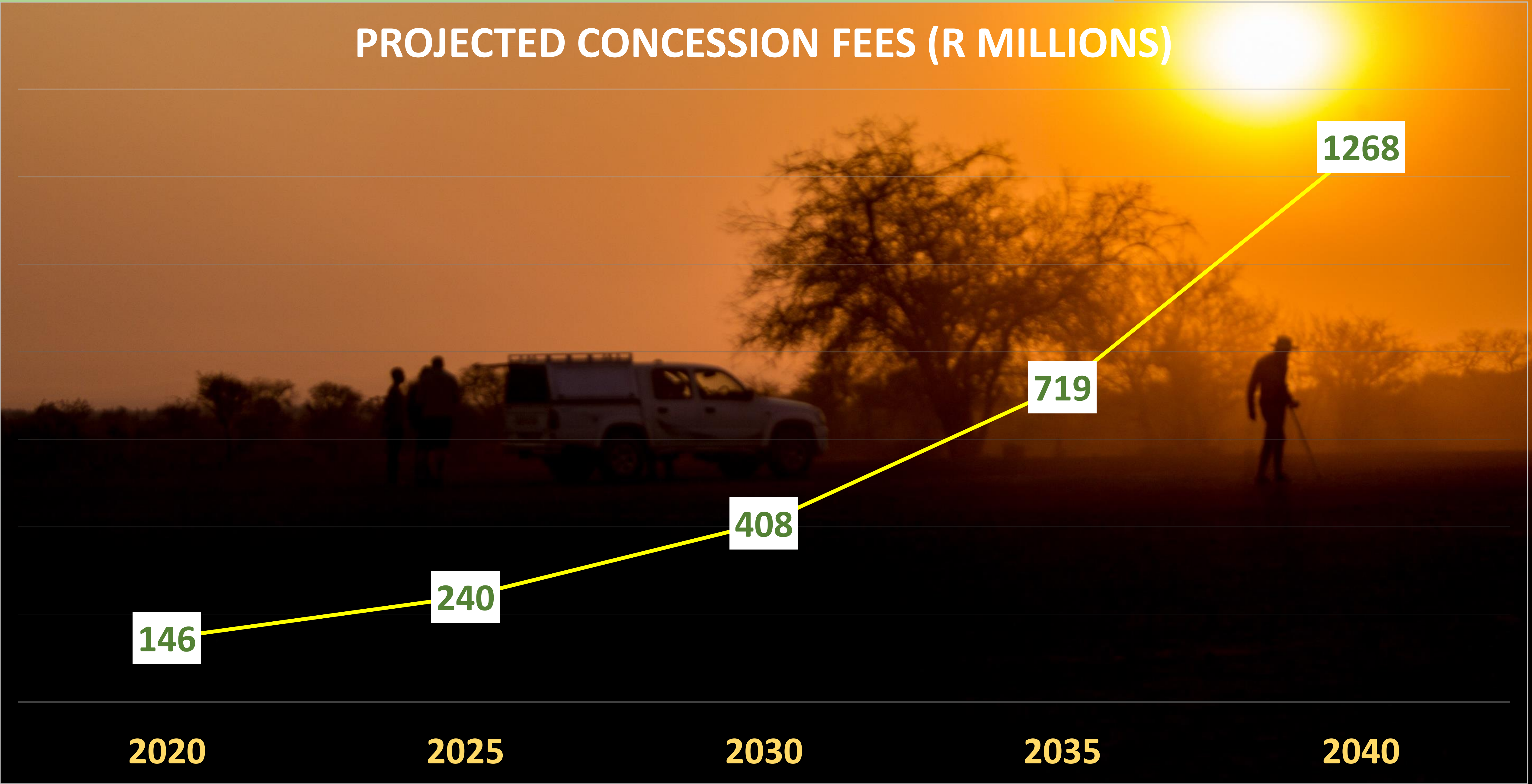
- **The next phase of our PPP programme will place more emphasis on concessionaire programmes that provide impetus to:**

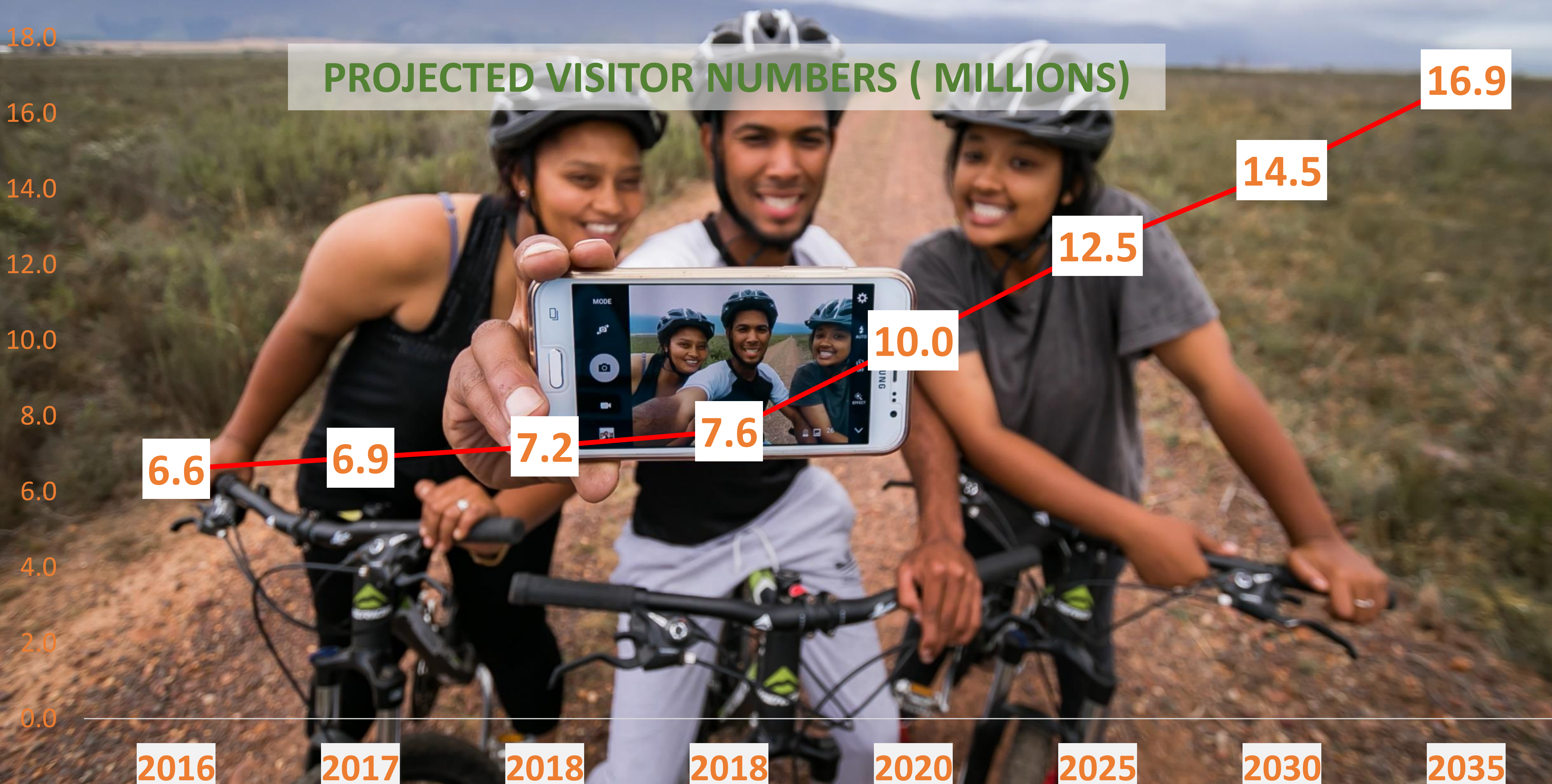
Skills development:	• **skills transfer to communities; vocational education and training for staff**
Enterprise development:	• **strengthening the sector's linkages with related sectors in its supply chain (e.g. agriculture, handicrafts, transport, construction)**
Land claimant beneficiation:	• **Inclusion of land claimants in sustainable and viable shareholding models**
Socio-economic development:	• **reinforcing initiatives that lead to the uplifment of neighbouring communities**

VISION 2040



PROJECTED CONCESSION FEES (R MILLIONS)
146
240
408
719
1268
2020
2025
2030
2035
2040

VISION 2040


PROJECTED VISITOR NUMBERS (MILLIONS)
18.0
16.0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
0.0
6.6
6.9
7.2
7.6
10.0
12.5
14.5
16.9
2016
2017
2018
2018
2020
2025
2030
2035

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THANK YOU