Shangoni Gate Project
Socio Economic Impact Assessment

MARKET RESEARCH FINDINGS
&
RECOMMENDATIONS

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DEMACON Market Studies
PO BOX 95530
WATERKLOOF
0145
Tel: +27 12 460 7009
Fax: +27 12 346 5883
Cell: +27 82 898 8667
E-mail: hein@demacon.co.za
Website: www.demacon.co.za



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The information contained in this report has been compiled with the utmost care and accuracy within the parameters specified in this document. Any decision based on the contents of this report is, however, the sole responsibility of the decision maker.

Enquiries:

Hein du Toit

+27 12 460 7009 (t)

+27 12 346 5883 (f)

+27 82 8988 667

hein@demacon.co.za

www.demacon.co.za

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EXECUTIVE SUMMARY

PROJECT BRIEF

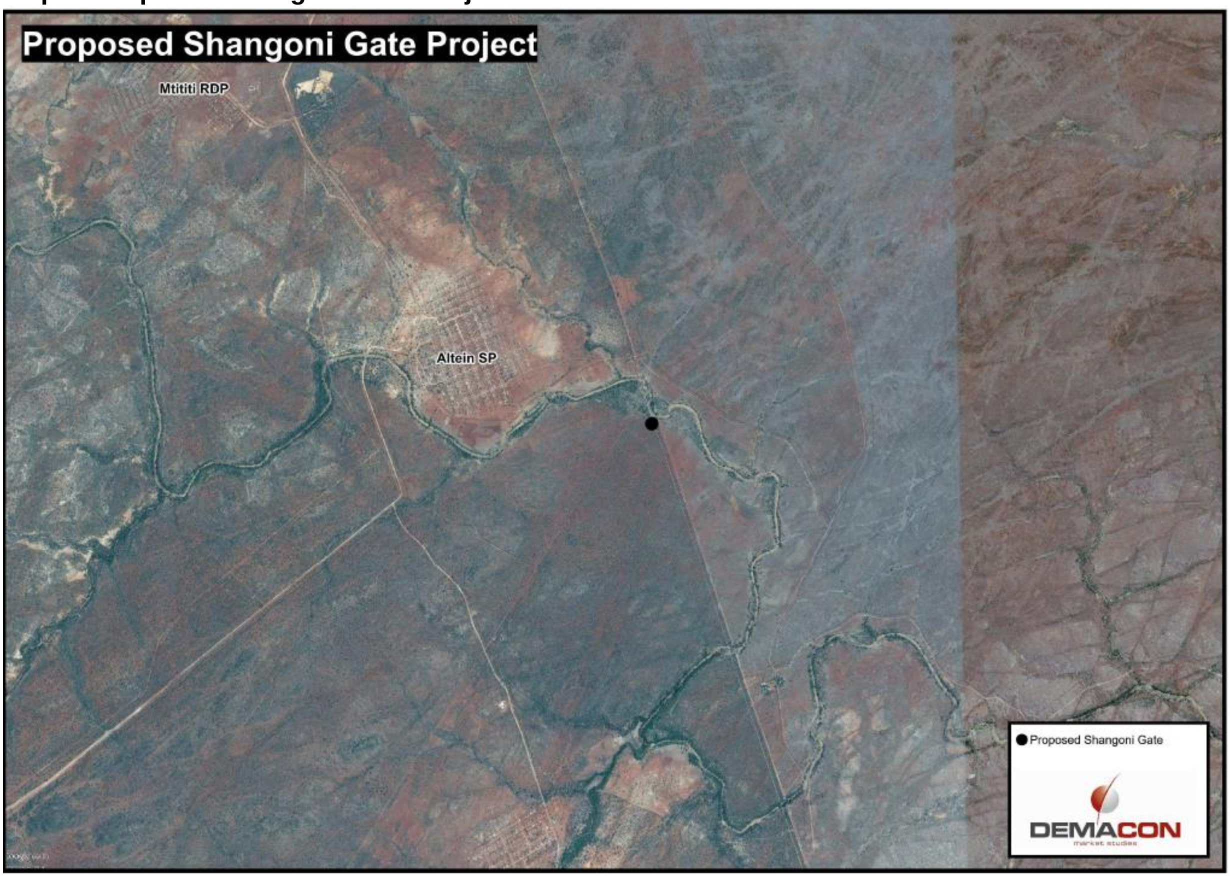
Demacon Market Studies were commissioned by **Envirolution Consulting** to perform a **socio-economic impact assessment** pertaining to the proposed **Shangoni Gate Project,** which will not only be a new gate into the Kruger National Park, but also a new tourism destination and economic development hub.

It is our understanding that Socio-Economic Impact Assessment is required to inform strategic planning and investment decisions regarding the **proposed Shangoni Gate Project.**

DEVELOPMENT CONCEPT

The **development concept** includes the construction of the **Shangoni Gate** and the establishment of a **new tourism and economic development hub**.

Map 1: Proposed Shangoni Gate Project



The following tourism facilities are proposed for new tourism and economic hub:

Table 1: Proposed Tourism Facilities

Facility	Detail
Filling Station	Diesel, super and ordinary petrol; also a range of spares and repair facilities – especially punctures.
Quick shop	Convenience store offering refreshments, take-away snacks, ice, braai wood etc.
Toilets	A set of toilets attached to the filling station, the restaurant and the information centre.

Facility	Detail
Curios & Crafts	A building stocking a range of locally produced art and craft items. This shop would also stock a range of pickles, chutneys, jams, relishes and other preserves to be produced as 'home industries' in local villages.
Tourism Information office.	Small building to act as an internet café and where full information on tourism attractions and facilities can be obtained. It may also be linked to KNP reservation system.
Museum and Interpretation Centre	Linked to the Info Centre with simple displays covering the history, geology, archaeology and nature of the area. To be based around the Tsonga culture with the possibility of some interactive touch screen facilities providing information on local cultural & life-style activities etc.
Shangoni Management Unit Office / Reception	The Shangoni Management Unit will require a small office that is perhaps linked to a meeting room that will accommodate up to twenty people
Meeting & Training facilities	A room that could be sub-divided by soundproof partitions into two, three or four smaller rooms.
Offices	Possibly a suite of three or four offices that could be leased by local NGOs or rural development agencies etc.
Info-shop	A facility where a wide range of information would be available to local SMEs or entrepreneurs wishing to start some commercial activity. For example: how to raise chickens or make tomato relish or weave mats etc.
20 x Chalets	Twenty simple chalets with 2 beds, one bunk bed, shower, basin & toilet. Tea/coffee making facilities. Also a central lapa for braais and eating
Rustic Camp	Rustic camp (10 tents on platforms), camping / caravan park (20 sites) and a picnic site (20 thatched umbrellas with tables and benches to accommodate eight at each) to be built close to the Shingwedzi River inside the KNP. The camp includes a reception area / management offices.
Luxury Safari Camp	20 safari tents. The camp includes a reception area / management offices, kitchen facilities, dining and relaxation area etc.
Restaurant	Basic 'good food' from 0600 to 2000. Some Shangoni specialities will be devised.
Auditorium & Events Lapa	A circular performing area with tiered bench seating around three sides. The fourth side would consist of a backdrop screen, change rooms and toilets. This should be fairly close to the restaurant.
Adventure Centre & base for all guided tours and trails	An office with a fairly extensive storage area for quad bikes and mountain bikes etc. Also basic repair and servicing facilities.
General dealer	Mainly dry goods & foodstuffs that are in demand by local communities. However, fresh & frozen produce should also be available.
Liquor shop	Basic liquor supplies.
SAPS Satellite Centre	This is a desirable facility.

It is proposed that a 'Hub' be created at the point along the D3641 where the new road to Kruger National Park will start and where the existing road to Muyexe commences. The concept is to construct a large traffic roundabout where the four roads meet and with a variety of buildings around the outside of the circle.

The proposed Shangoni Tourism Hub will include the following new infrastructure:

- ✓ Improved road access from Malamulele up to the existing Shangoni staff gate (20 km);
- ✓ Improved road inside the Park (45 km);
- ✓ Road from Giyani to Altein to be fully tarred;
- ✓ Road from Malamulele to Altein to be fully tarred;
- ✓ New road to be built from the D3641 (Giyani to Altein road) to the KNP fence;

- ✓ Road to be built from the boundary fence, across the Shingwedzi River to a Reception office situated alongside the existing management road;
- ✓ Existing management road between Shangoni gate and the H1-6 (Shingwedzi/Mopani road) to be tarred.

METHODOLOGY

In the context of the project brief, market research was executed in terms of a **Socio-Economic Impact Modelling Framework.** The research brief, as outlined in preceding paragraphs, was addressed in terms of the following steps.

- ✓ Phase 1: Inception & Project Definition
- ✓ Phase 2: Base Profile & Trend Analysis
- ✓ Phase 3: Model Development & Impact Assessment
- ✓ Phase 4: Implications & Recommendations.

Phase 1: The **project inception** involved the refinement of the project brief. It is imperative that the socio-economic impact assessment to be performed is tailored according to the project's unique requirements.

Phase 2: Base Profile & Trend Analyses analysed development trends in terms of key indicators, including economic drivers, cyclical trends and volatility, utilize existing consumer data sets etc. The assessment included nodal development trends, including anticipated impact of turnkey **economic interventions**.

The outcome of this step included a status quo database on the various affected local economies, as well as pertinent land use and demographic / socio-economic indicators and profiles. These data sets provided vital base information for development of the Impact Model for the area.

Phase 3: Model Development and Impact Assessment developed and calibrated an econometric impact model and **simulate the economic and socio-economic effect of the proposed Shangoni Gate project** as described in the preceding step and quantified the multiple impacts of the project by means of a computerised economic simulation model based on the input-output technique. Impact indictors included *inter alia:*

- ✓ additional employment
- ✓ additional business sales
- ✓ additional economic production (GGP)
- ✓ additional property rates
- ✓ wider socio-economic benefits, etc.

The outcome of this step included a socio-economic impact assessment, articulating, *inter alia*, the multiplier effect of the proposed project respectively during the construction and operational phases.

Phase 4: **Implication and Recommendations** was made with regard to the proposed Shangoni Gate development.

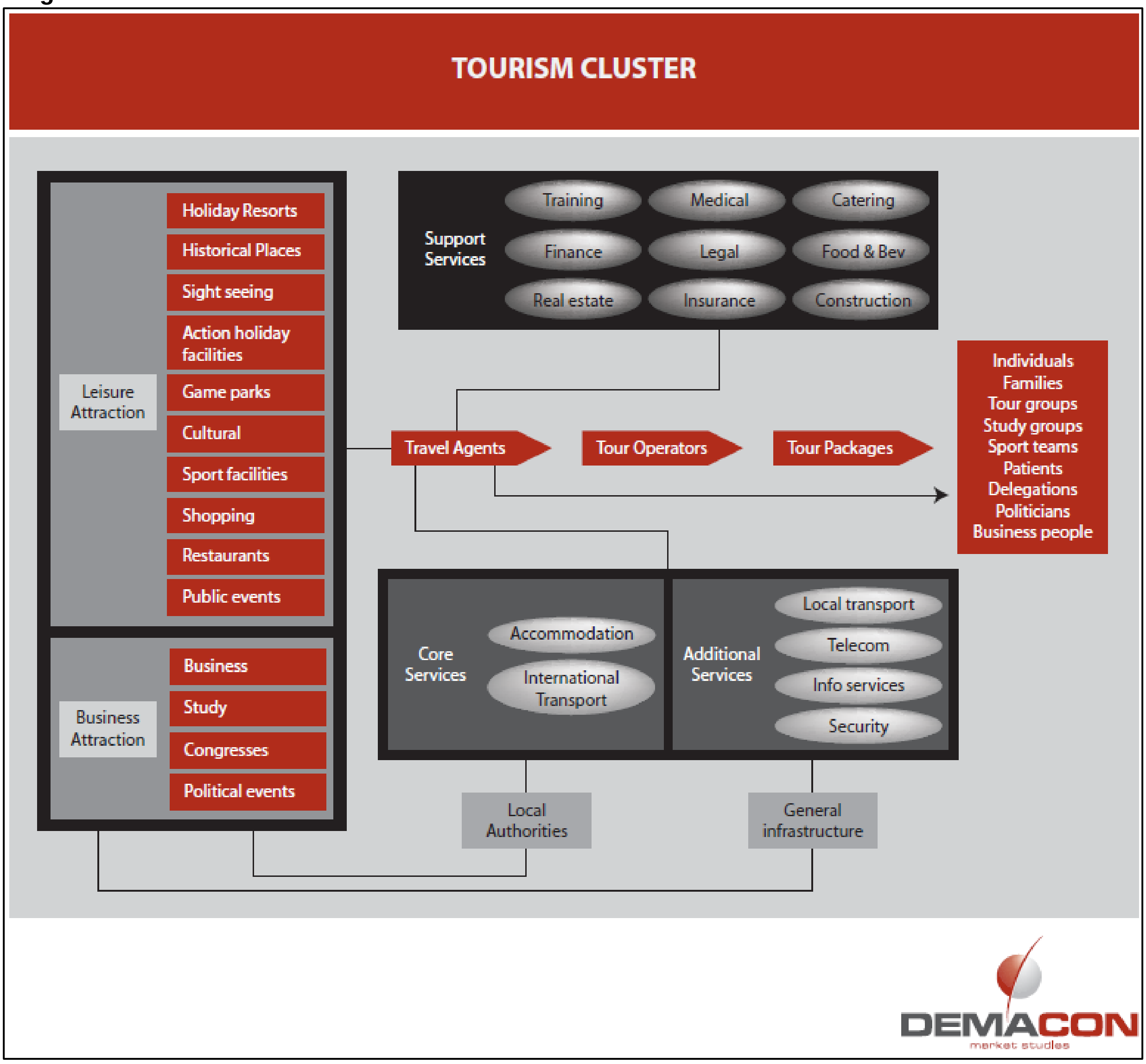
CONTEXTUAL OVERVIEW OF TOURISM

Tourism is an amalgam of visitors' consumption of goods and services which include transportation, **accommodation, food and beverage, recreation and entertainment**, travel and tour operations, and souvenirs. It is envisaged that tourism is becoming a global pillar of productive and sustainable source of national revenue, decent employment and poverty reduction globally.

Tourism is a quaternary economic activity, thus it cannot be defined as an individual economic sector because the activities that make up tourism are spread and embedded across a range of other definable economic sectors, mainly catering and accommodation.

Diagram 1 gives a **consolidated conceptualisation of tourism**. Leisure is shown to involve "feel good" activities such as historical places, natural wonders, game viewing etc, while business tourism includes purpose driven activities such as conferences, political events, business and study among others. The figure outlines the core services involved, e.g. accommodation and transport, as well as some of the most important support services such as food and beverages, finance, catering, etc. that are required to make tourism tick. Some of the services are to be provided by individual business e.g. accommodation and catering, while some such as sewerage and accessibility infrastructure are offered as general infrastructure by local authorities.

Diagram 1: Tourism cluster



Source: Demacon, 2016

The region is renowned for its abundance of wildlife (including the 'Big Five'), craggy mountains, man-made and indigenous forests, trout streams and cascading waterfalls. The region provides easy access to the northern section of the Kruger Park. Including towns such as Phalaborwa, Tzaneen, Modjadjikloof and Giyani, the area also boasts a plethora of historical, cultural and ethnic attractions. The contrasts in climate, scenery and landscape within this region are striking and dramatic.

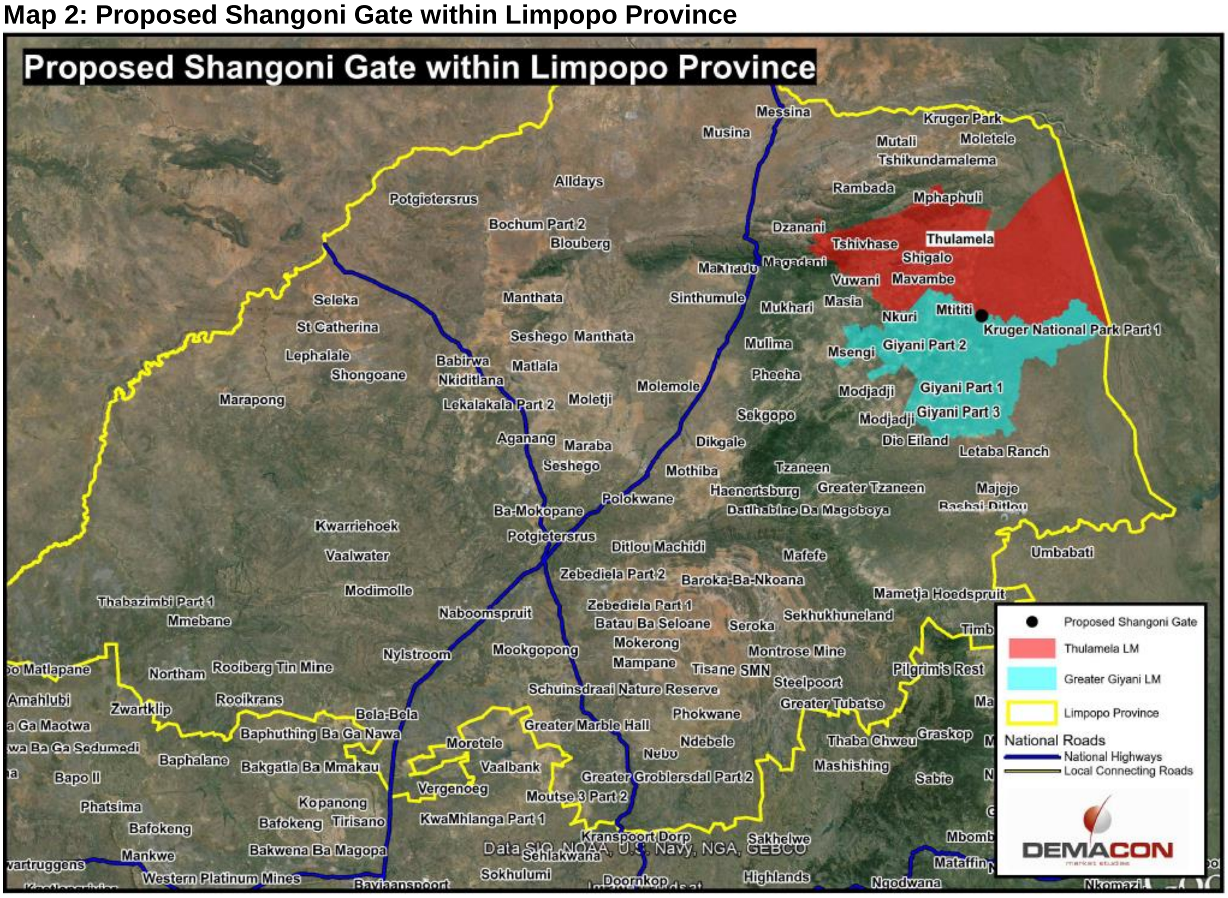
The tourism industry in the area has a rich offering of landscape, biological and cultural features with a potential to develop a high quality tourism product for a variety of markets. The local SDF's also notes that the area is favourably located in relation to Gauteng which makes it an ideal area for weekend and short holiday breakaways.

Tourism is an important activity in Limpopo and particularly in the Vhembe / Mopani Districts. This is a **popular destination** for both **foreign and domestic tourists**. According to the local SDF rapid growth is expected in the tourism sector of the Province and District. This is mainly because of the **growing annual flow of tourists to Limpopo** who regard the **Kruger National Park as a popular tourism destination.**

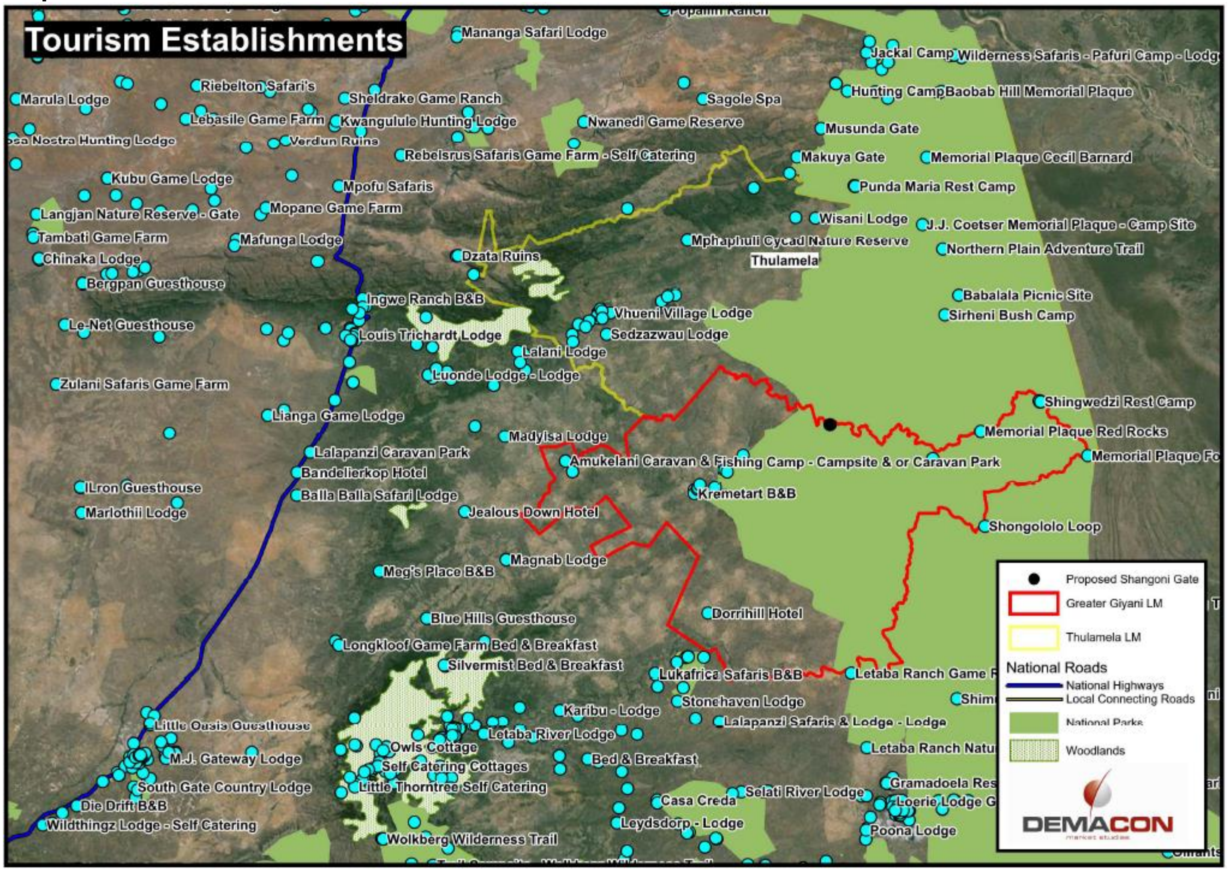
The local area is characterised as the gateway to the Kruger National Park which is the second largest of its kind in the world. The local area has a large biological diversity of flora and fauna; this rich biodiversity can be attributed to its biogeographically location and diverse topography.

Tourism activities are well established in the larger area. These include game farms, private resorts, eco-estates, lodges, 4x4 trails, hiking trails, etc. A **large part of tourism constitutes the local economy** and serves as an **important employer of the local population,** although these contributions are not quantified in the SDF. Key attractions include the Nandoni Dam, Mukumbane and Phiphidi waterfalls and the Kruger National Park. The Kruger National Park is regarded as one of South Africa's most popular destinations, with visitor numbers rising by more than 100 000 in the past year. The Department of Environmental Affairs announced in a statement that both local and international visitor numbers have grown, with a particular spike in visitors from the Southern African Development Community (SADC) region.

Map 2: Proposed Shangoni Gate within Limpopo Province



Map 3: Tourism Establishments



Kruger National Park Tourism Trends

The **number of vehicles and tourists entering the park at specific gates** was obtained from the **SANParks central database at the Pretoria headquarters.**
A total number of 1 659 793 guests passed through Kruger's gates in the 2015 financial year, compared to 1 556 916 the previous financial year, SANParks and the Department of Environmental Affairs said.

Of this number **1 277 397 were day visitors and 382 396 were overnight guests**. Between the 2012/2013 and 2014/15 financial years, the number of day visitors entering the Kruger National Park grew by an additional 239 817.

Day visitor volumes picked up noticeably in December, with 148 138 entering the park. The majority of SADC visitors entered from the Punda Maria Gate (10 378) and the majority of 'other international' visitors entered from the Phabeni Gate (76 920).

Of the 25 SANParks operated camping facilities inside the park, the majority overnighted at the popular Skukuza camp.

Map 4: Kruger National Park Entrance Gates & Main Camps

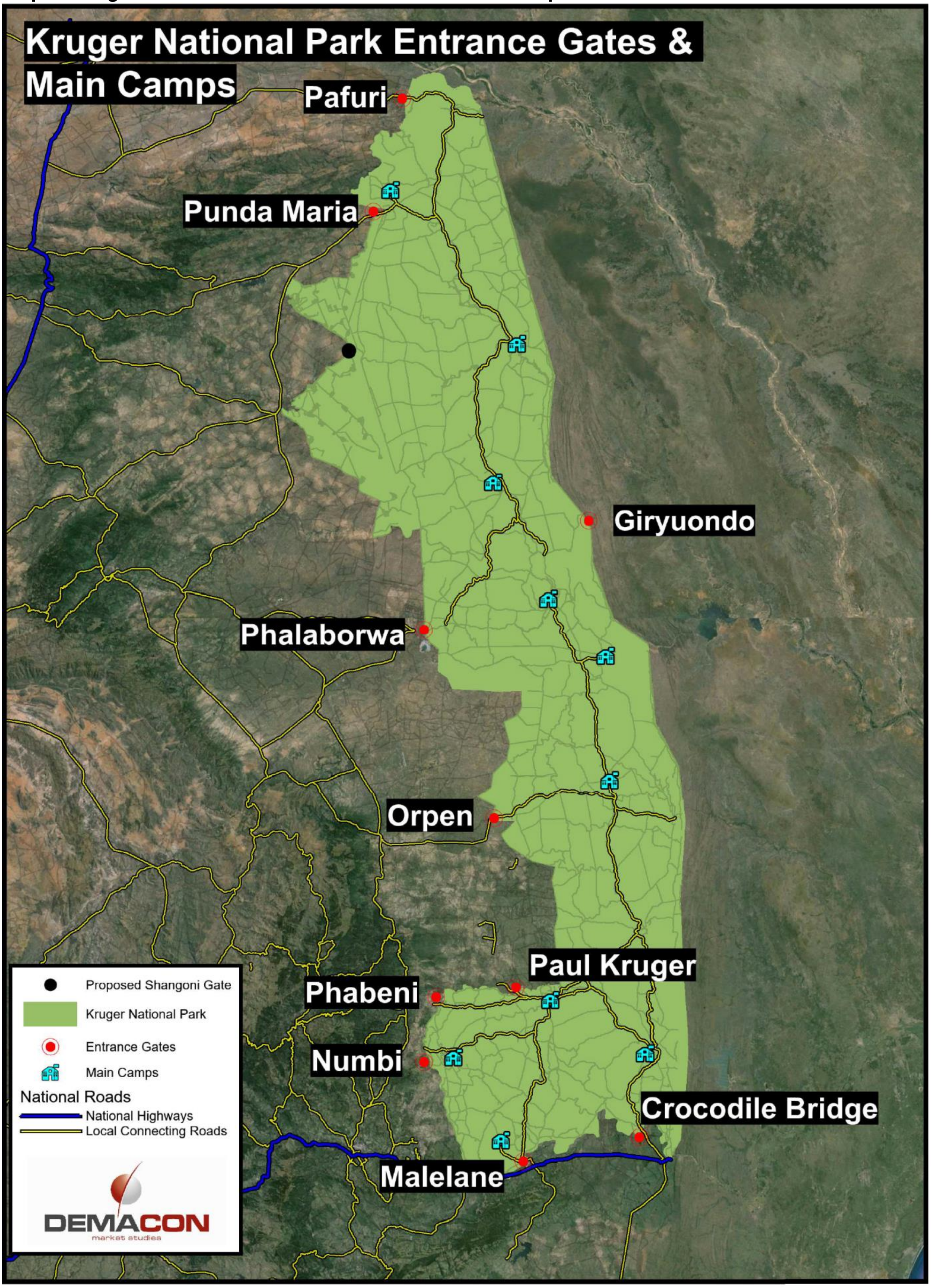
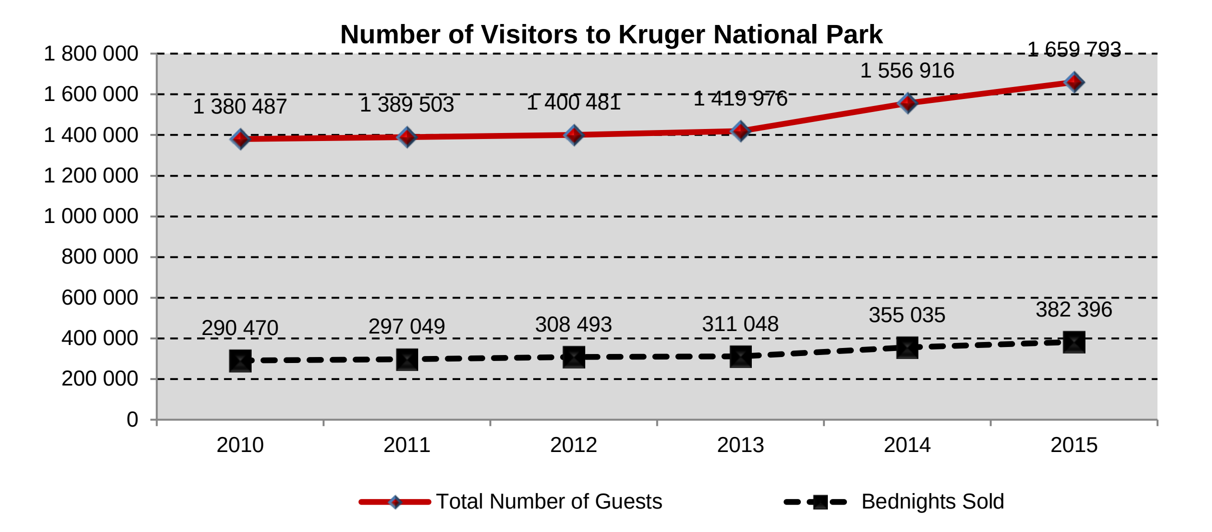


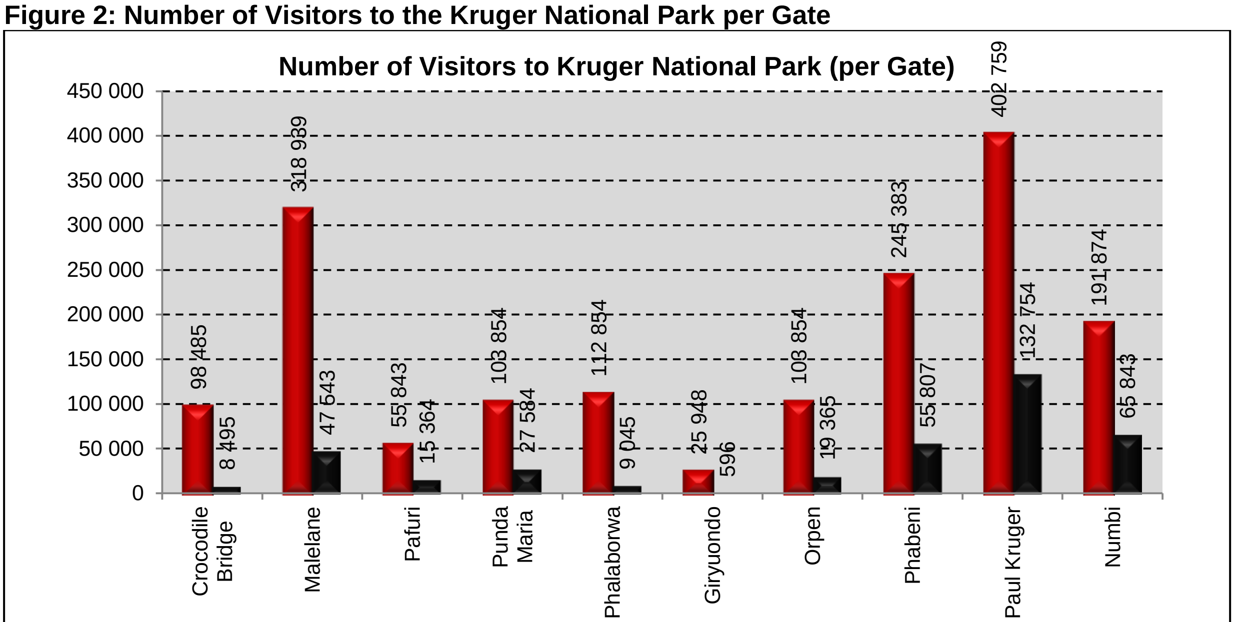
Figure 1: Number of Visitors to the Kruger National Park



Source: Demacon Ex. SANParks, 2016

As far as the number of visitors entering the Kruger Park either as day visitors or for overnight stays at respective gates, the following information is available:

Figure 2: Number of Visitors to the Kruger National Park per Gate



Source: Demacon Ex. SANParks, 2016

Table 2: Total Number of Guests per Gate (Annual)

Name	Total Number of Guests	Overnight Guests
Crocodile Bridge	98 485	8 495
Malelane	318 939	47 543
Pafuri	55 843	15 364
Punda Maria	103 854	27 584
Phalaborwa	112 854	9 045
Giryuondo	25 948	596
Orpen	103 854	19 365
Phabeni	245 383	55 807
Paul Kruger	402 759	132 754
Numbi	191 874	65 843

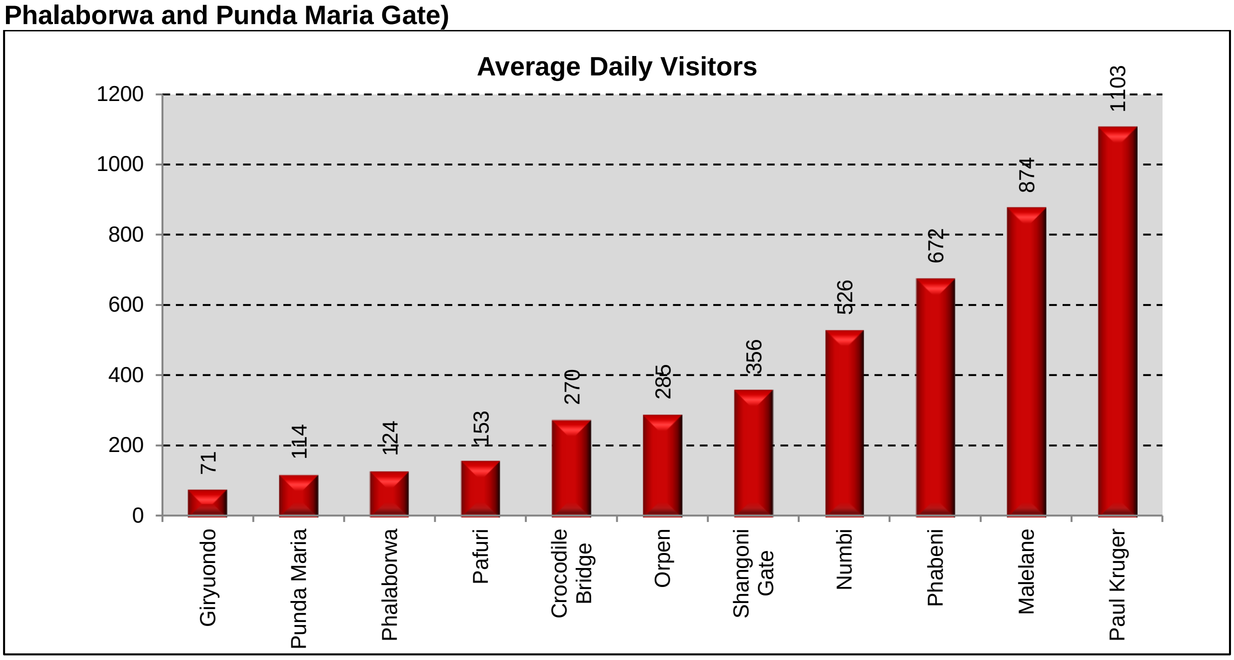
Name	Total Number of Guests	Overnight Guests
Total	**1 659 793**	**382 396**

Source: Demacon Ex. SANParks, 2016

Based on the current day visitor figures into the Punda Maria gate of 285 average per day and the Phalaborwa gate of 310 average per day, it can be assumed that up to 60% of this number could be attracted as day visitors through the proposed Shangoni Gate.

In terms of the above assumption, the proposed Shangoni Gate could attract approximately 356 daily visitors.

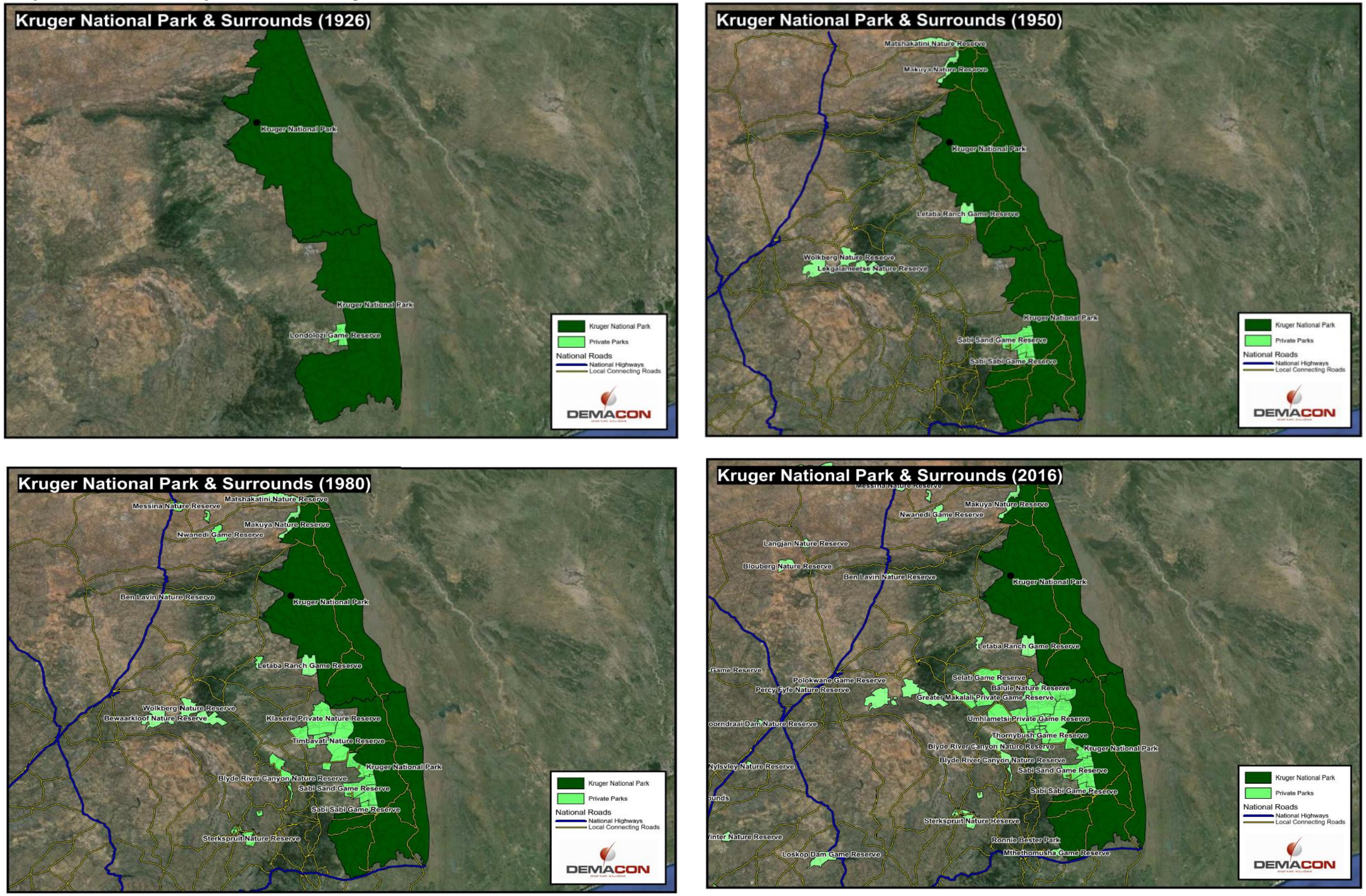
Figure 3: Average Number of Daily Visitors per Gate (assuming 60% of daily visitors from Phalaborwa and Punda Maria Gate)



Source: Demacon Ex. SANParks, 2016

In conclusion, the Kruger National Park, which spans 2 different provinces, contributes significantly towards economic activity in the region, and has shown appreciable growth (in foot print, value ad and employment) and holds tremendous future growth potential. The symbiotic relationship between private and public capital in the greater Kruger conservancy (defined as the Kruger National Park and adjoining private game farms and lodges) continues to grow and strengthen – as is evident from *inter alia* the growing geographic footprint of the area over the past 8-10 decades.

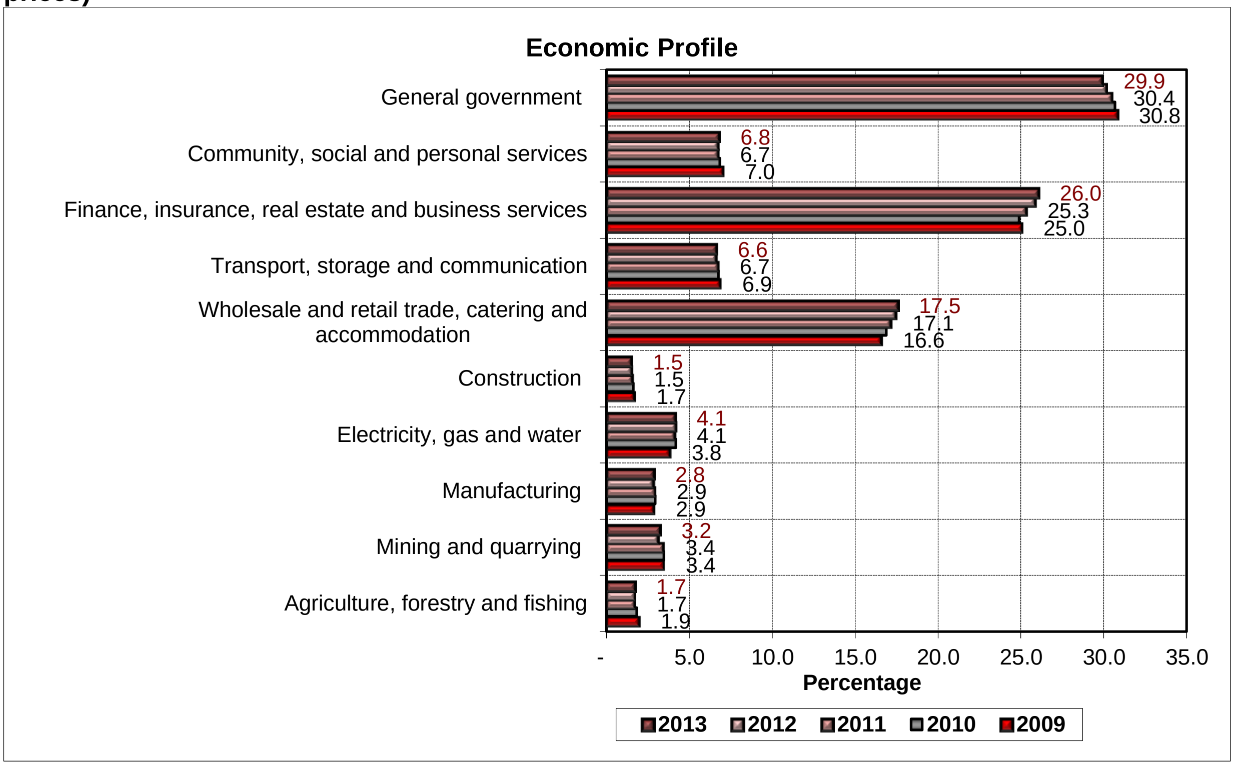
Map 5: Estimated Expansion of Kruger National Park and Surrounds, 1926 to date



ECONOMIC OVERVIEW

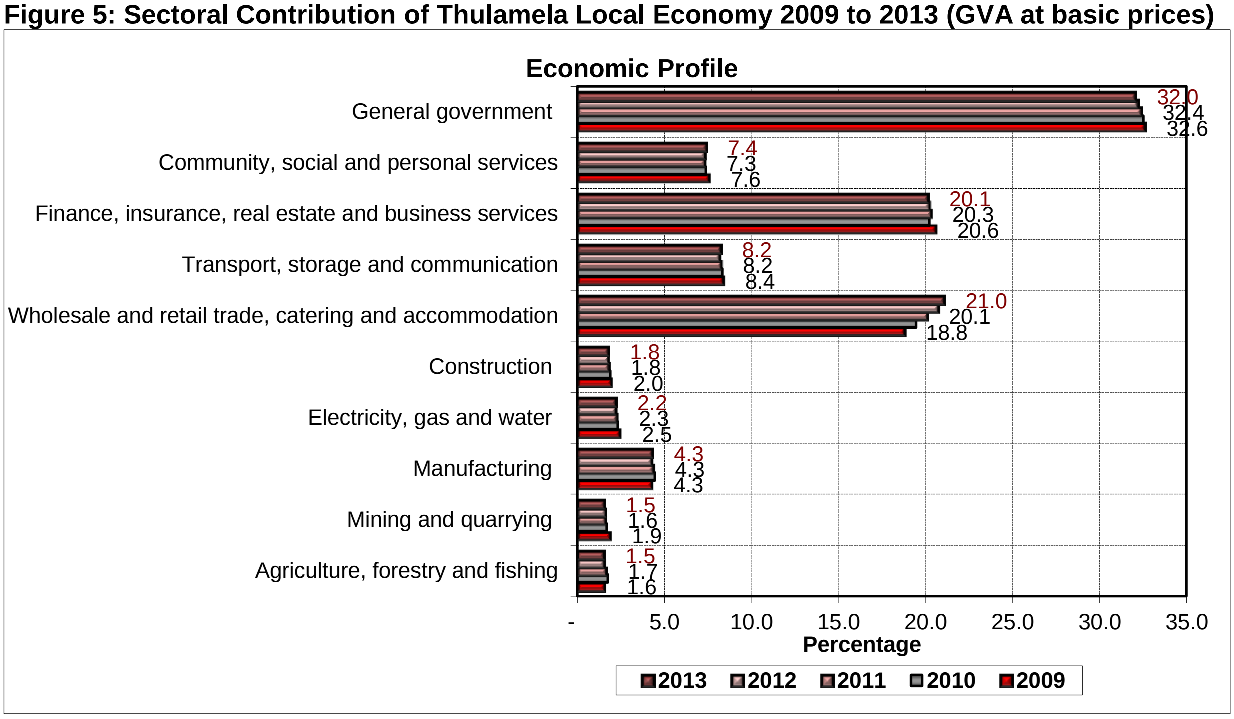
As tourism is not a quantifiable economic sector, estimates are provided based on the sectoral classification of the activities that constitute 'tourism' in terms of the classic economic sectors and sub-sectors. Calculations are made to quantify the magnitude of tourism activity (GVA) in the greater Kruger National conservancy – a cross-border phenomenon.

Figure 4: Sectoral Contribution of Greater Giyani Local Economy 2009 to 2013 (GVA at basic prices)



Source: Demacon Ex. Stats SA, 2016

Figure 5: Sectoral Contribution of Thulamela Local Economy 2009 to 2013 (GVA at basic prices)



Source: Demacon Ex. Stats SA, 2016

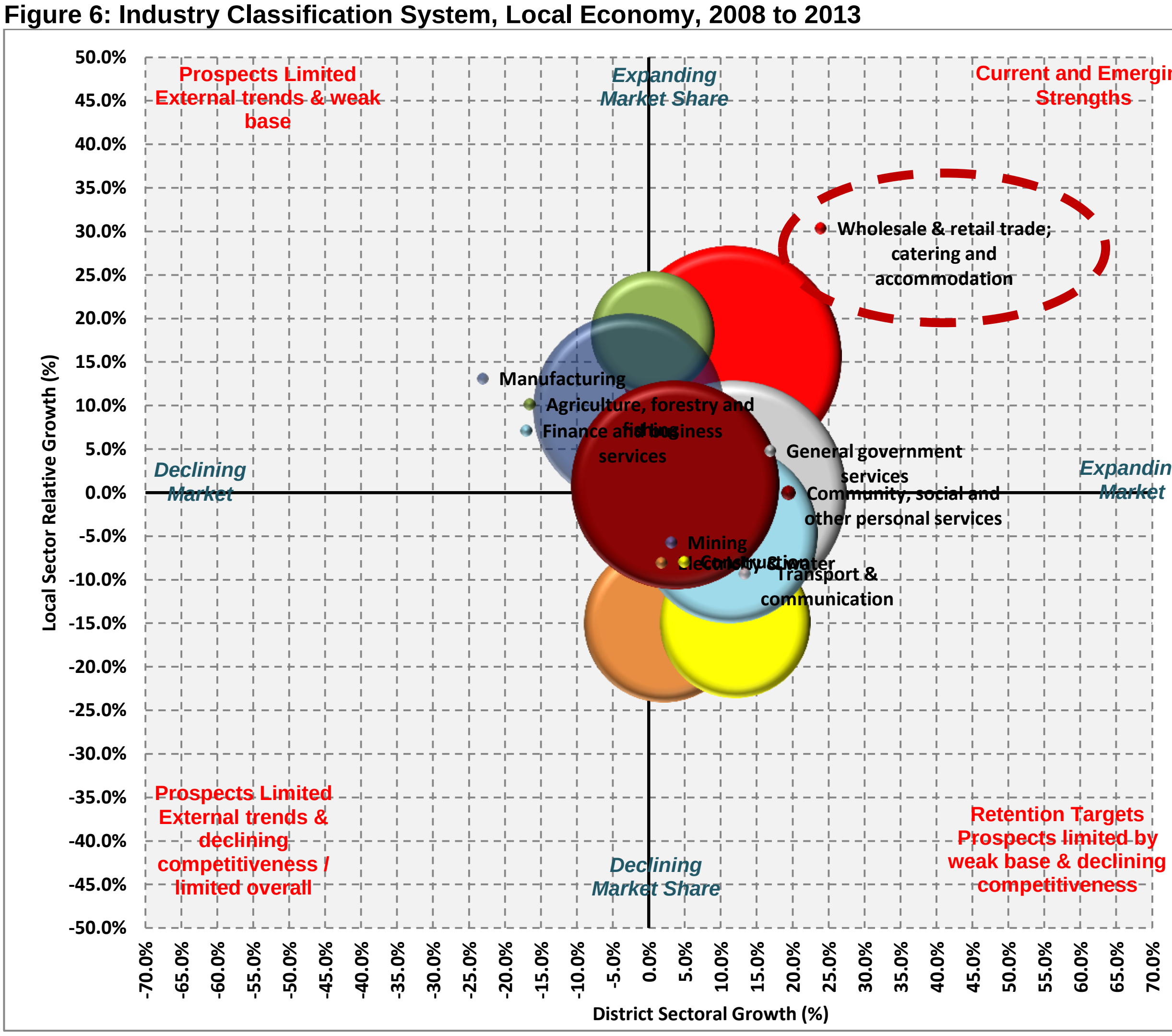
Due to location of the proposed Shangoni Tourism Hub, economic activity will in all probability occur in proportion to the immediate surrounding local municipalities.

On a pure monetary basis, the tourism sector appears dominant in terms of economic production (value ad), contributing 50.5% and 28.9% respectively towards district municipal geographic value add

These above figures belie not only the geographic significance of tourism and related activities, but also the regional or cross-border significance of the greater Kruger National Park conservancy and adjacent private game reserves and lodges.

The **tourism geographic value ad of the Local Municipalities is estimated at R3.0b (2013)**. It is estimated that 70% of tourism establishments are located in and around the greater Kruger National Park conservancy. On account of this, 70% of tourism GVA in the local area can be attributed to the greater Kruger National Park conservancy.

Figure 6: Industry Classification System, Local Economy, 2008 to 2013



Source: Demacon, 2016

The tourism sector GVA illustrates this sector as a **'driving force' which holds competitive advantages** for the provincial economy. The tourism sector certainly appears **proportionally dominant in terms of economic data**, a phenomenon which is visible in district and municipal level spatial development frameworks. Tourism is generally considered a sustainable economic activity, tourism multipliers (i.e. not only the direct investment values, but the downstream indirect and induced benefits) tend to be high and sustained. The tourism sector footprint has increased exponentially over the past eight to nine decades.

Table 3: Summary of Sector Competitive Analysis

	Location Quotient	Local Sector Regional Growth	Carvalho Classification	Industry Targeting
PA: Agriculture, forestry and fishing [SIC: 1]	0.48	Leading	Moderate	Emerging Strength
PB: Mining and quarrying [SIC: 2]	0.07	Lagging	Marginal	Prospects limited by weak base and declining competitiveness
SC: Manufacturing [SIC: 3]	1.16	Leading	Transitional	Prospects limited by external trends
SD: Electricity, gas and water [SIC: 4]	0.80	Lagging	Yielding	High priority retention target
SE: Construction [SIC: 5]	0.72	Lagging	Modest	Prospects limited by weak base and declining competitiveness
TF: Wholesale and retail trade, catering and accommodation [SIC: 6]	**1.57**	**Leading**	**Driving**	**Current Strength**
TF16: Wholesale and retail trade [SIC: 61-62]	**1.58**	**Leading**	**Driving**	**Current Strength**
TF17: Catering and accommodation services [SIC: 63]	**1.40**	**Leading**	**Driving**	**Current Strength**
TG: Transport, storage and communication [SIC: 7]	0.83	Lagging	Vulnerable	High priority retention target
TH: Finance, insurance, real estate and business services [SIC: 8]	1.00	Lagging	Yielding	High priority retention target
TI: Community, social and personal services [SIC: 92, 95-6, 99, 0]	1.35	Leading	Evolving	Current Strength
TJ: General government [SIC: 91, 94]	1.62	Leading	Driving	Current Strength

Source: Demacon, 2016

ECONOMIC IMPACT ASSESSMENT

Shangoni Gate Tourism Hub Development Concept

Table 4 summarises the development concept that is associated with the proposed Shangoni Gate Tourism Hub development, serving as basis for the quantitative assessment of the economic and socio-economic impacts of the proposed project.

Table 4: Shangoni Gate Tourism Hub Development Concept

Land Use	Proposed Size
Chalets	20 units
Luxury Safari Camp - 20 safari tents. The camp includes a reception area / management offices, kitchen facilities, dining and relaxation area etc.	20 units
Rustic Safari Camp - Rustic camp (tents on platforms), camping / caravan park and a picnic site (20 thatched umbrellas with tables and benches to accommodate eight at each) to be built close to the Shingwedzi River inside the KNP. The camp includes a reception area / management offices.	20 units
General Dealer & Liquor Store	750m²
Filling Station	250m²
Restaurant	250m²
Offices for Adventure Equipment	9m²

Land Use	Proposed Size
Dining Lapa	130m²
Braai Pits	10m²
Swimming Pool	6m
Toilet Block	48m²
Management Office / Reception Area	48m²
Curios & Crafts	70m²
Museum & Interpretation Centre	80m²
Meeting & Training Rooms	148m²
Offices to Lease	4 units
Info Shop	88m²
Auditorium & Events Lapa	68m²
Staff Housing	6 units
SA Police Satellite Centre	128m²
Public Infrastructure	

Source: Demacon Estimates, 2016

CONSTRUCTION PHASE IMPACTS

Table 5: Economic Impact of Proposed Shangoni Gate Tourism Hub Development– Construction Phase

VARIABLE	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT
Additional Business Sales	65 112 000	6 106 000	14 938 000	86 156 000
Additional GGP	14 749 000	2 328 000	2 333 000	19 410 000
Additional Employment	160	10	24	194

VARIABLE	CAPITAL EXPENDITURE	TOTAL IMPACT
Additional Business Sales	±R43.8 Million	R86.1 million
Additional GGP		R19.4 million
Additional Employment		194 jobs

The envisaged total investment in construction costs of approximately R43.8 million, could create an additional R86.1 million in new business sales, R19.4 million in additional GGP, as well as an additional 194 once-off employment opportunities. Total impact includes direct, indirect as well as induced effects. The road construction activities (set to link Shangoni to Giyani and Malamulel) will create construction benefits over and above the construction phase impacts.

The following section provides an overview of the anticipated economic impact of the proposed Shangoni Gate Tourism Hub Development, during its operational phase (at maturity).

OPERATIONAL PHASE IMPACTS

Table 6: Economic Impact of Proposed Shangoni Gate Tourism Hub Development – Operational Phase

VARIABLE	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT
Additional Business Sales	**19 587 000**	**2 024 000**	**6 934 000**	**28 545 000**
Additional GGP	**8 487 000**	**888 000**	**1 053 000**	**10 428 000**
Additional Employment	**23**	**7**	**8**	**38**

VARIABLE	OPERATIONAL EXPENDITURE	TOTAL IMPACT
Additional Business Sales	±R14.2 million	R28.5 million
Additional GGP		R10.4 million
Additional Employment		38 jobs

The estimated total annual operational expenditure of approximately R14.2 million, could create an additional R28.5 million in new business sales, R10.4 million in additional GGP, as well as 38 sustained employment opportunities *(at project maturity).* Total impact includes direct, indirect as well as induced effects.

If the **proposed Shangoni Gate Tourism Hub Development were not to occur**, the **above benefits** in terms of additional business sales, GGP, employment, as well as rates and taxes payable to the local fiscus, would be **lost to the local, district and provincial economies.**

QUALITATIVE IMPACT ASSESSMENT

The evaluation of impacts is conducted in terms of the criteria detailed in Table 7 to 13. The various environmental impacts and benefits of this project will be discussed in terms of the status, extent, duration, probability, and magnitude of the impact. Finally an accumulative impact and significance rating is applied to rate each identified impact in terms of its overall magnitude and significance (Table 13).

In order to adequately assess and evaluate the impacts and benefits associated with the project it was necessary to develop a methodology that would scientifically achieve this and to reduce the subjectivity involved in making such evaluations. For informed decision making it is necessary to assess all legal requirements and clearly defined criteria in order to accurately determine the significance of the predicted impact or benefit on the surrounding natural and social environment.

The nature or status of the impact is determined by the conditions of the environment prior to construction and operation. A discussion on the status of the impact will include a description of what causes the effect, what will be affected and how it will be affected. The status of the impact can be described as negative, positive or neutral.

Table 7: Status of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
Positive	A benefit to the environment.	+
Neutral	No cost or benefit to the environment.	N
Negative	A cost to the environment.	-

Table 8: Extent of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
Low	Site Specific; Occurs within the site boundary.	1
Medium - Low	Local; Extends beyond the site boundary; extending only as far as local community or urban area	2
Medium	Provincial / Regional; Extends far beyond the site boundary; Widespread effect	3
Medium - High	National i.e. South Africa	4
Very High	Across International Borders	5

The duration of the impact refers to the time scale of the impact or benefit.

Table 9: Duration of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
Low	Immediate (less than a year)	1
Medium - Low	Short term (1-5 years)	2
Medium	Medium term (6-15 years)	3
Medium - High	Long term (the impact will cease after the operational life of the project)	4
High	Permanent (no mitigation measures of natural process will reduce the impact after construction)	5

The magnitude or severity of the impact is indicated.

Table 10: Magnitude of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
None	Where the aspect will have no impact on the environment	0
Minor	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes are not affected	1
Low	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes are slightly affected	2
Moderate	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes continue albeit in a modified way	3
High	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes are altered to the extent that it will temporarily cease	4
Very high / don't know	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes are altered to the extent that it will permanently cease	5

The probability of the impact describes the likelihood of the impact actually occurring.

Table 11: Probability of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
None	Impact will not occur	0
Improbable	The possibility of the impact materialising is very low as a result of design, historic experience or implementation of adequate mitigation measures	1
Low Probability	There is a possibility that the impact will occur	2
Medium Probable	The impact may occur	3
Highly Probable	It is expected that the impact will occur; Chance of occurrence.	4
Definite	Impact will occur regardless of any prevention measures	5

The impact of the development is considered together with additional developments of the same or similar nature and magnitude.

Table 12: Cumulative Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
Negligible	The net effect is the same as the single development	1
Marginal	The impact of two developments of a similar nature is less than twice the impact of a single development. This implies it is better to place the two developments in the same environment rather than in separate environments.	2
Compounding	The impact of two developments is more than twice the impact of two single developments. This implies that it is better to split the two developments into separate environments	3

The impact magnitude and significance rating is utilised to rate each identified impact in terms of its overall magnitude and significance.

Table 13: Impact Significance Rating

IMPACT	RATING	DESCRIPTION	QUANTITATIVE RATING
Negligible	No Impact	The impact has no impact or the impact is unknown	0
Negative / Positive	Low	The impact does not have a direct influence on the decision to develop the area	Up to 15
	Low-Medium	The impact has an influence but the impact can be mitigated	16 - 30
	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated	31 - 45
	Medium-High	The impact will have a direct influence on the decision to develop but there are means of mitigating the impact although these may be difficult as well as expensive	46 – 60
	High	Where the impact must have an influence on the decision to proceed to develop in the area	Above 60

Table 14 summarises the findings of the qualitative impact assessment for the Shangoni Gate Tourism Hub.

Table 14: Impact Table – Shangoni Tourism Hub

THEME	SPECIFIC IMPACT	STATUS OF IMPACT	IMPACT SIGNIFICANCE PRIOR TO MITIGATION					DESCRIPTION & MITIGATION MEASURES	IMPACT SIGNIFICANCE POST MITIGATION
			EXTENT	DURATION	MAGNITUDE	PROBABILITY	SIGNIFICANCE		
PRE-CONSTRUCTION (Planning and Site Establishment)									
Shangoni Tourism Hub	Employment	+	2	2	2	4	20 (low-moderate)	• Due to low personal income and a lack in housing supply, squatting might increase near the proposed gate due to the perception of work. Demand for subsidy and low cost rentals is expected to increase within the local economy • Construction activity is dominated by semi-and unskilled labour. The education level in the study area illustrate that there is abundant supply in semi-and unskilled employment. Local employment should as far possible be used for construction	Low – Moderate
	Production	+	2	2	3	5	16 (low-moderate)	• The economic value of the gate construction is a temporary injection of economic activity in the construction sector • Demand for goods and services that forms part of the construction process would increase (locally and regionally, depending on the suppliers) • Goods and services should as far possible be procured locally	Moderate
CONSTRUCTION PHASE									
Shangoni Tourism Hub	Employment	+	3	2	2	5	40 (Moderate)	• During the construction period of the gate, new employment opportunities are created. • The local workforce should be employed as far possible • Construction activity will create new employment opportunities, albeit in the short term, within the local	Moderate-High

THEME	SPECIFIC IMPACT	STATUS OF IMPACT	IMPACT SIGNIFICANCE PRIOR TO MITIGATION					DESCRIPTION & MITIGATION MEASURES	IMPACT SIGNIFICANCE POST MITIGATION
			EXTENT	DURATION	MAGNITUDE	PROBABILITY	SIGNIFICANCE		
								economy	
	Production	+	3	2	3	5	30 (Low-moderate)	• The economic value of the gate construction is a temporary injection of economic activity in the construction sector • Demand for goods and services that forms part of the construction process would increase (locally and regionally, depending on the suppliers) • Goods and services should as far possible be procured locally	Moderate-High
OPERATIONAL PHASE									
Shangoni Tourism Hub	Employment	+	2	5	2	4	10 (Low)	• The development of the Shangoni Gate Tourism Hub will created a limited number of localised jobs	Moderate-High
	Production	+	3	5	2	4	10 (Low)	• GVA impact will be low to moderate	Low to Moderate

Source: Demacon, 2016

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

Chapter one provides an introduction and concise roadmap of the ***proposed Shangoni Gate Project.*** The chapter also provides concise background to the project, a study area description as well as a report outline.

1.2 PROJECT BRIEF

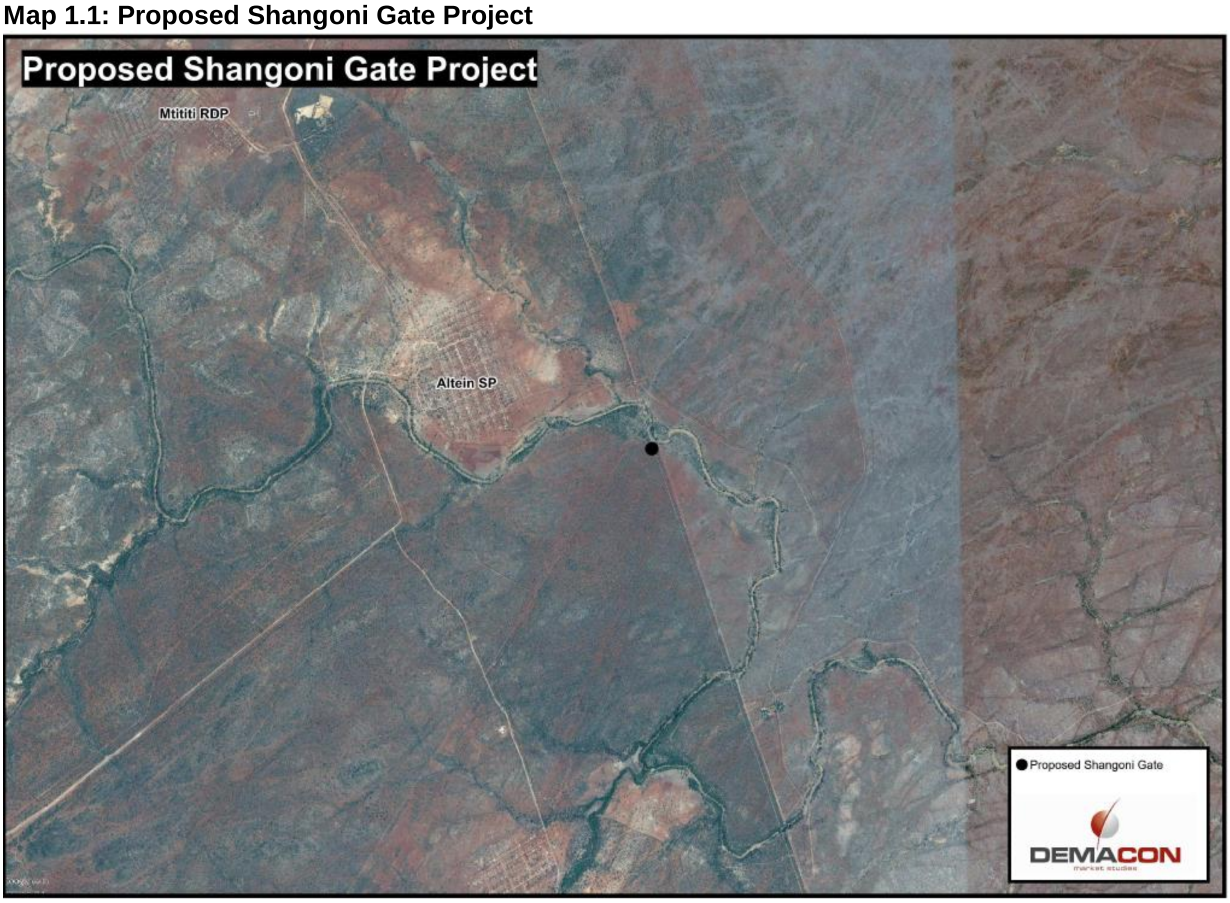
Demacon Market Studies were commissioned by **Envirolution Consulting** to perform a **socio-economic impact assessment** pertaining to the proposed **Shangoni Gate Project,** which will not only be a new gate into the Kruger National Park, but also a new tourism destination and economic development hub.

It is our understanding that Socio-Economic Impact Assessment is required to inform strategic planning and investment decisions regarding the **proposed Shangoni Gate Project.**

1.3 DEVELOPMENT CONCEPT

The **development concept** includes the construction of the **Shangoni Gate** and the establishment of a **new tourism and economic development hub**.

Map 1.1: Proposed Shangoni Gate Project



The following tourism facilities are proposed for new tourism and economic hub:

Table 1.1: Proposed Tourism Facilities

Facility	Detail
Filling Station	Diesel, super and ordinary petrol; also a range of spares and repair facilities – especially punctures.
Quick shop	Convenience store offering refreshments, take-away snacks, ice, braai wood etc.
Toilets	A set of toilets attached to the filling station, the restaurant and the information centre.
Curios & Crafts	A building stocking a range of locally produced art and craft items. This shop would also stock a range of pickles, chutneys, jams, relishes and other preserves to be produced as 'home industries' in local villages.
Tourism Information office.	Small building to act as an internet café and where full information on tourism attractions and facilities can be obtained. It may also be linked to KNP reservation system.
Museum and Interpretation Centre	Linked to the Info Centre with simple displays covering the history, geology, archaeology and nature of the area. To be based around the Tsonga culture with the possibility of some interactive touch screen facilities providing information on local cultural & life-style activities etc.
Shangoni Management Unit Office / Reception	The Shangoni Management Unit will require a small office that is perhaps linked to a meeting room that will accommodate up to twenty people
Meeting & Training facilities	A room that could be sub-divided by soundproof partitions into two, three or four smaller rooms.
Offices	Possibly a suite of three or four offices that could be leased by local NGOs or rural development agencies etc.
Info-shop	A facility where a wide range of information would be available to local SMEs or entrepreneurs wishing to start some commercial activity. For example: how to raise chickens or make tomato relish or weave mats etc.
20 x Chalets	Twenty simple chalets with 2 beds, one bunk bed, shower, basin & toilet. Tea/coffee making facilities. Also a central lapa for braais and eating
Rustic Camp	Rustic camp (10 tents on platforms), camping / caravan park (20 sites) and a picnic site (20 thatched umbrellas with tables and benches to accommodate eight at each) to be built close to the Shingwedzi River inside the KNP. The camp includes a reception area / management offices.
Luxury Safari Camp	20 safari tents. The camp includes a reception area / management offices, kitchen facilities, dining and relaxation area etc.
Restaurant	Basic 'good food' from 0600 to 2000. Some Shangoni specialities will be devised.
Auditorium & Events Lapa	A circular performing area with tiered bench seating around three sides. The fourth side would consist of a backdrop screen, change rooms and toilets. This should be fairly close to the restaurant.
Adventure Centre & base for all guided tours and trails	An office with a fairly extensive storage area for quad bikes and mountain bikes etc. Also basic repair and servicing facilities.
General dealer	Mainly dry goods & foodstuffs that are in demand by local communities. However, fresh & frozen produce should also be available.
Liquor shop	Basic liquor supplies.
SAPS Satellite Centre	This is a desirable facility.

It is proposed that a 'Hub' be created at the point along the D3641 where the new road to Kruger National Park will start and where the existing road to Muyexe commences. The concept is to construct a large traffic roundabout where the four roads meet and with a variety of buildings around the outside of the circle.

The proposed Shangoni Tourism Hub will include the following new infrastructure:

- ✓ Improved road access from Malamulele up to the existing Shangoni staff gate (20 km);
- ✓ Improved road inside the Park (45 km);
- ✓ Road from Giyani to Altein to be fully tarred;
- ✓ Road from Malamulele to Altein to be fully tarred;
- ✓ New road to be built from the D3641 (Giyani to Altein road) to the KNP fence;
- ✓ Road to be built from the boundary fence, across the Shingwedzi River to a Reception office situated alongside the existing management road;
- ✓ Existing management road between Shangoni gate and the H1-6 (Shingwedzi/Mopani road) to be tarred.

1.4 METHODOLOGY

In the context of the project brief, market research will be executed in terms of a **Socio-Economic Impact Modelling Framework.** The research brief, as outlined in preceding paragraphs, will be addressed in terms of the following steps.

- ✓ Phase 1: Inception & Project Definition
- ✓ Phase 2: Base Profile & Trend Analysis
- ✓ Phase 3: Model Development & Impact Assessment
- ✓ Phase 4: Implications & Recommendations.

Phase 1: The **project inception** involves the refinement of the project brief. It is imperative that the socio-economic impact assessment to be performed is tailored according to the project's unique requirements.

Phase 2: Base Profile & Trend Analyses analyse development trends in terms of key indicators, including economic drivers, cyclical trends and volatility, utilize existing consumer data sets etc. The assessment includes nodal development trends, including anticipated impact of turnkey **economic interventions**.

The outcome of this step will include a status quo database on the various affected local economies, as well as pertinent land use and demographic / socio-economic indicators and profiles. These data sets will provide vital base information for development of the Impact Model for the area.

Phase 3: Model Development and Impact Assessment developed and calibrated an econometric impact model and **simulate the economic and socio-economic effect of the proposed Shangoni Gate project** as described in the preceding step and quantified the multiple impacts of the project by means of a computerised economic simulation model based on the input-output technique. Impact indictors included *inter alia:*

- ✓ additional employment
- ✓ additional business sales
- ✓ additional economic production (GGP)
- ✓ additional property rates
- ✓ wider socio-economic benefits, etc.

The outcome of this step included a socio-economic impact assessment, articulating, *inter alia*, the multiplier effect of the proposed project respectively during the construction and operational phases.

Phase 4: **Implication and Recommendations** will be made with regard to the proposed Shangoni Gate development.

Demacon's approach is purely market based and we will apply our extensive involvement as well as recent research and market intelligence on the subject matter to complement the market study.

1.5 REPORT OUTLINE

The remainder of the report is structured in terms of the following main chapters:

Chapter 2: Contextual Overview of Tourism
Chapter 3: Economic Market Overview
Chapter 4: Demographic Market Overview
Chapter 5: Economic Impact Assessment
Chapter 6: Qualitative Impact Assessment
Chapter 7: Development Recommendations.

The following Chapter provides a contextual overview of tourism on a provincial, district, local and site specific level.

CHAPTER 2: CONTEXTUAL OVERVIEW OF TOURISM

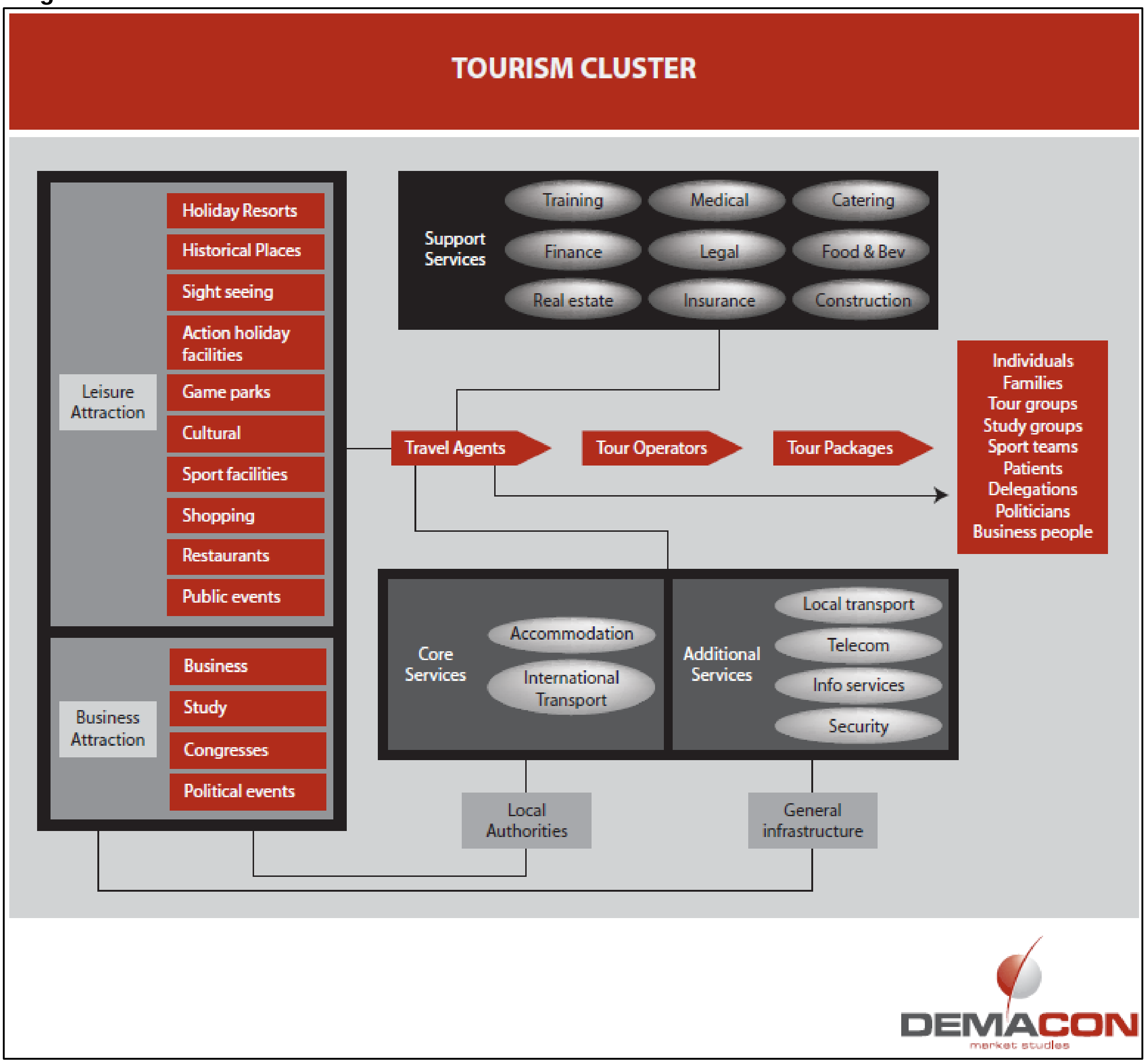
2.1 INTRODUCTION

Chapter 2 provides an overview of significance of Limpopo in attracting respectively foreign and domestic visitors. It, furthermore, provides a summary of tourism facilities within the district and local municipal areas, including a summary of the Kruger National Park.

2.2 CONCEPTUALISING THE TOURISM SECTOR

Tourism is an amalgam of visitors' consumption of goods and services which include transportation, **accommodation, food and beverage, recreation and entertainment**, travel and tour operations, and souvenirs. It is envisaged that tourism is becoming a global pillar of productive and sustainable source of national revenue, decent employment and poverty reduction globally.

Diagram 2.1: Tourism cluster



Source: Demacon, 2016

Tourism is a quaternary economic activity, thus it cannot be defined as an individual economic sector because the activities that make up tourism are spread and embedded across a range of other definable economic sectors, mainly catering and accommodation.

Therefore the subcomponents of tourism and leisure are:

- ✓ Accommodation
- ✓ Attractions
- ✓ Catering
- ✓ Information services
- ✓ Trade
- ✓ Business services
- ✓ Infrastructure
- ✓ Transport.

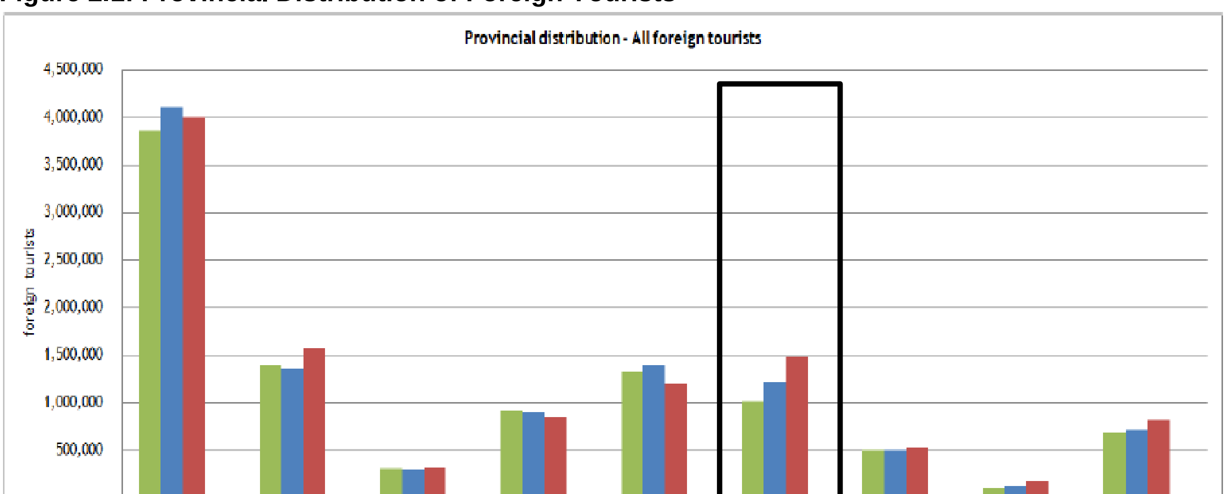
Diagram 2.1 gives a **consolidated conceptualisation of tourism**. Leisure is shown to involve “feel good” activities such as historical places, natural wonders, game viewing etc, while business tourism includes purpose driven activities such as conferences, political events, business and study among others. The figure outlines the core services involved, e.g. accommodation and transport, as well as some of the most important support services such as food and beverages, finance, catering, etc. that are required to make tourism tick. Some of the services are to be provided by individual business e.g. accommodation and catering, while some such as sewerage and accessibility infrastructure are offered as general infrastructure by local authorities.

2.3 FOREIGN AND DOMESTIC TOURISM TRENDS

2.3.1 Foreign Tourists

Figure 2.1 illustrates the provincial distribution of foreign tourist.

Figure 2.1: Provincial Distribution of Foreign Tourists



	Gauteng	Western Cape	Eastern Cape	KwaZulu Natal	Mpumalanga	Limpopo	North West	Northern Cape	Free State
2011	3,861,941	1,391,228	307,658	908,277	1,316,869	1,009,562	500,350	102,718	684,686
2012	4,100,905	1,354,353	295,709	891,822	1,398,640	1,206,147	498,600	125,456	712,844
2013	4,000,764	1,569,195	323,429	847,146	1,200,481	1,472,173	533,801	175,446	812,456
% Change	-2.4%	15.9%	9.4%	-5.0%	-14.2%	22.1%	7.1%	39.8%	14.0%

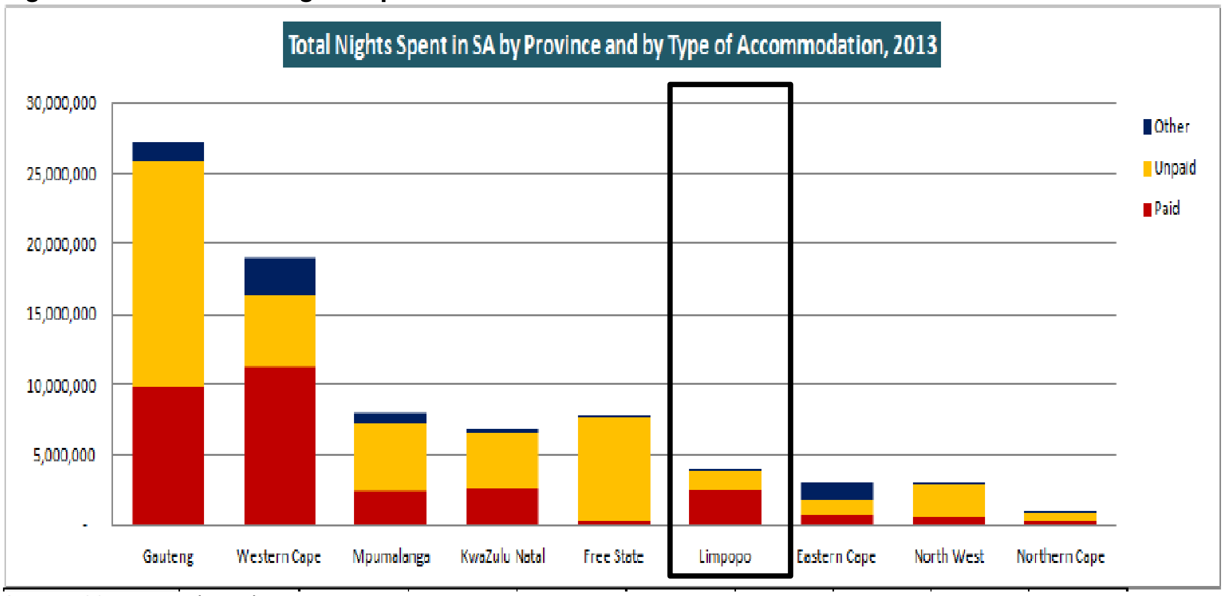
Source: 2015 Annual Tourism Report

Limpopo is the fourth most visited province within South Africa and the number of visitors to the province shows a positive increase per annum since 2011. This trend indicates that Limpopo is becoming an important foreign tourist destination and in terms of the tourist numbers are almost level with the Western Cape.

Figure 2.2 illustrates the time spent per province (based on bed nights) and the type of accommodation used. Limpopo is one of the most visited provinces and attracts approximately

5.0% of total bed nights, indicating that tourists do not stay that long in Limpopo compared to other provinces they visit.

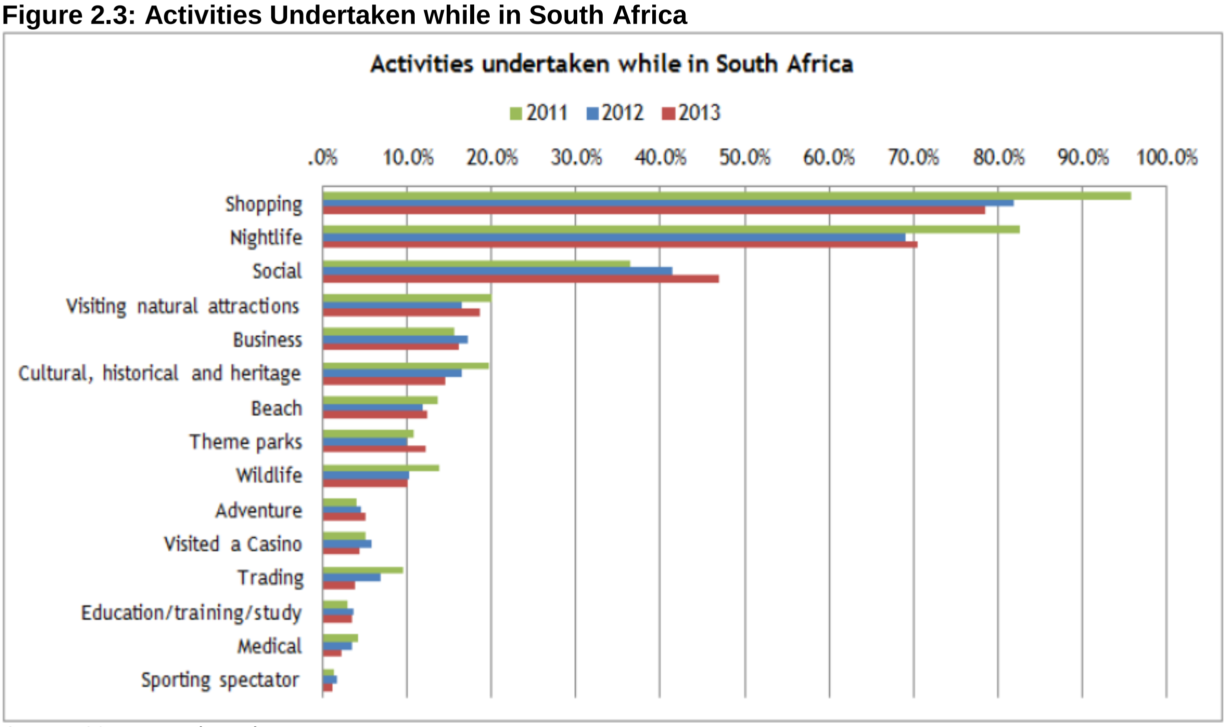
Figure 2.2: Total Bed Nights Spent



Source: 2014 Annual Tourism Report

The main activities undertaken by foreign tourist when they visit South Africa is illustrated by Figure 2.3.

Figure 2.3: Activities Undertaken while in South Africa



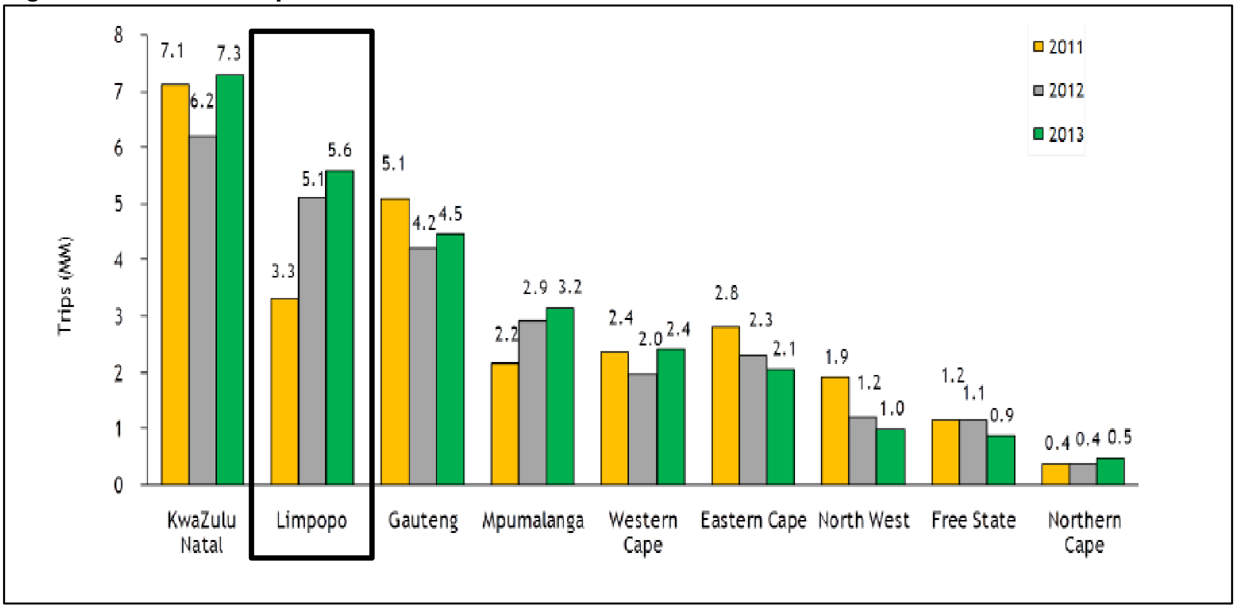
Source: 2014 Annual Tourism Report

Shopping (78.8%) and nightlife (70.2%) are the two activities that are mostly undertaken, this is followed by social (47.8%) and visiting natural attractions (18.9%).

2.3.2 Domestic Tourism

Figure 2.4 illustrates the number of domestic trips to each province. This gives an indication of movement patterns and domestic tourism trends within the national economy.

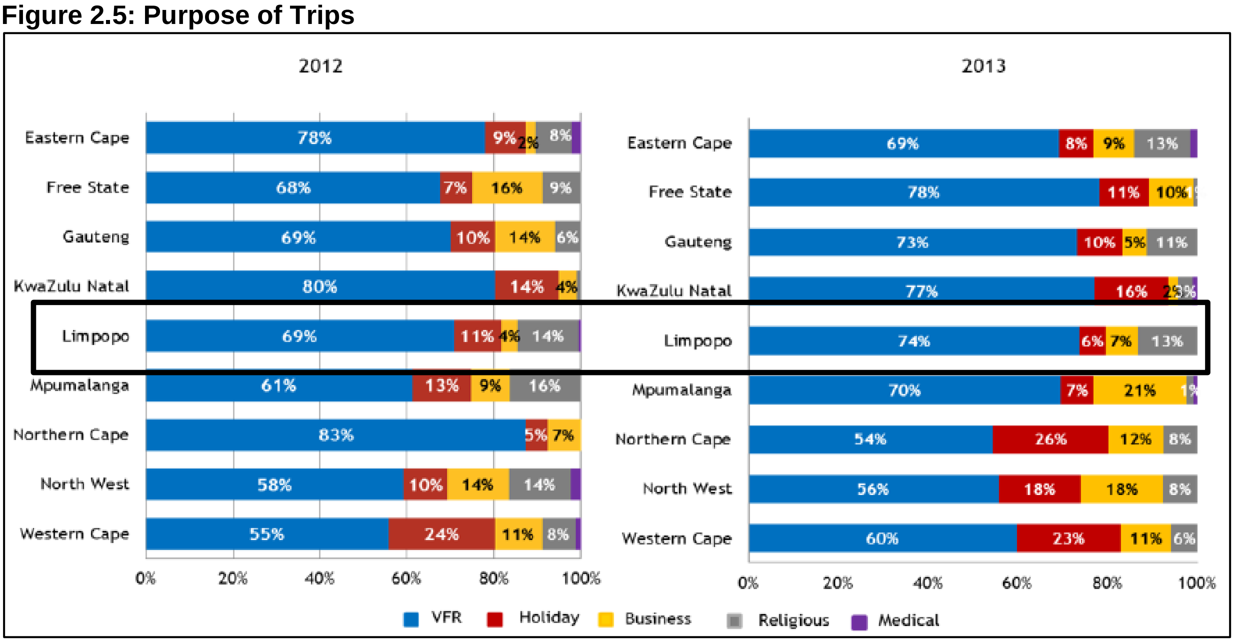
Figure 2.4: Annual Trips to each Province



Source: 2014 Annual Tourism Report

Limpopo received 5.6 million trips in 2013, the second highest in the country. The main purpose for these visits is illustrated by Figure 2.5.

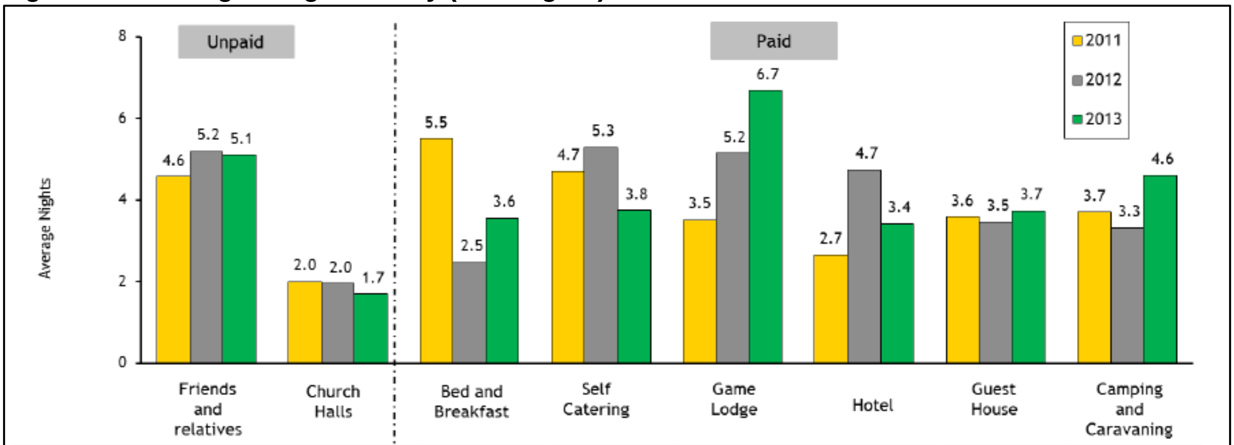
Figure 2.5: Purpose of Trips



Source: 2014 Annual Tourism Report
Note: VFR – Visiting Friends and Relatives

Visits to Limpopo is mainly to visit relatives and friends, additionally it is evident that visits to Limpopo is also for holiday purposes (6% of trips). This decreased drastically from the 2012 figures that indicated that a total of 11% trips were for the purposes of taking a holiday.

Figure 2.6: Average Length of Stay (Bed Nights)



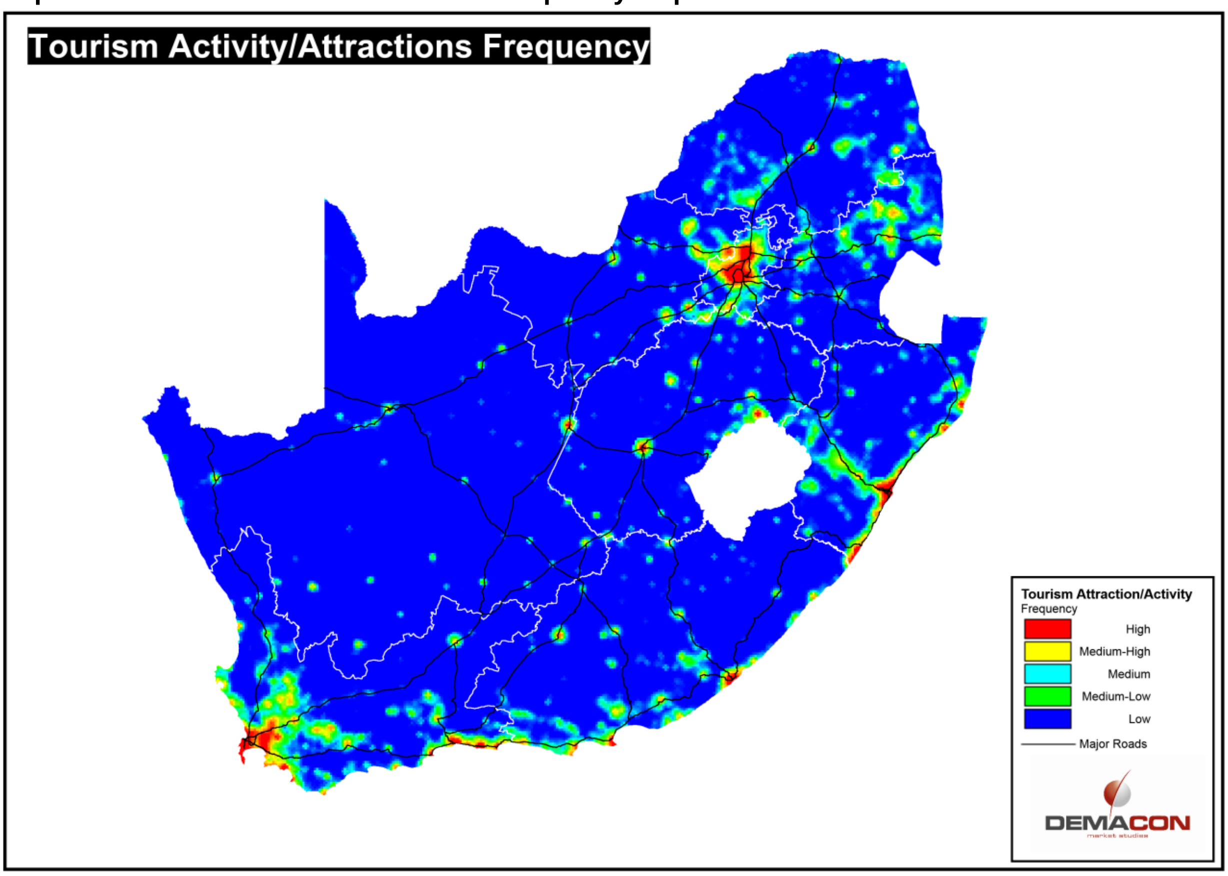
	Friends and relatives	Church Halls	Bed and Breakfast	Self Catering	Game Lodge	Hotel	Guest House	Camping and Caravaning
Share of total bednights '11	83.0%	1.9%	2.3%	3.4%	0.4%	2.1%	4.2%	1.5%
Share of total bednights '12	82..0%	2.2%	1.1%	3.0%	1.7%	5.5%	1.9%	0.6%
Share of total bednights '13	55.1%	1.3%	1.5%	2.2%	0.9%	4.4%	4.0%	1.6%

Source: 2014 Annual Tourism Report

2.3.3 Tourism Activity/Facilities

Map 2.1 illustrates the number of tourism facilities throughout South Africa with areas of higher concentration/frequency.

Map 2.1: Tourism Facilities/Attractions Frequency Map



Source: Demacon Ex, GIS 2016

The tourism sector encompasses a number of sectors within the national economy, however, an indication of tourism activity can be based on various tourism related attractions and activities which are listed below.

Table 2.1: Tourism related attractions and activities

Tourism related attractions and activities		
Accommodation	Botanical Gardens	Dams
Parks & Recreation	Theatre	Resorts
Museum	Nightlife	Beach
Winery	Hiking	Horse Riding
Exhibition & Convention Centres	National Park	Adventure Trails
Amusement Park	Monuments	Battlefields
Water Sport	Casino	Ice Skating
Zoo	Mountain Bike	

Source: 2014 Annual Tourism Report

Findings Map 2.1

The frequency of tourism activities within South Africa is mostly higher in large urban areas such as Johannesburg & Pretoria, Cape Town, Durban, etc. Other areas include:

- Various area along the South African coastline where these activities are higher, such as George, Knysna, Margate, East London, Port Elizabeth and Richards Bay,
- The N3 between Durban and the Drakensberg,
- Clarens and surrounding areas in the eastern Free State,
- In Mpumalanga , especially the areas of Graskop, Hazyview and Mbombela,
- Bloemfontein and Kimberley in the central region of South Africa.

2.4 LIMPOPO PROVINCIAL TOURISM OVERVIEW

Limpopo is strategically situated at the northern-most tip of South Africa. It is ideally positioned for easy access to African markets. Its proximity to Zimbabwe, Mozambique and Botswana provides the investor with a powerful platform from which to access the South African region and to contribute as well as benefit from the New Partnership for Africa's Development.

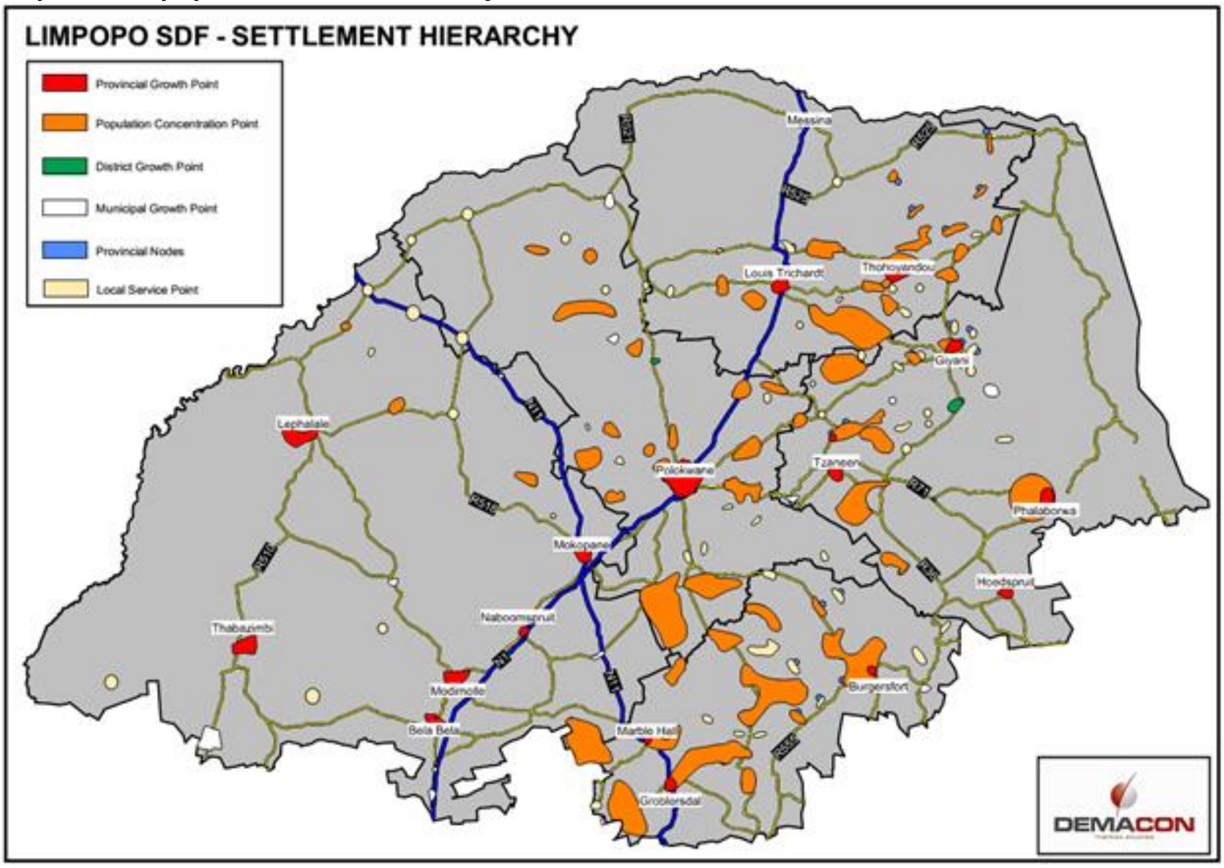
The province is replete of the world's largest reserve of the platinum group of metals, chrome and vanadium, as well as copper, nickel, iron ore and titanium. It is also one of South Africa's richest agricultural regions, with vegetables being the most significant crop. The natural environment is one of the world's richest in terms of biodiversity, wildlife and archaeological sites that continue to offer tourism opportunities.

In line with the Limpopo Growth and Development targets and objectives, the competitive edges of mining, agriculture and tourism have, and continue to place, the province in its rightful position.

In terms of the Limpopo SDF (2010, p88) the economic growth rate of the province has accelerated and Limpopo has become known as the fastest growing provincial economy in the country. **Mining, tourism and agriculture** have been identified as the **main driving forces for economic development** and prosperity, together with their associated manufacturing industries.

In terms of the SDF, development clusters are defined as critical masses, spatially concentrated and of unusual competitive success in a particular field. They encompass an array of linked industries, from suppliers and providers of infrastructure to down-stream activities and service organisations. They also include training, research and governmental institutions. Competitive advantage within these clusters is driven not so much by the source and cost of inputs as by the productive use of inputs, which requires continuous innovation.

Map 2.2: Limpopo Settlement Hierarchy



Further to the above, the Limpopo SDF identified seven geographic priority clusters for the province:

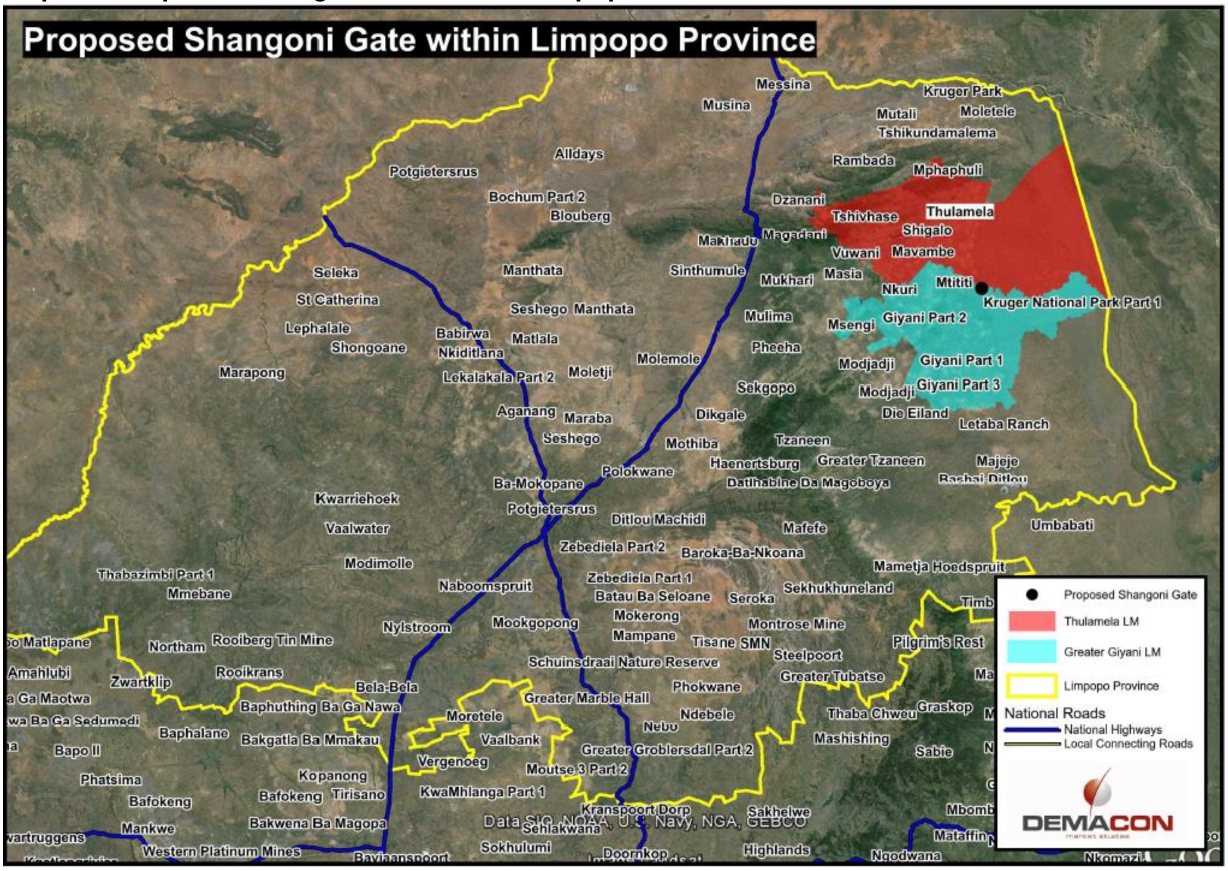
- ✓ Platinum mining cluster on the Dilokong Corridor between Polokwane and Burgersfort (Sekhukhune District) and also in the Waterberg District,
- ✓ Coal mining and petrochemical cluster at Lephalale on the East-West Corridor (Waterberg District),
- ✓ Fruit and vegetable (horticulture) cluster in Vhembe-, Mopani- and Bohlabela Districts,
- ✓ Logistics cluster in Polokwane (Capricorn District),
- ✓ Red and white meat cluster on all the corridors (all districts),
- ✓ Eight tourism sub-clusters at a number of high-potential destinations,
- ✓ Forestry cluster in the Mopani- and Vhembe Districts.

The Limpopo SDF furthermore identifies **tourism** as one of the sectors in which the province enjoys a **competitive advantage**. Map 2.3 illustrates the location of the proposed Shangoni Gate in relation to National Parks and Woodlands. According to the Limpopo SDF, eight sub-clusters have been identified and are listed below:

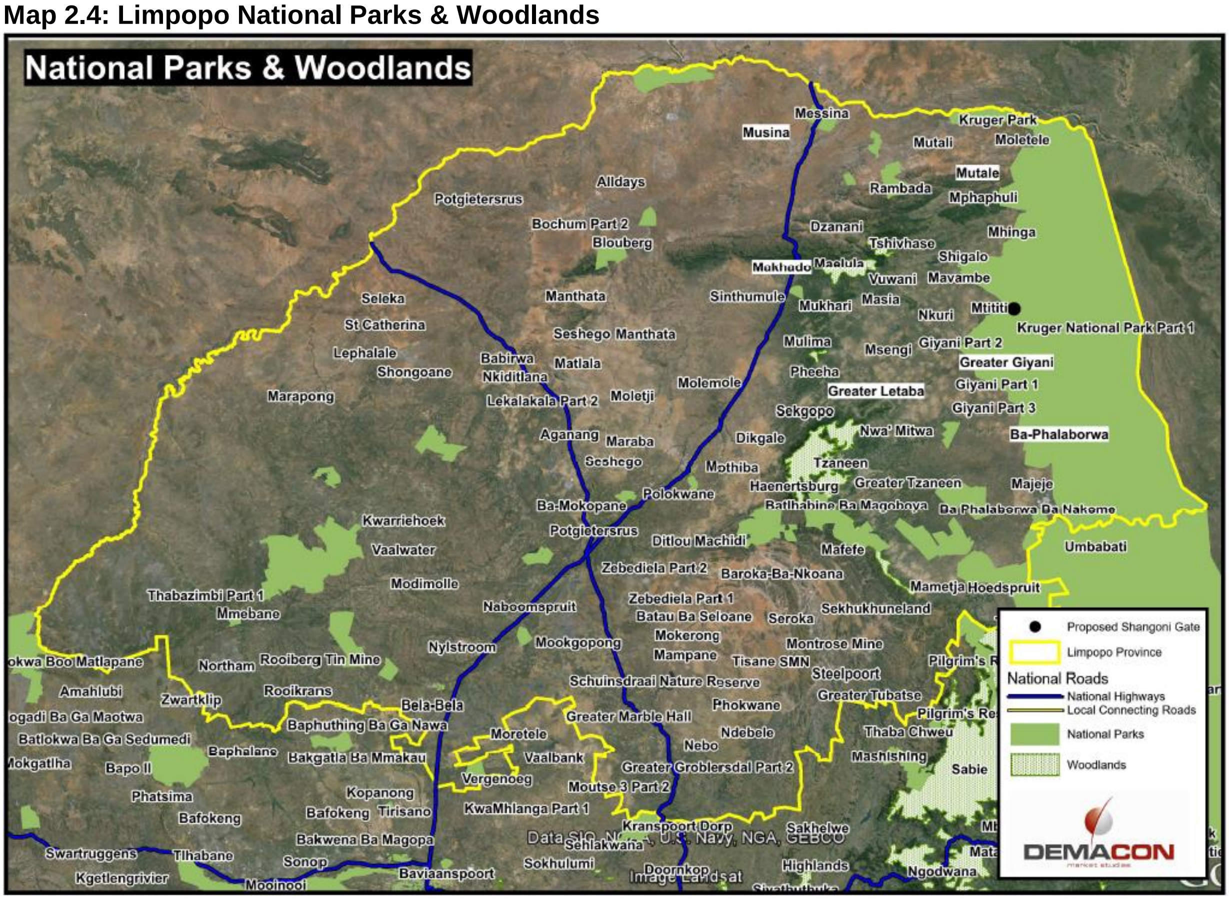
- ✓ Special interest activities, such as Mapungubwe and Nyslvlei Birding,
- ✓ The game industry value-chain,
- ✓ Golf and game tours,
- ✓ Biospheres, such as Waterberg, Soutpansberg and Lowveld,
- ✓ Family entertainment (including resorts, sport and picnic places),
- ✓ Polokwane business tourism (anchor projects would be the International Convention Centre, sporting complex and the Polokwane International Airport,
- ✓ Mountain adventure on escarpments,

- ✓ Trans-frontier Parks.

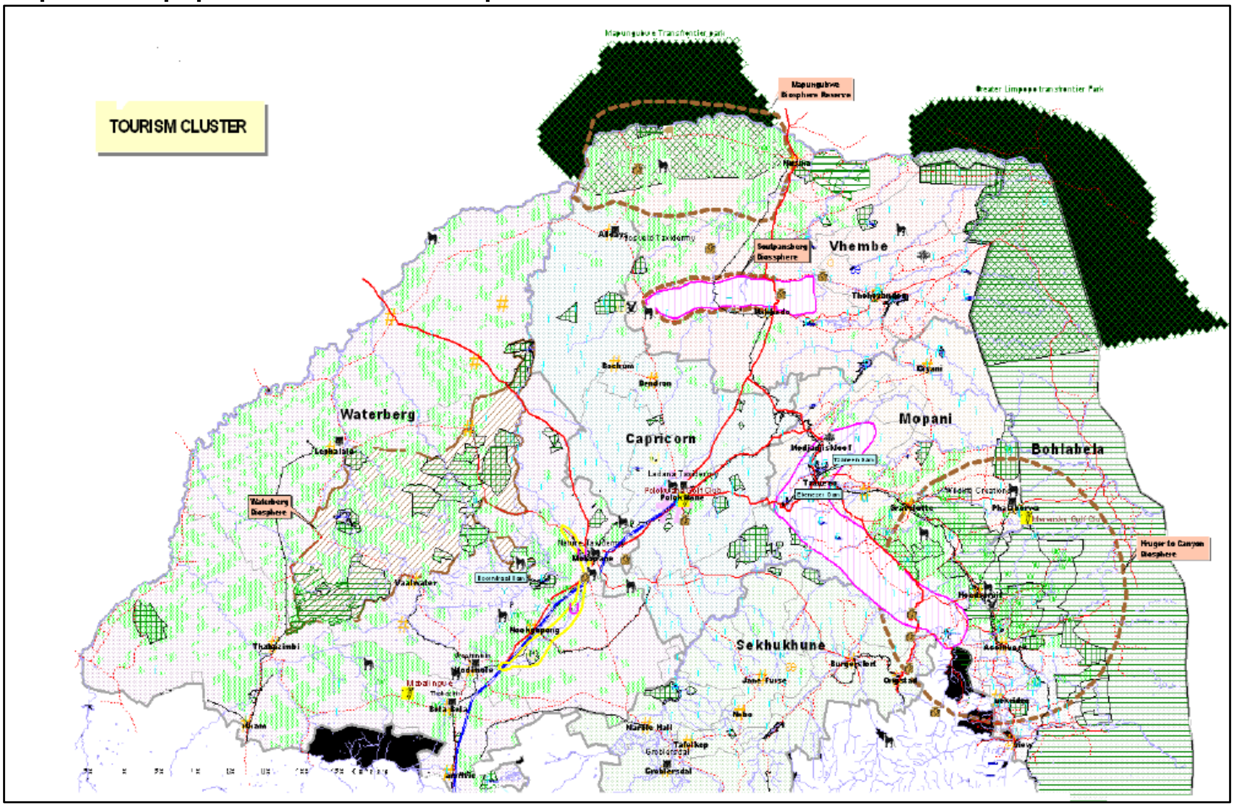
Map 2.3: Proposed Shangoni Gate within Limpopo Province



Map 2.4: Limpopo National Parks & Woodlands



Map 2.5: Limpopo Tourism Cluster Map



2.5 DISTRICT AND LOCAL MUNICIPALITY TOURISM OVERVIEW

The Vhembe and Mopani District Municipalities is situated in the north of Limpopo Province. The Kruger National Park lies to the east. To the north and north-west it shares international borders with Zimbabwe and Botswana respectively.

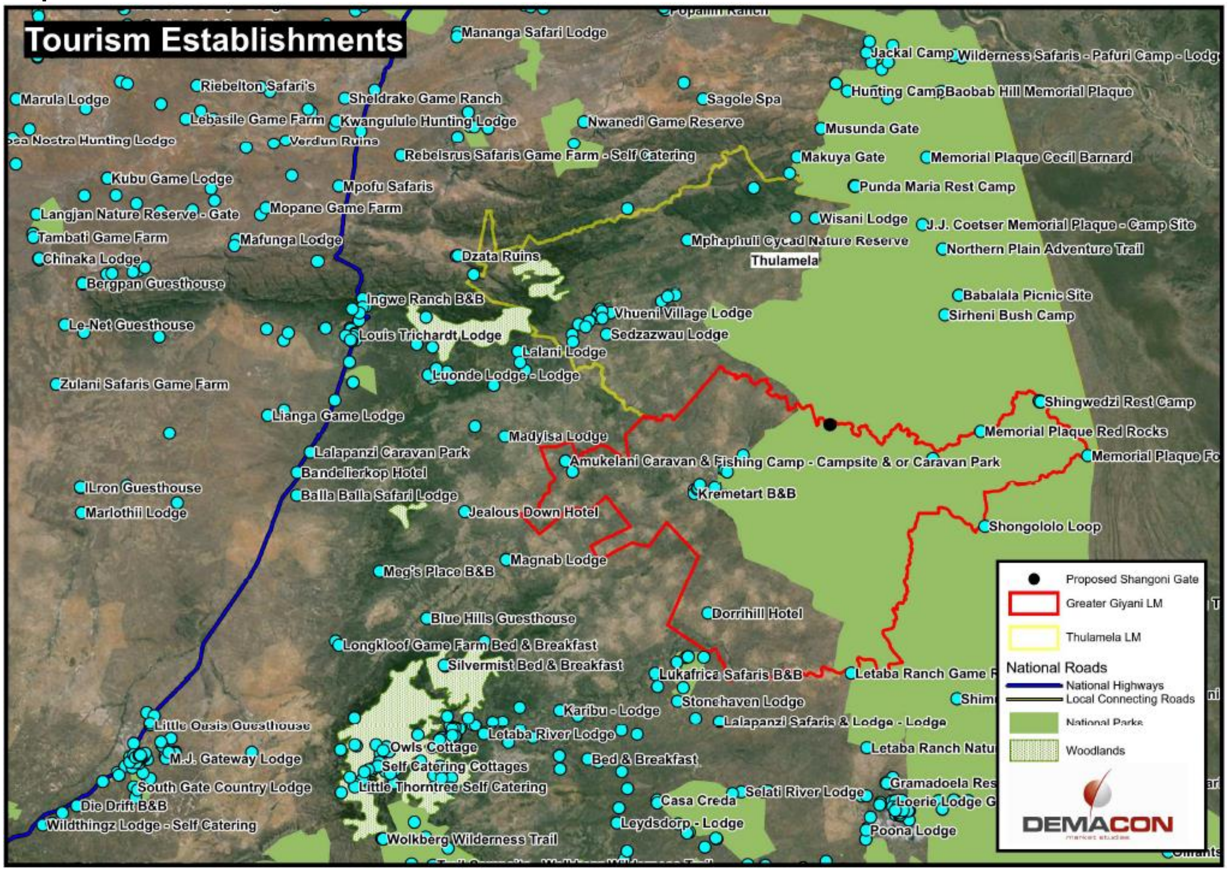
The region is renowned for its abundance of wildlife (including the 'Big Five'), craggy mountains, man-made and indigenous forests, trout streams and cascading waterfalls. The region provides easy access to the northern section of the Kruger Park. Including towns such as Phalaborwa, Tzaneen, Modjadjikloof and Giyani, the area also boasts a plethora of historical, cultural and ethnic attractions. The contrasts in climate, scenery and landscape within this region are striking and dramatic.

There is potential for development in mining and tourism, especially eco-tourism. Tourism opportunities also lie in reserves such as Madimbo-Mashakatini, which can attract a large number of tourists. The larger areas consist mainly of commercial farms, tourism hot spots and small-scale mining activities. A small percentage of the land is utilised for settlement purposes.

The tourism industry in the districts has a rich offering of landscape, biological and cultural features with a potential to develop a high quality tourism product for a variety of markets. The local SDF's also notes that the area is favourably located in relation to Gauteng which makes it an ideal area for weekend and short holiday breakaways.

Tourism is an important activity in Limpopo and particularly in the Vhembe / Mopani Districts. This is a **popular destination** for both **foreign and domestic tourists**. According to the local SDF rapid growth is expected in the tourism sector of the Province and District. This is mainly because of the **growing annual flow of tourists to Limpopo** who regard the **Kruger National Park as a popular tourism destination.**

Map 2.6: Tourism Establishments



Local Tourism

The local area is characterised as the gateway to the Kruger National Park which is the second largest of its kind in the world. The local area has a large biological diversity of flora and fauna; this rich biodiversity can be attributed to its biogeographically location and diverse topography. The area falls within the greater Savanna Biome, commonly known as the Bushveld with some small pockets of grassland and forest Biomes. These and other factors have produced a unique assortment of ecological niches which are in turn occupied by a wide variety of plant and animal species. The area is comprised of Sacred Forests. There are large extensive areas that are conservancies' areas among others the natural protected areas include the Kruger National Park (Pafuri and Punda Maria Gates in Thulamela.)

The Mopani Worm which is known for its high nutrition qualities finds its home in Giyani where it is cooked in various ways and is an essential element of the local cuisine. The Giyani Golf Club is scenic and provides for a unique golfing experience with zebra and giraffe roaming free. The Giyani area boosts the largest display of Shangaan and Tsonga culture in the form of food, clothes and music.

Tourism activities are well established in the larger area. These include game farms, private resorts, eco-estates, lodges, 4x4 trails, hiking trails, etc. A **large part of tourism constitutes the local economy** and serves as an **important employer of the local population,** although these contributions are not quantified in the SDF. Key attractions include the Nandoni Dam, Mukumbane and Phiphidi waterfalls and the Kruger National Park. The Kruger National Park is regarded as one of South Africa's most popular destinations, with visitor numbers rising by more than 100 000 in the past year. The Department of Environmental Affairs announced in a statement that both local and international visitor numbers have grown, with a particular spike in visitors from the Southern African Development Community (SADC) region.

2.6 KRUGER NATIONAL PARK TOURISM TRENDS

In the heart of the Lowveld, stretching for 352kms from north to south along the Mozambique border, one of the world's foremost national parks, the Kruger National Park, can be found. Covering 19 624km² and averaging 60kms in width, Kruger provides a refuge for 147 mammal species, **500 species of birds, 116 reptiles, 34 amphibians**, 49 fishes, 457 types of trees and shrubs, 1 500 smaller plants, and countless insects.

Each year approximately **1 659 893 people (2015) visit Kruger National Park** in South Africa. South Africans account for 80% of all visitors, and for many a visit to Kruger has become a kind of spiritual pilgrimage.

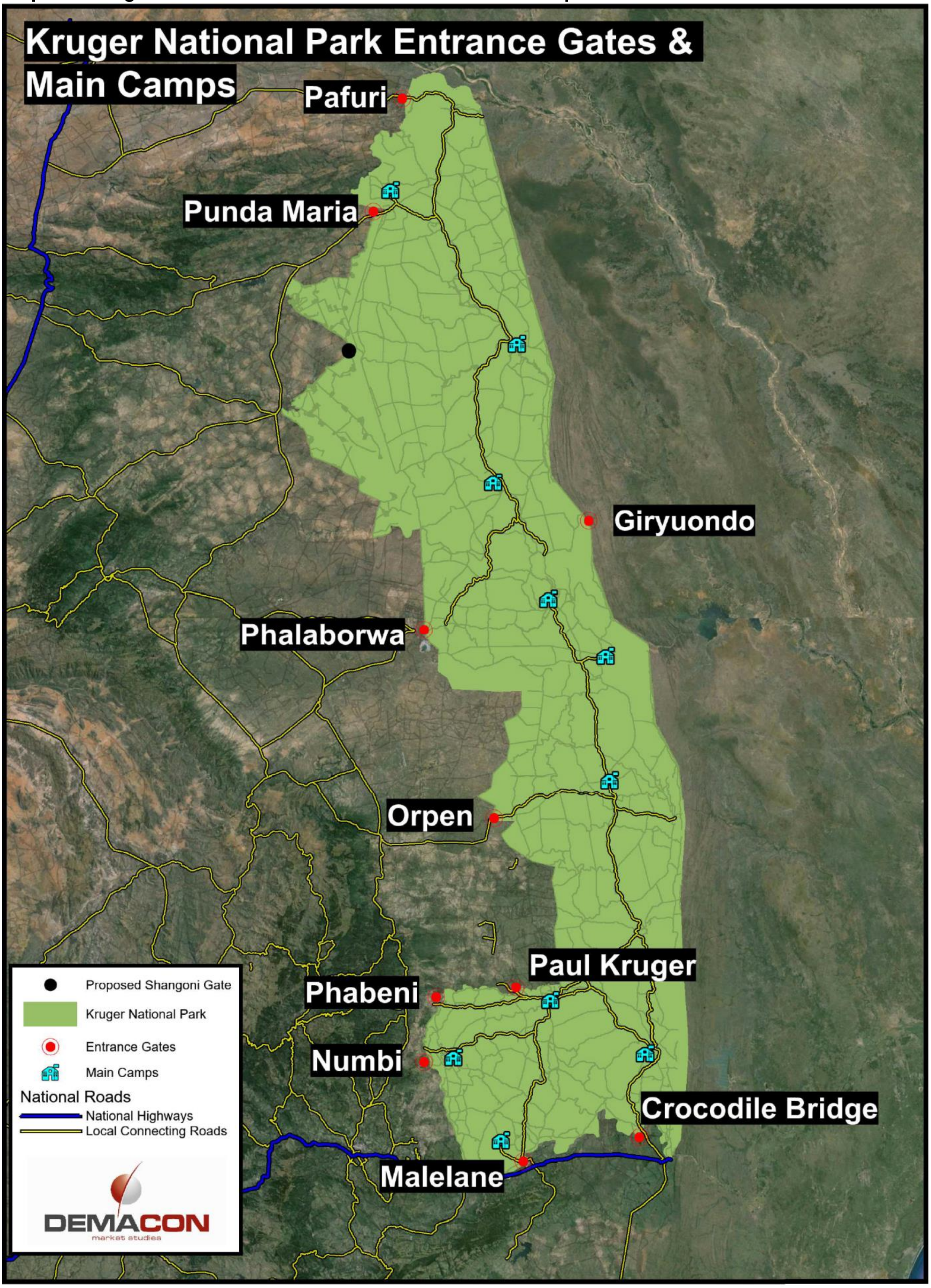
Income from tourism and trading activities generates more than R200-million per year, and the Kruger Park plays a major role in the Lowveld's economy.

Table 2.2: Entrance Gates and Main Camps

Gates and Camps Distances	Berg-en-dal	Crocodile Bridge	Letaba	Lower Sabi	Malelane	Mopani	Numbi Gate	N'wanetsi	Olifants	Orpen	Pafuri Gate	Paul Kruger Gate	Phalaborwa Gate	Pretoriuskop	Punda Maria	Satara	Shingwedsi	Skukuza
Berg-en-dal	-	149	234	113	12	281	97	180	219	213	453	83	285	92	415	165	344	172
Crocodile Bridge	149	-	196	34	141	243	130	142	181	175	415	88	246	125	377	127	306	77
Letaba	234	196	-	162	226	47	216	94	32	117	218	173	51	211	176	69	109	162
Lower Sabi	113	34	162	-	105	209	95	108	147	141	380	53	213	90	342	93	271	43
Malelane	12	141	226	105	-	272	94	170	210	204	444	74	277	85	408	156	333	64
Mopani	281	234	47	209	272	-	263	141	86	164	172	220	74	258	130	116	63	209
Numbi Gate	97	130	216	95	94	263	-	162	201	195	434	65	267	9	396	147	325	54
N'wanetsi	180	142	94	108	170	141	162	-	79	63	312	119	145	156	274	25	203	108
Olifants	219	181	32	147	210	86	201	79	-	102	250	158	83	195	212	54	141	147
Orpen	213	175	117	141	204	164	195	63	102	-	335	152	167	184	297	48	226	137
Pafuri Gate	453	415	218	380	444	172	434	312	250	335	-	392	246	438	76	287	109	380
Paul Kruger Gate	83	88	173	53	74	220	65	119	158	152	392	-	224	60	354	104	283	12
Phalaborwa Gate	285	246	51	213	277	74	267	145	83	167	246	224	-	261	201	119	137	213
Pretoriuskop	92	125	21	90	85	258	9	156	195	184	438	60	261	-	389	140	318	49
Punda Maria	415	377	176	342	408	130	396	274	212	297	76	354	201	389	-	254	71	342
Satara	165	127	69	93	156	116	147	25	54	48	287	104	119	140	245	-	178	93
Shingwedsi	344	306	109	27	333	63	325	203	141	226	109	283	137	318	71	178	-	271
Skukuza	72	77	162	43	64	209	54	108	147	137	380	12	213	49	342	93	271	-

The Kruger National Park has once again proved itself to be one of South Africa's most popular destinations, with visitor **numbers rising by more than 100 000 in the past year**. The Department of Environmental Affairs announced in a statement that both local and international visitor numbers have grown, with a particular spike in visitors from the Southern African Development Community (SADC) region. The park is attracting more day visitors in particular.

Map 2.7: Kruger National Park Entrance Gates & Main Camps



Kruger National Park Statistics

The **number of vehicles and tourists entering the park at specific gates** was obtained from the **SANParks central database at the Pretoria headquarters.**

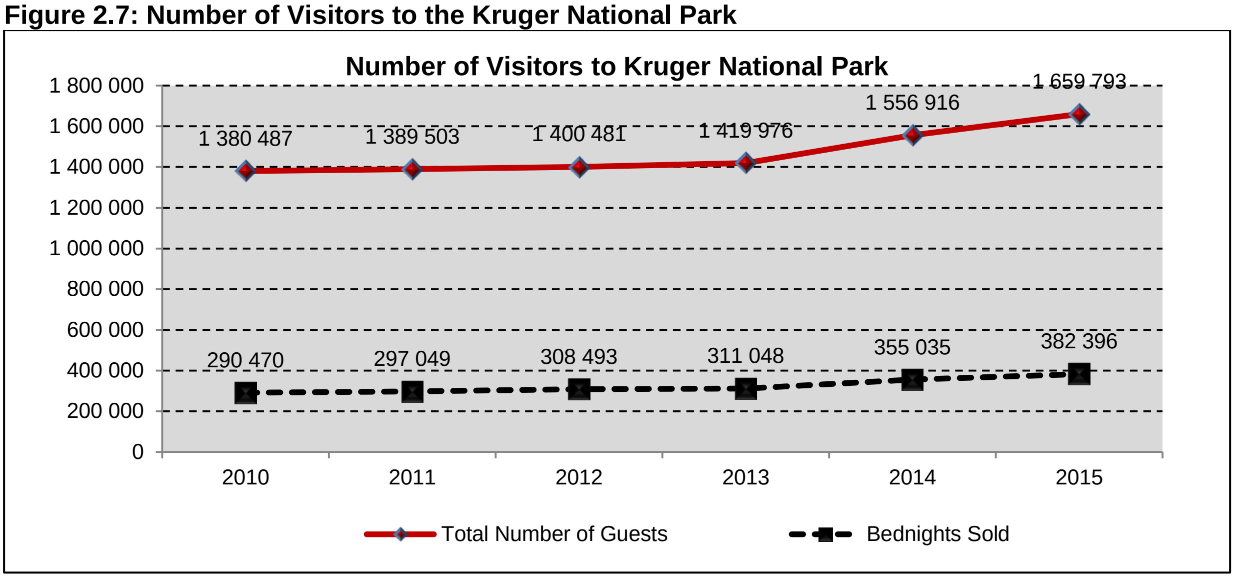
A total number of 1 659 793 guests passed through Kruger's gates in the 2015 financial year, compared to 1 556 916 the previous financial year, SANParks and the Department of Environmental Affairs said.

Of this number **1 277 397 were day visitors and 382 396 were overnight guests**. Between the 2012/2013 and 2014/15 financial years, the number of day visitors entering the Kruger National Park grew by an additional 239 817.

Day visitor volumes picked up noticeably in December, with 148 138 entering the park. The majority of SADC visitors entered from the Punda Maria Gate (10 378) and the majority of 'other international' visitors entered from the Phabeni Gate (76 920).

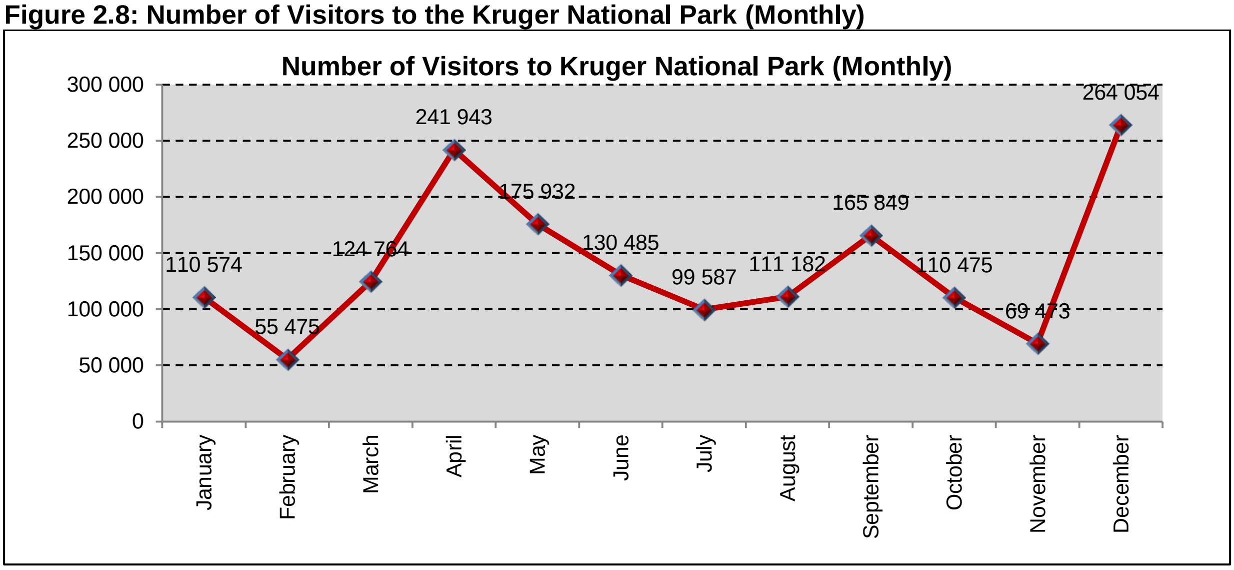
Of the 25 SANParks operated camping facilities inside the park, the majority overnighted at the popular Skukuza camp.

Figure 2.7: Number of Visitors to the Kruger National Park



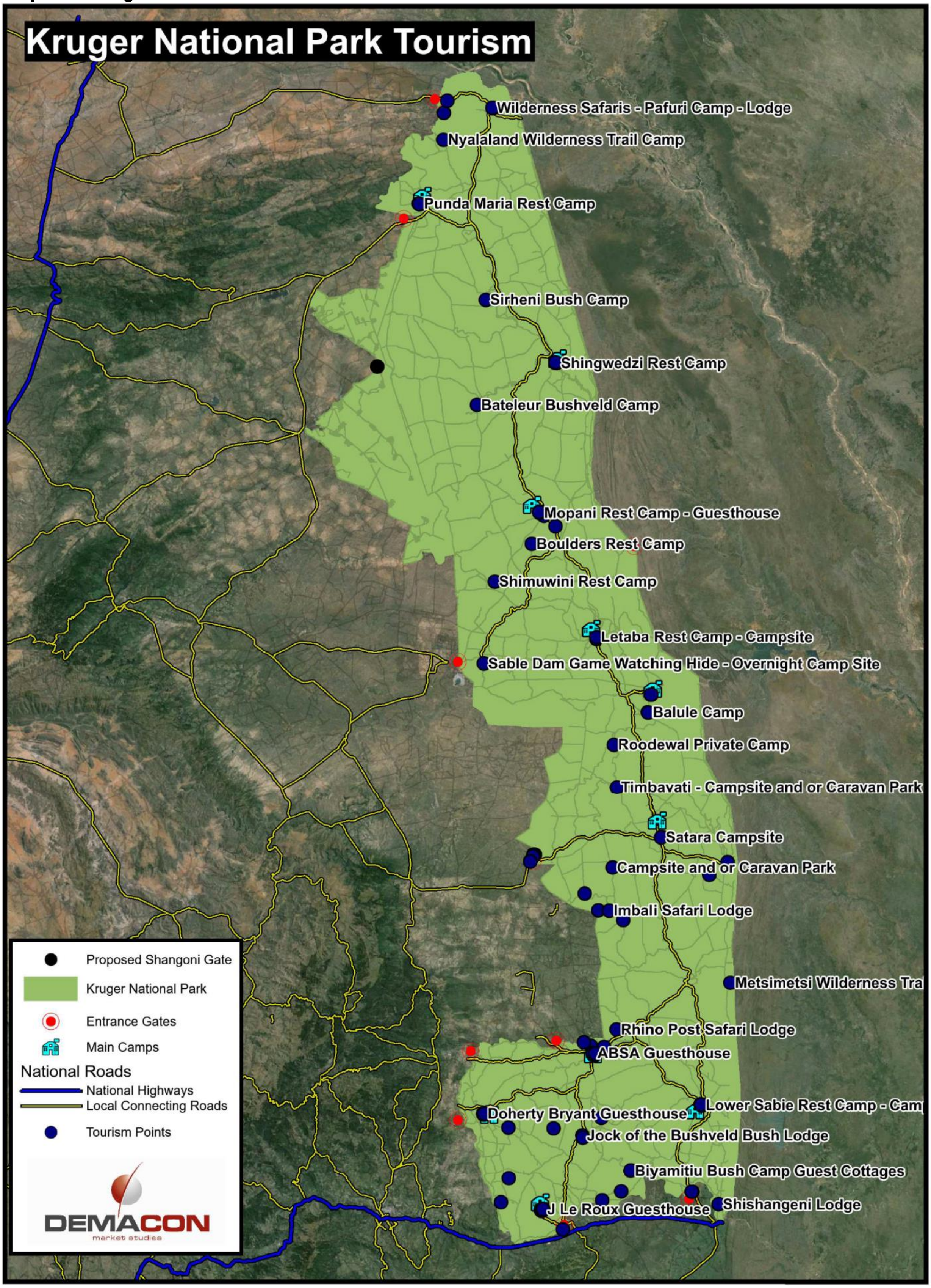
Source: Demacon Ex. SANParks, 2016

Figure 2.8: Number of Visitors to the Kruger National Park (Monthly)



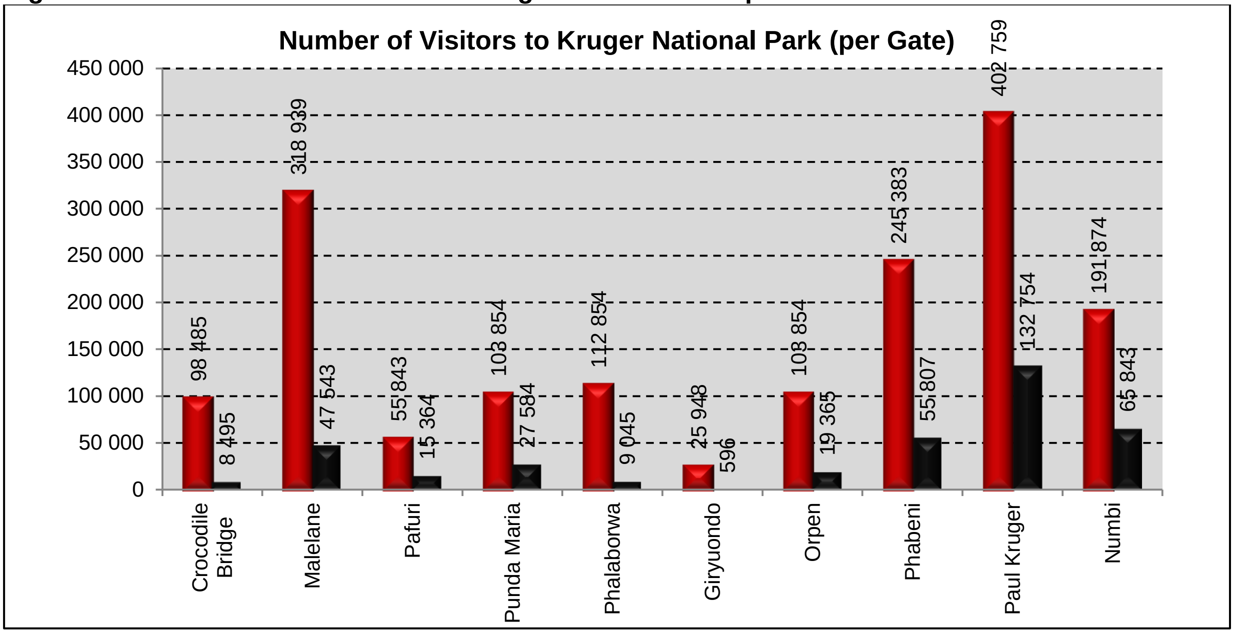
Source: Demacon Ex. SANParks, 2016

Map 2.8: Kruger National Park Tourism Establishments



As far as the number of visitors entering the Kruger Park either as day visitors or for overnight stays at respective gates, the following information is available:

Figure 2.9: Number of Visitors to the Kruger National Park per Gate



Source: Demacon Ex. SANParks, 2016

Table 2.3: Total Number of Guests per Gate (Annual)

Name	Total Number of Guests	Overnight Guests
Crocodile Bridge	98 485	8 495
Malelane	318 939	47 543
Pafuri	55 843	15 364
Punda Maria	103 854	27 584
Phalaborwa	112 854	9 045
Giryuondo	25 948	596
Orpen	103 854	19 365
Phabeni	245 383	55 807
Paul Kruger	402 759	132 754
Numbi	191 874	65 843
Total	**1 659 793**	**382 396**

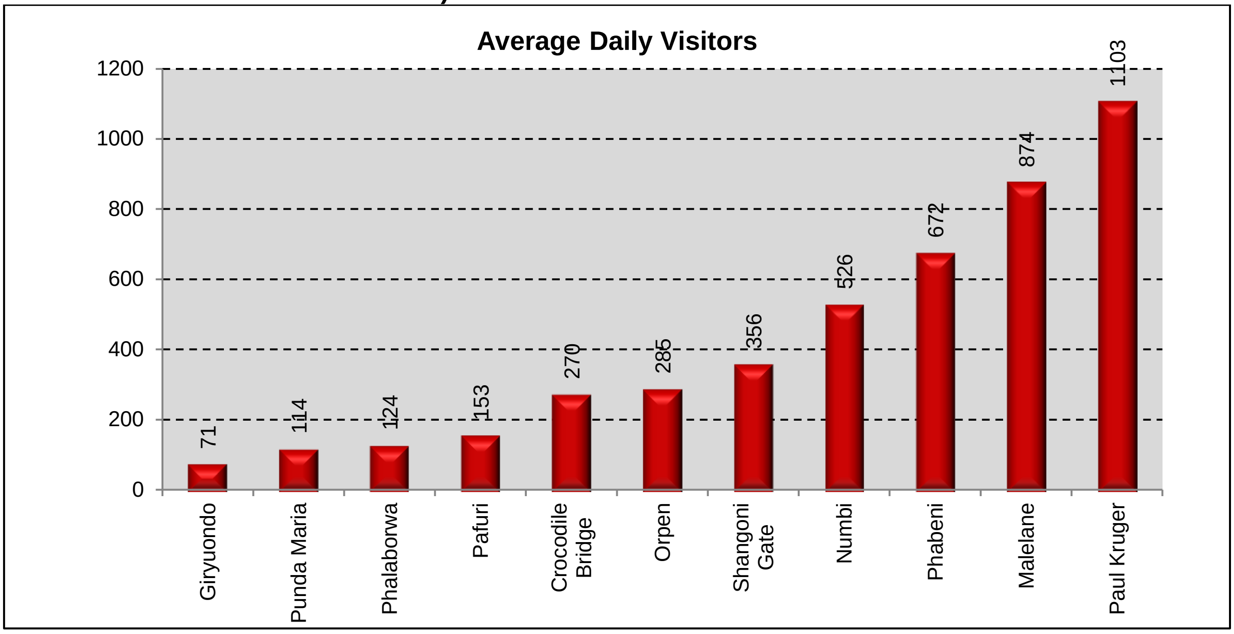
Source: Demacon Ex. SANParks, 2016

Day Visitor Projection

Based on the current day visitor figures into the Punda Maria gate of 285 average per day and the Phalaborwa gate of 310 average per day, it can be assumed that up to 60% of this number could be attracted as day visitors through the proposed Shangoni Gate.

In terms of the above assumption, the proposed Shangoni Gate could attract approximately 356 daily visitors.

Figure 2.10: Average Number of Daily Visitors per Gate (assuming 60% of daily visitors from Phalaborwa and Punda Maria Gate)



Source: Demacon Ex. SANParks, 2016

2.7 SYNTHESIS

The region is renowned for its abundance of wildlife (including the 'Big Five'), craggy mountains, man-made and indigenous forests, trout streams and cascading waterfalls. The region provides easy access to the northern section of the Kruger Park. Including towns such as Phalaborwa, Tzaneen, Modjadjikloof and Giyani, the area also boasts a plethora of historical, cultural and ethnic attractions. The contrasts in climate, scenery and landscape within this region are striking and dramatic.

The tourism industry in the area has a rich offering of landscape, biological and cultural features with a potential to develop a high quality tourism product for a variety of markets. The local SDF's also notes that the area is favourably located in relation to Gauteng which makes it an ideal area for weekend and short holiday breakaways.

Tourism is an important activity in Limpopo and particularly in the Vhembe / Mopani Districts. This is a **popular destination** for both **foreign and domestic tourists**. According to the local SDF rapid growth is expected in the tourism sector of the Province and District. This is mainly because of the **growing annual flow of tourists to Limpopo** who regard the **Kruger National Park as a popular tourism destination.**

The local area is characterised as the gateway to the Kruger National Park which is the second largest of its kind in the world. The local area has a large biological diversity of flora and fauna; this rich biodiversity can be attributed to its biogeographically location and diverse topography.

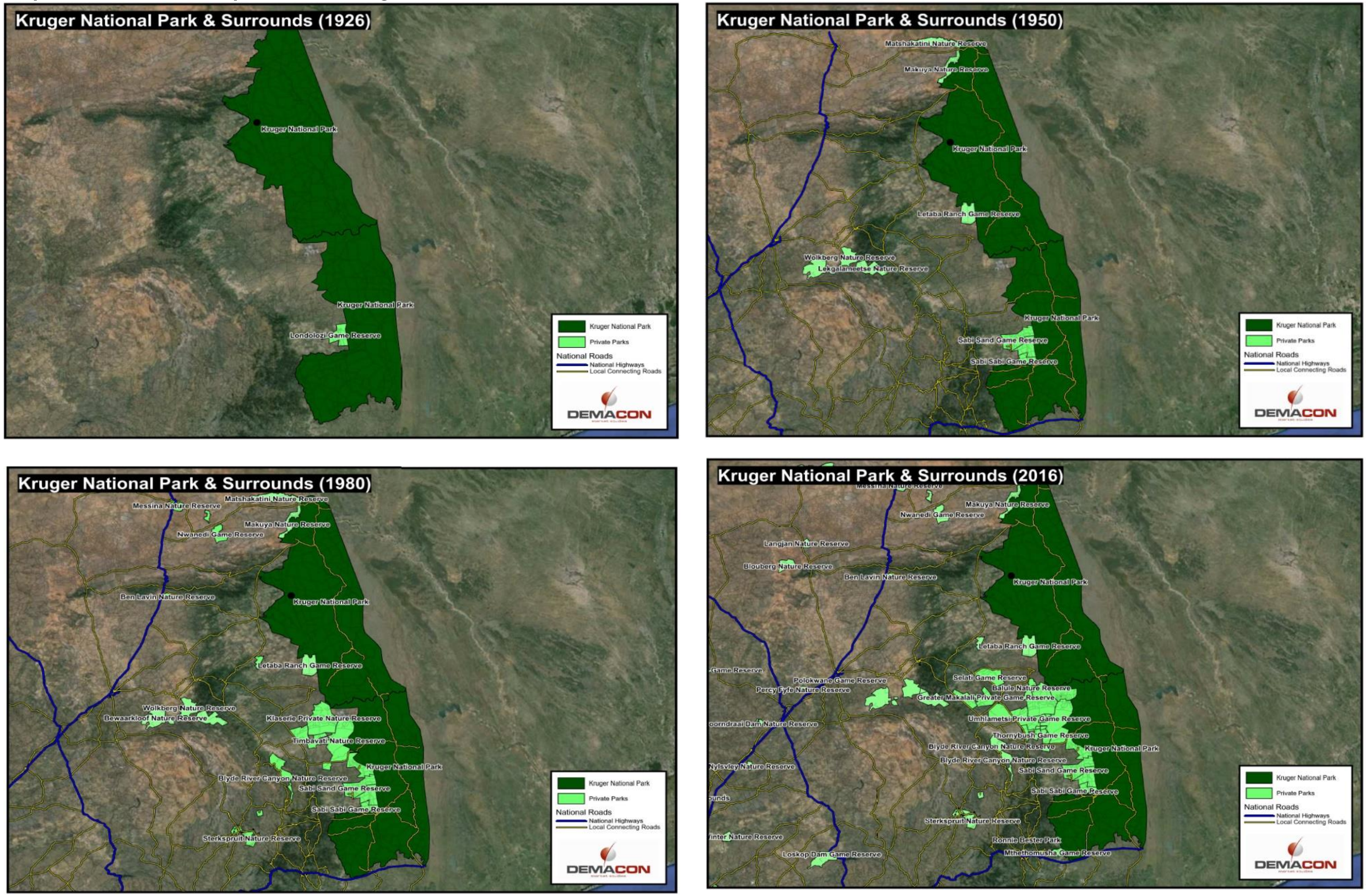
Tourism activities are well established in the larger area. These include game farms, private resorts, eco-estates, lodges, 4x4 trails, hiking trails, etc. A **large part of tourism constitutes the local economy** and serves as an **important employer of the local population,** although these contributions are not quantified in the SDF. Key attractions include the Nandoni Dam, Mukumbane and Phiphidi waterfalls and the Kruger National Park. The Kruger National Park is regarded as one of South Africa's most popular destinations, with visitor numbers rising by more than 100 000 in the past year. The Department of Environmental Affairs announced in a statement that both local and international visitor numbers have grown, with a particular spike in visitors from the Southern African Development Community (SADC) region.

Each year approximately **1 659 893 people (2015) visit Kruger National Park** in South Africa. South Africans account for 80% of all visitors, and for many a visit to Kruger has become a kind of spiritual pilgrimage.

Based on the current day visitor figures into the Punda Maria gate of 285 average per day and the Phalaborwa gate of 310 average per day, it can be assumed that up to 60% of this number could be attracted as day visitors through the proposed Shangoni Gate. In terms of the above assumption, the proposed Shangoni Gate could attract approximately 356 daily visitors.

In conclusion, the chapter revealed that the Kruger National Park, which spans 2 different provinces, contributes significantly towards economic activity in the region, and has shown appreciable growth (in foot print, value ad and employment) and holds tremendous future growth potential. The symbiotic relationship between private and public capital in the greater Kruger conservancy (defined as the Kruger National Park and adjoining private game farms and lodges) continues to grow and strengthen – as is evident from *inter alia* the growing geographic footprint of the area over the past 8-10 decades.

Map 2.10: Estimated Expansion of Kruger National Park and Surrounds, 1926 to date



CHAPTER 3 ECONOMIC PROFILE

3.1 INTRODUCTION

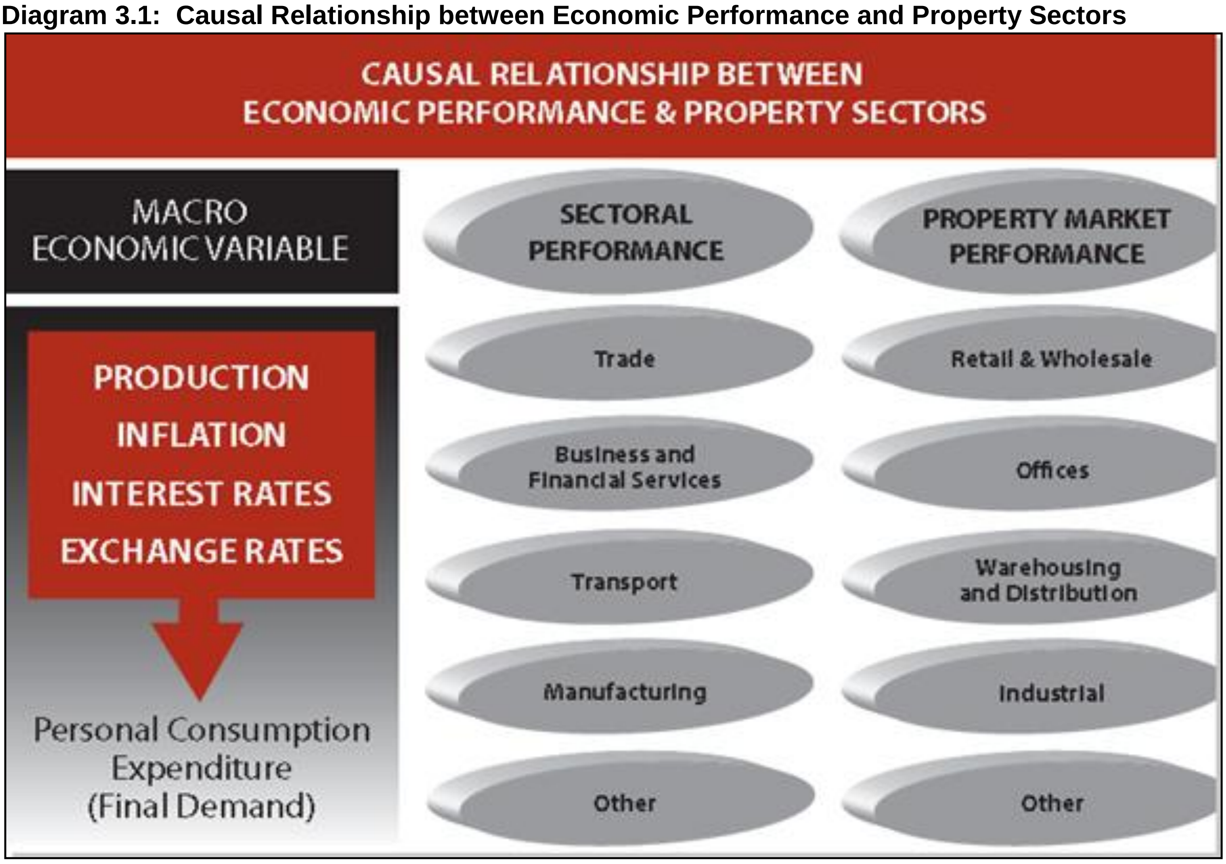
The aim of this chapter is to profile the local economy and the significance of tourism in terms of production and employment values to the Greater Giyani and Thulamela Local Municipality.

As tourism is not a quantifiable economic sector, estimates are provided, based on the location of the activities that constitute 'tourism' in terms of the classic economic sectors and sub-sectors. Calculations are made to quantify the magnitude of tourism activity (GVA) in the greater Kruger National conservancy – a cross-border phenomenon.

3.2 REFERENCE FRAMEWORK

The causal relationship between economic sector performance and property market performance is illustrated in Diagram 3.1.

Diagram 3.1: Causal Relationship between Economic Performance and Property Sectors



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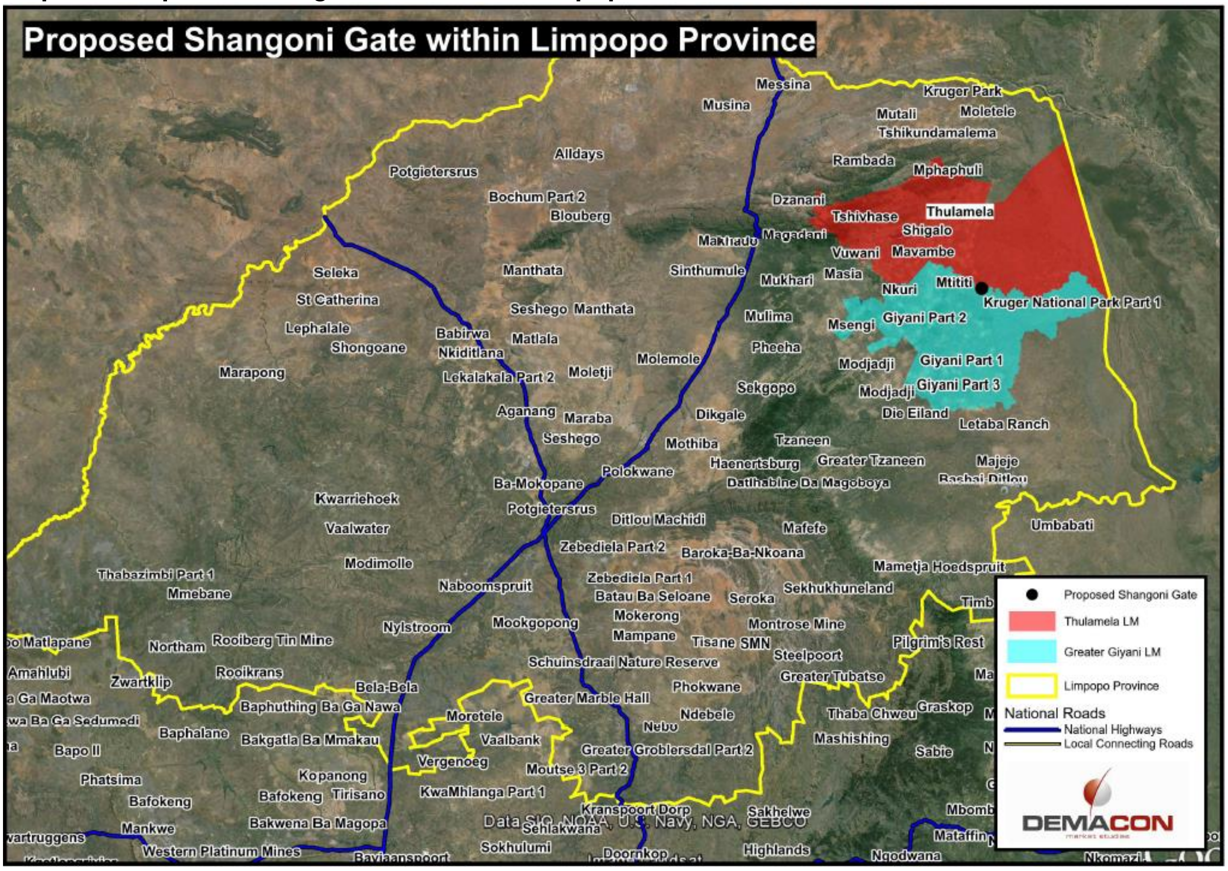
The purpose of this sub-section is to profile the structure and performance of the local economy. Map 3.1 indicates the location of the local municipal area.

3.3 ECONOMIC STRUCTURE AND PERFORMANCE OF THE STUDY AREA

Map 3.1: Proposed Shangoni Gate within Limpopo Province

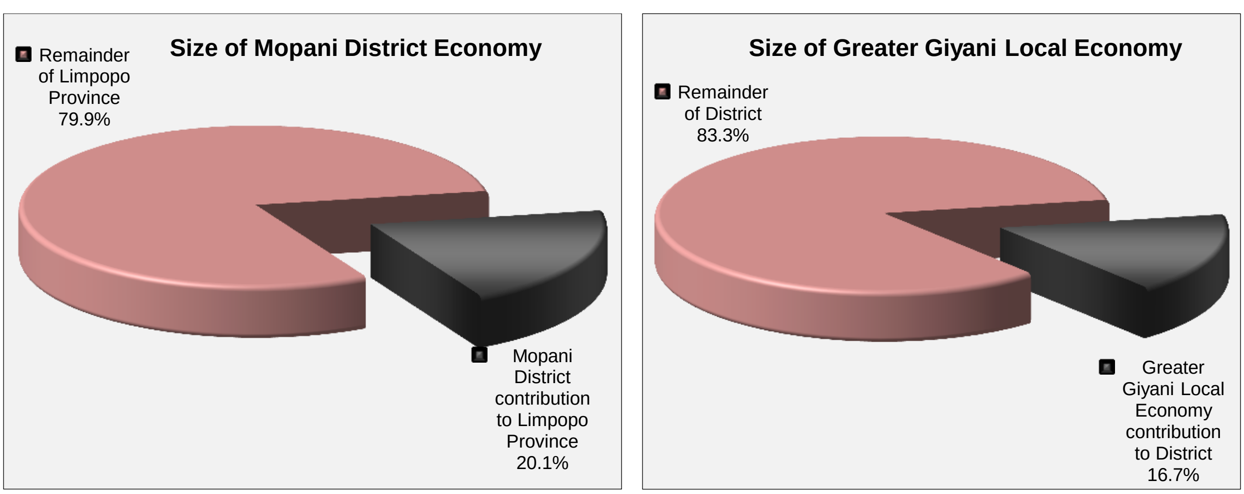


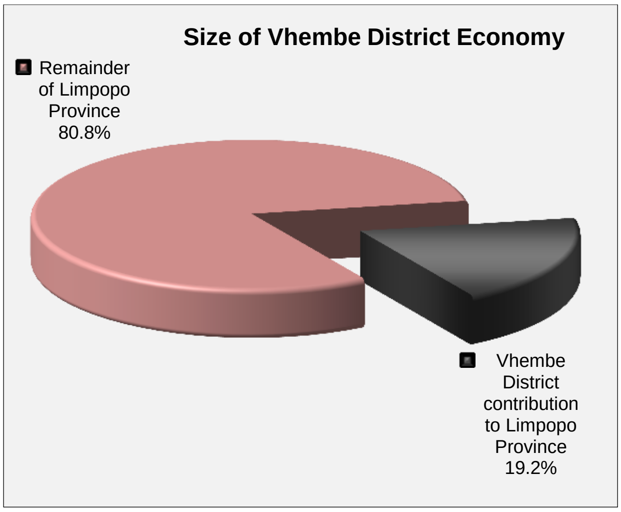
Due to location of the proposed Shangoni Tourism Hub, economic activity will in all probability occur in proportion to the immediate surrounding local municipalities.

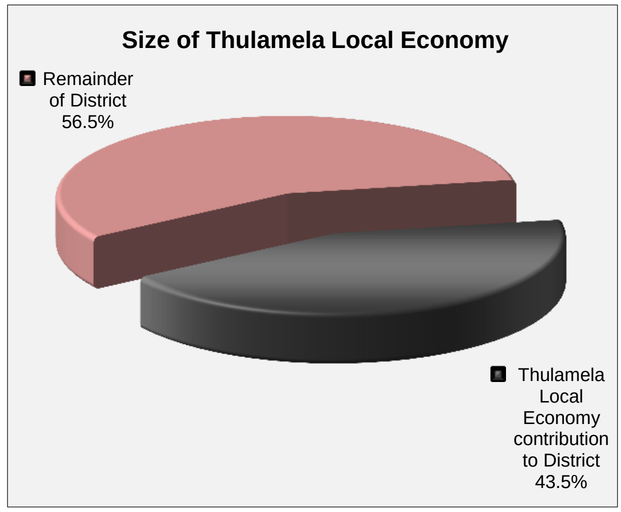
3.3.1 Economic Activity and Size

Figure 3.1 indicates the size of Vhembe District economy in relation to the provincial economy, supported by an indication of the size of Thulamela Local Economy within the district.

Figure 3.1: Size of the economy, 2013 (GVA at basic prices)







Source: Demacon Ex. Stats SA, 2016

Findings: (Figure 3.1)

- ✓ Figure 3.1 indicates that Greater Giyani Local Economy contributed 16.7% towards the Mopani District Economy in 2013 and 3.3% towards the Limpopo Province.
- ✓ Thulamela Local Economy contributed 43.5% towards the Vhembe District Economy in 2013 and 8.4% towards the Limpopo Province – reflecting its major economic base
- ✓ This economic contribution is vested in the performance of the ten economic sub-sectors discussed in the subsequent paragraphs.

Map 3.2: Total GVA (R/millions)

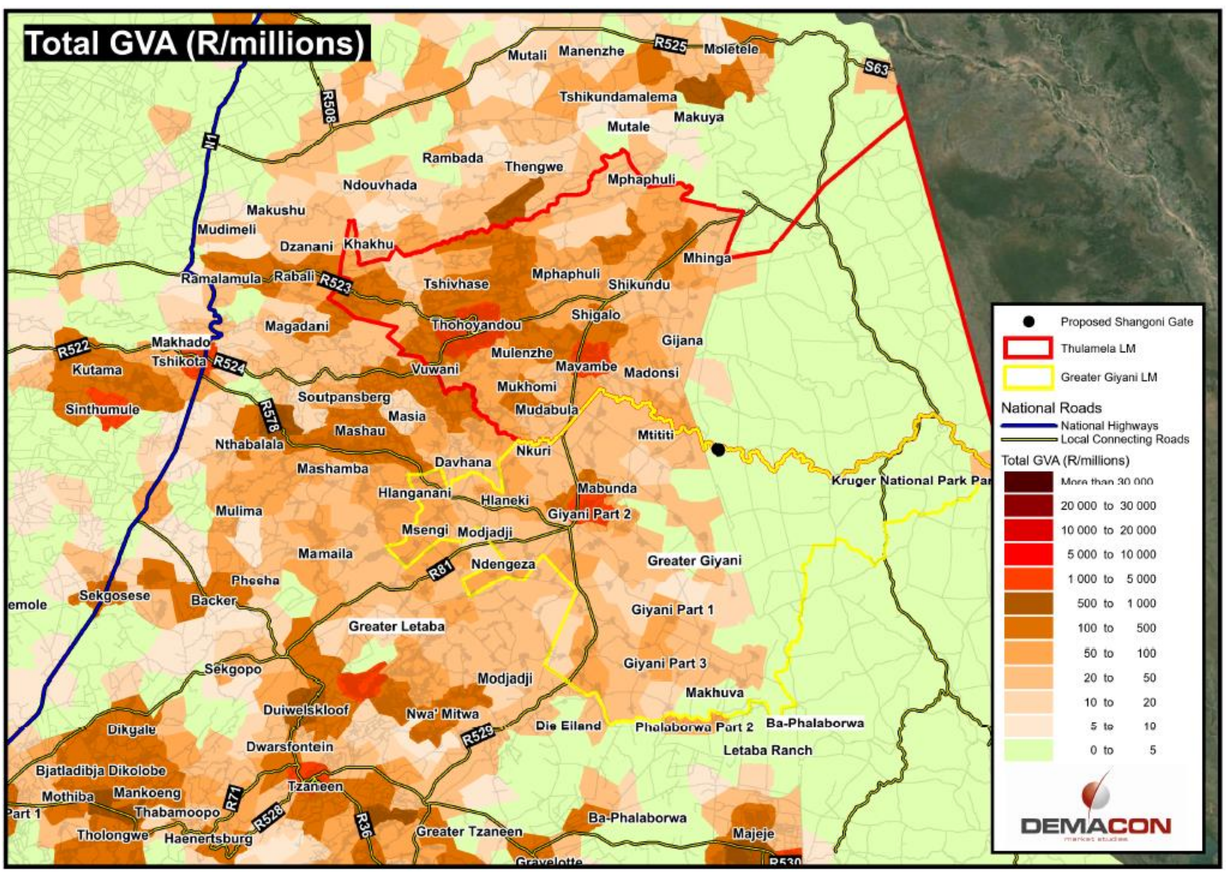
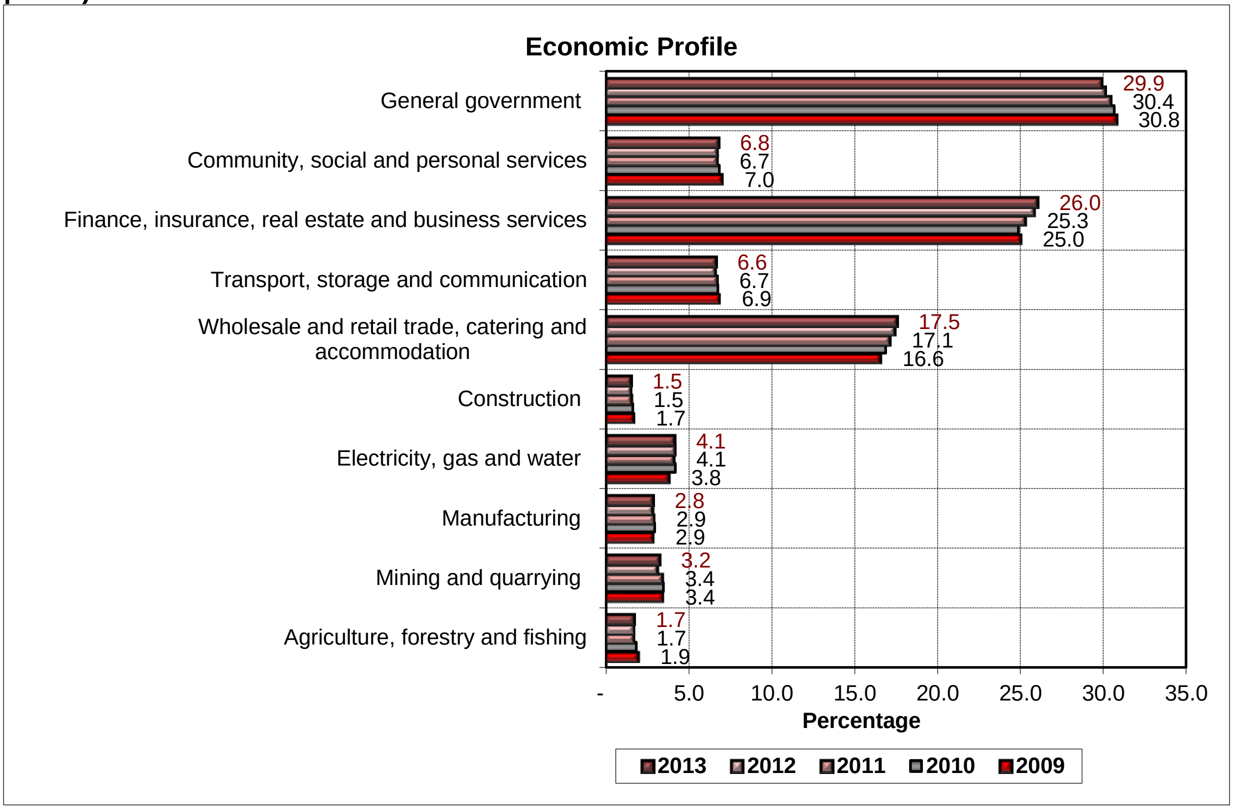


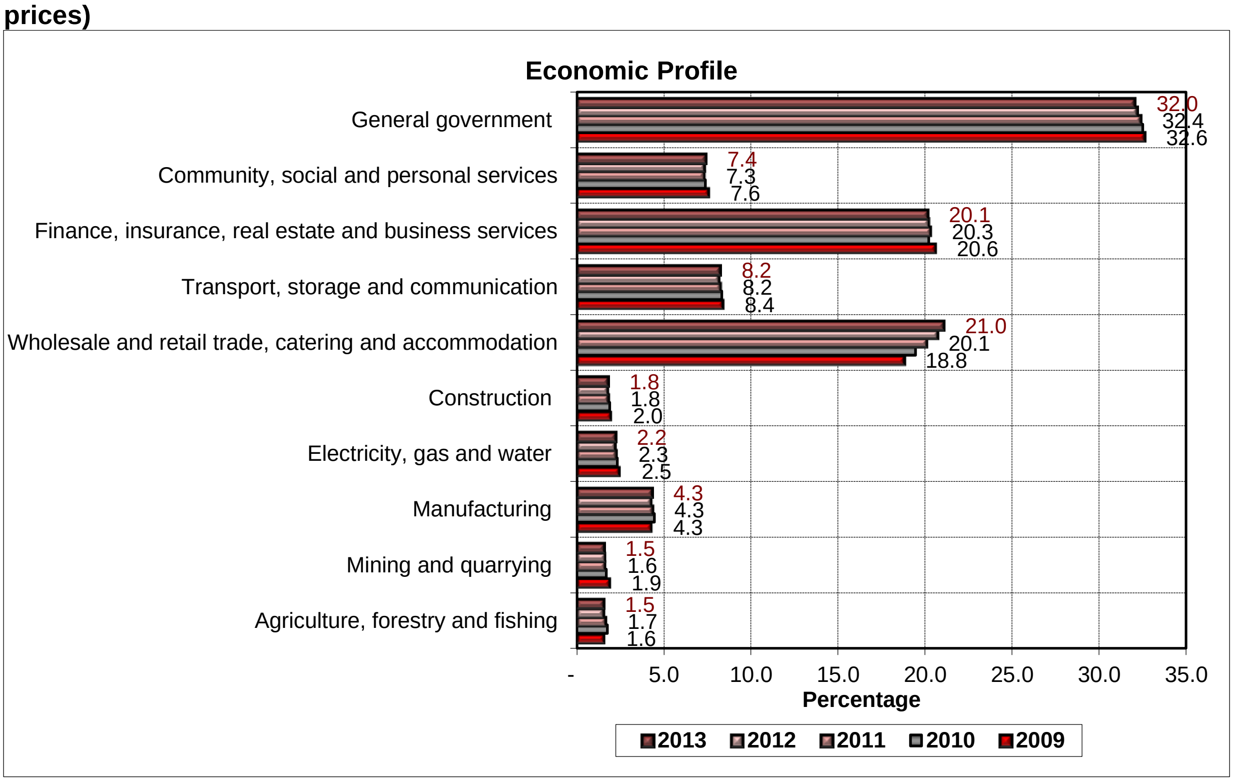
Figure 3.2: Sectoral Contribution of Greater Giyani Local Economy 2009 to 2013 (GVA at basic prices)



Source: Demacon Ex. Stats SA, 2016

The pillars of Greater Giyani Local Economy include: Government Services, Finance and Business Services, Trade Sector, Transport & Communication Sector and Community, social and personal services – contributing approximately **86.7%** towards the local economy in 2013.

Figure 3.3: Sectoral Contribution of Thulamela Local Economy 2009 to 2013 (GVA at basic prices)



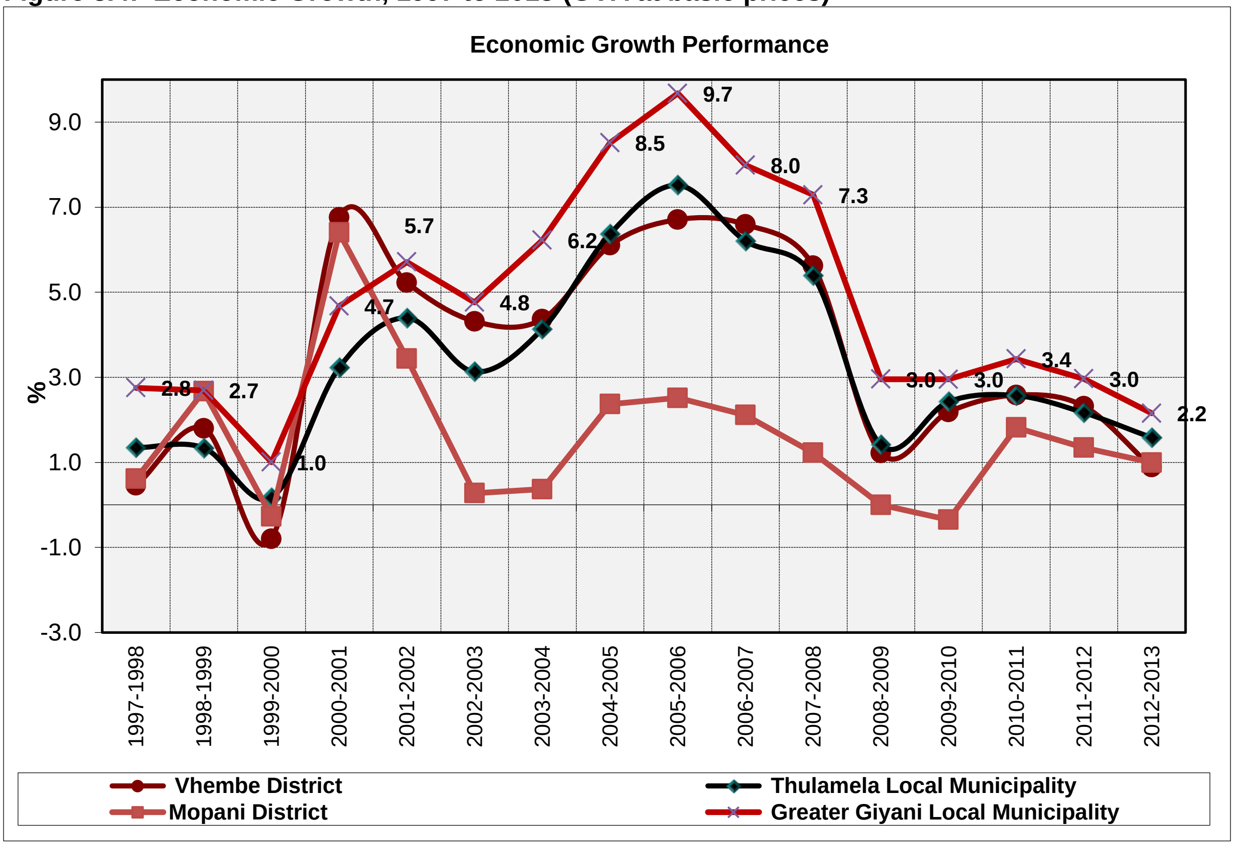
Source: Demacon Ex. Stats SA, 2016

The pillars of Thulamela Local Economy include: Government Services, Trade Sector, Finance and Business Services, Transport & Communication Sector and Community, social and personal services – contributing approximately **88.8%** towards the sub-economy in 2013.

3.3.2 Economic Growth

Figure 3.4 provides detail on the growth performance of Greater Giyani, Thulamela Local Economy in respect of Vhembe District and Mopani District between 1997 and 2013.

Figure 3.4: Economic Growth, 1997 to 2013 (GVA at basic prices)



Source: Demacon Ex. Stats SA, 2016

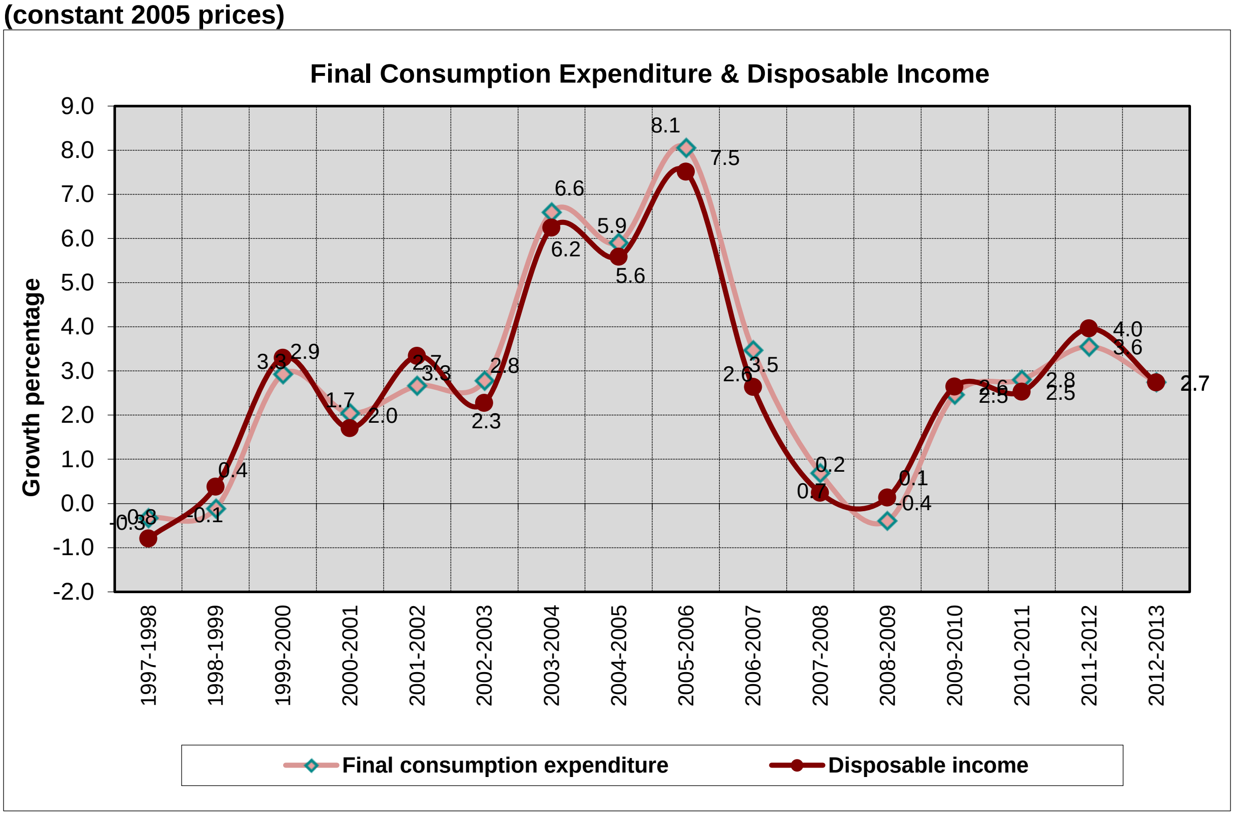
Findings (Figure 3.4)

- ✓ The long run annual growth rate of the Greater Giyani local economy averaged at **4.7% between 1997 and 2013.** The Mopani district averaged at a lower rate of 1.6% over the same period.
- ✓ The average annual growth rate of the national economy over this period (1997 – 2013) amounted to 3.2% per annum and the provincial economy amounted to 2.9% per annum.
- ✓ The stronger year-to-year (2003 – 2008) growth mainly reflected a rebound in the real value added by the secondary sector alongside stronger growth in the real value added by the tertiary sector.
- ✓ These positive contributions to economic growth were partly offset by a slower pace of increase in the real value added by the primary sector.

3.3.3 Growth in Final Consumption Expenditure and Disposable Income

Figures in subsequent paragraphs illustrate the rate of **growth of final consumption expenditure** (on all goods and services) in relation to **growth in disposable household income.** The graph reveals a high degree of positive correlation between the two variables, which in turn reveals similar up- and downturns to the business cycle as a whole. Figure 3.5 illustrates the rate of growth in final consumption expenditure in relation to annual growth in disposable household income.

Figure 3.5: Local Economy Growth in Final Consumption Expenditure and Disposable Income (constant 2005 prices)



Source: Demacon Ex. Stats SA, 2016

Findings (Figure 3.4)

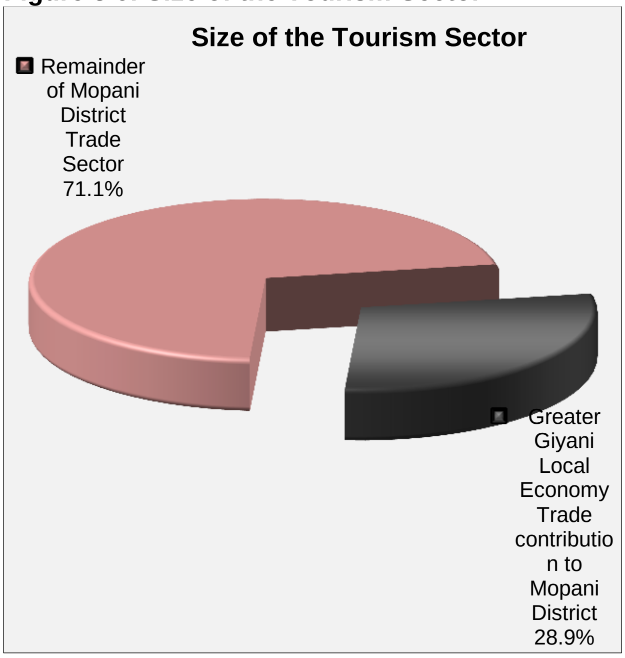
- ✓ **Final consumption expenditure** obtained an average growth rate of 2.9% over the time period 1997 – 2013.
- ✓ Growth in real disposable income of households moderated from an annualised rate of 2.8% over the time period 1997 - 2013. Disposable income of household averaged a growth rate of 2.4% between 2008 and 2013. This decrease reflected less moderate growth in compensation of employees during this period.
- ✓ In addition, the financial position of households as measured by their net wealth continued to improve from 2013. A rise in the market value of equity holdings was partly offset by moderation in house prices during this period.

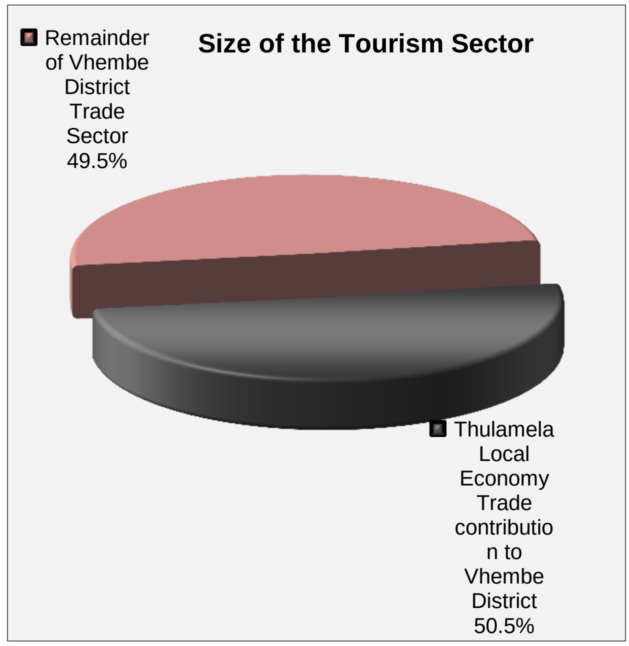
3.4 REGIONAL TOURISM CONTRIBUTION

As mentioned before, tourism is not an independently defined economic sector in terms of the SIC. Tourism is referred to as a quaternary activity of which elements are included in respectively the trade sector (catering and accommodation) and, to a lesser extent, the agricultural sector (hunting and animal husbandry). On account of the above, the **trade sector and agricultural sector combined contribute 22.5% (Thulamela) and 19.2% (Greater**

Giyani) to the local economy and 50.5% (Thulamela) and 28.9% (Greater Giyani) toward District's Tourism Sector.

Figure 3.6: Size of the Tourism Sector

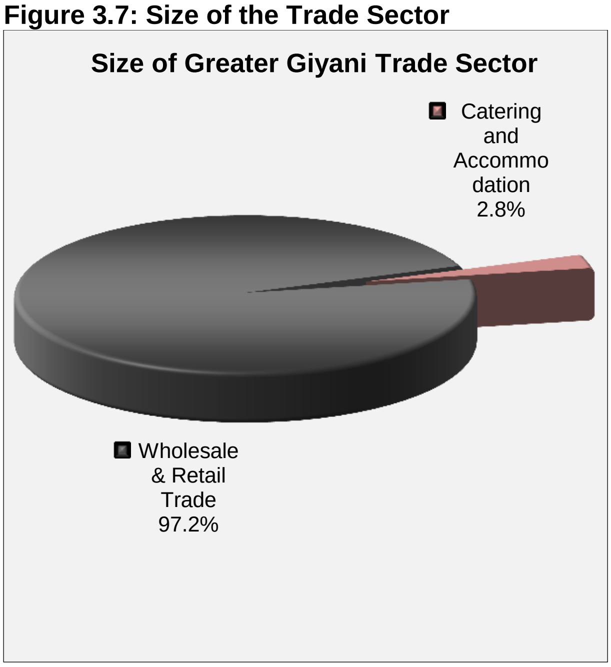


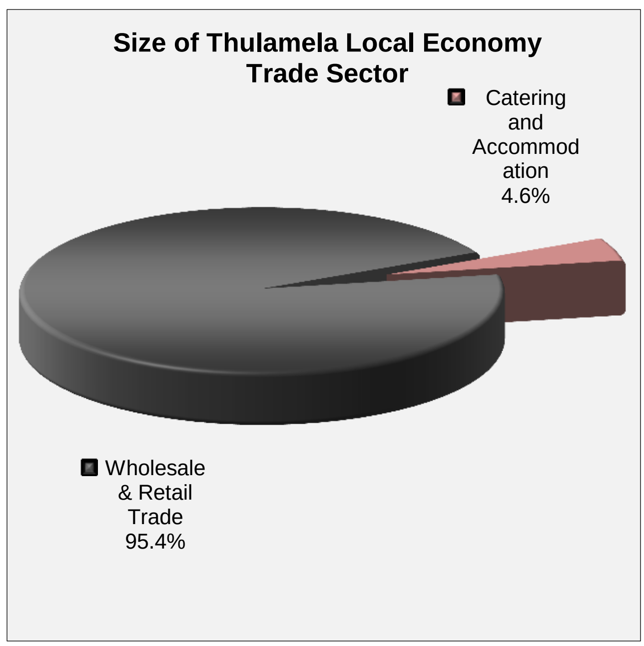


Source: Demacon Ex. Stats SA, 2016

The **tourism geographic value ad of the two local municipalities' area estimated at R3.0b (2013)**. It is estimated that 70% of tourism establishments are located in and around the greater Kruger National Park conservancy. On account of this, 70% of tourism GVA in the local area can be attributed to the greater Kruger National Park conservancy.

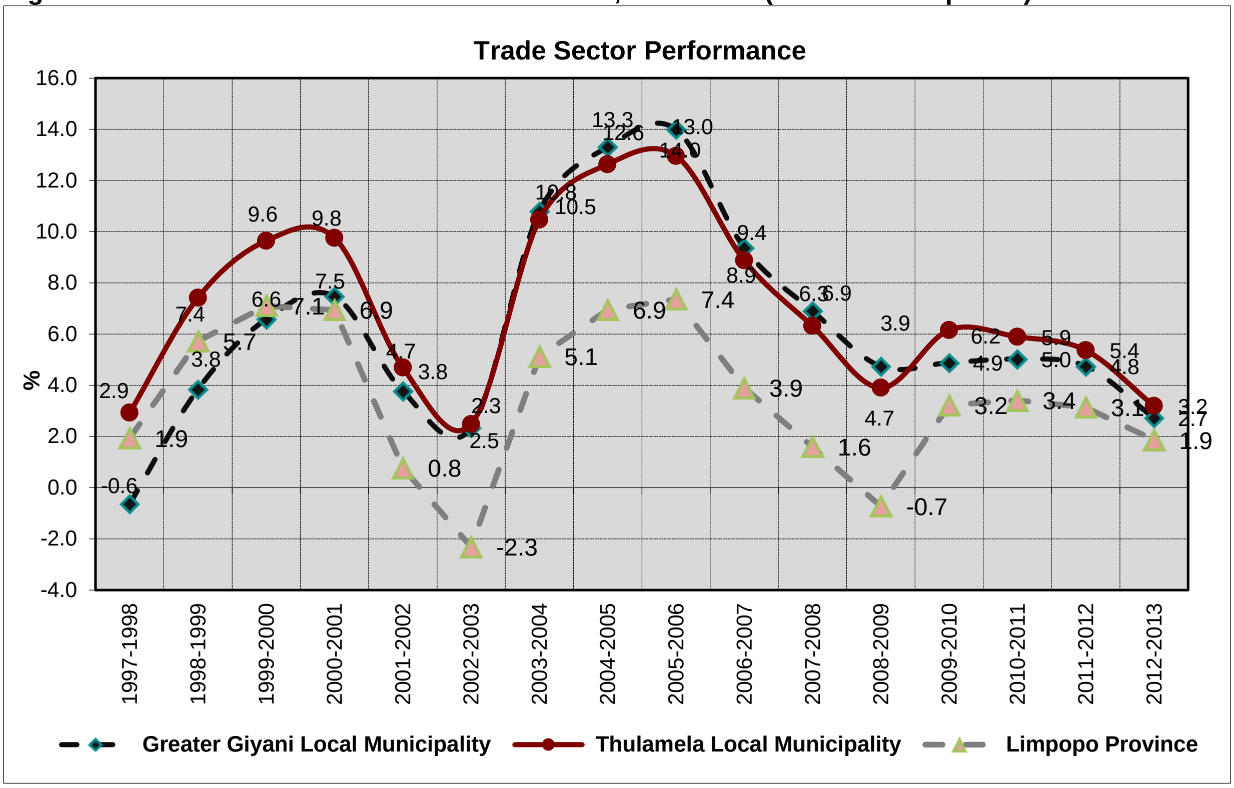
Figure 3.7: Size of the Trade Sector





Source: Demacon Ex. Stats SA, 2016

Figure 3.8: Trade Sector Economic Performance, 1997-2013 (GVA at basic prices)



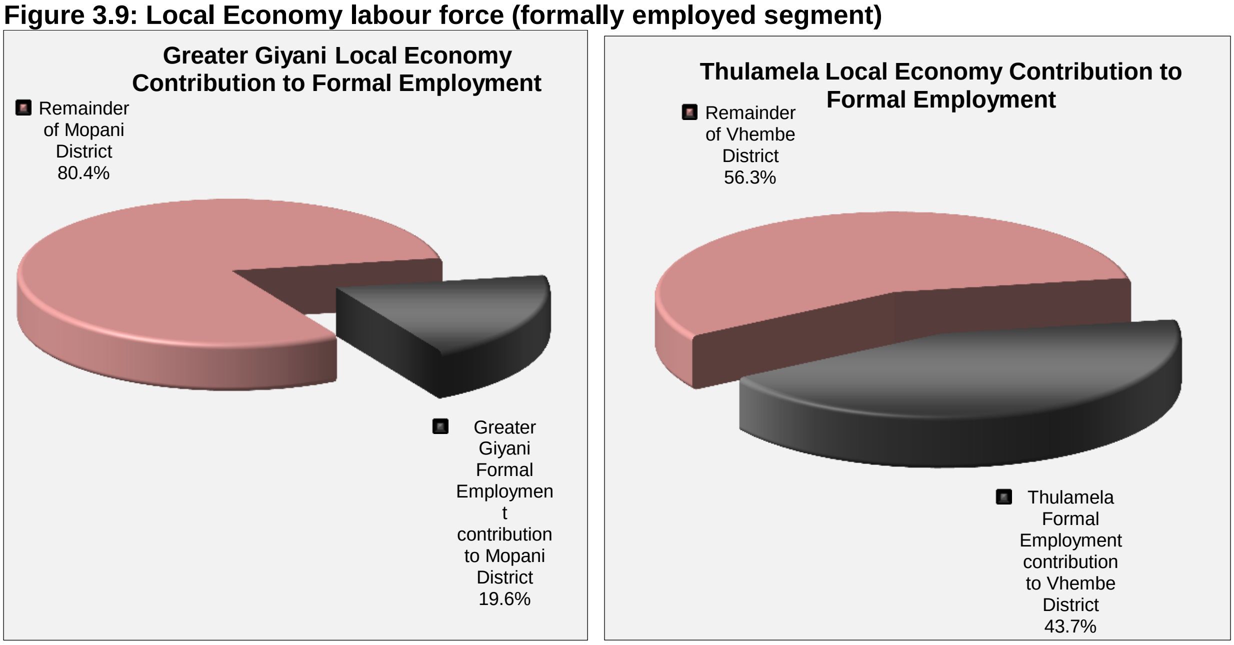
Source: Demacon Ex. Stats SA, 2016

- ✓ The long run average annual growth rate **between 1997 and 2013** for Thulamela Local Economy Trade Sector averaged at **7.0% and 6.2% for the Greater Giyani Local Economy Trade Sector.**

3.5 EMPLOYMENT TRENDS

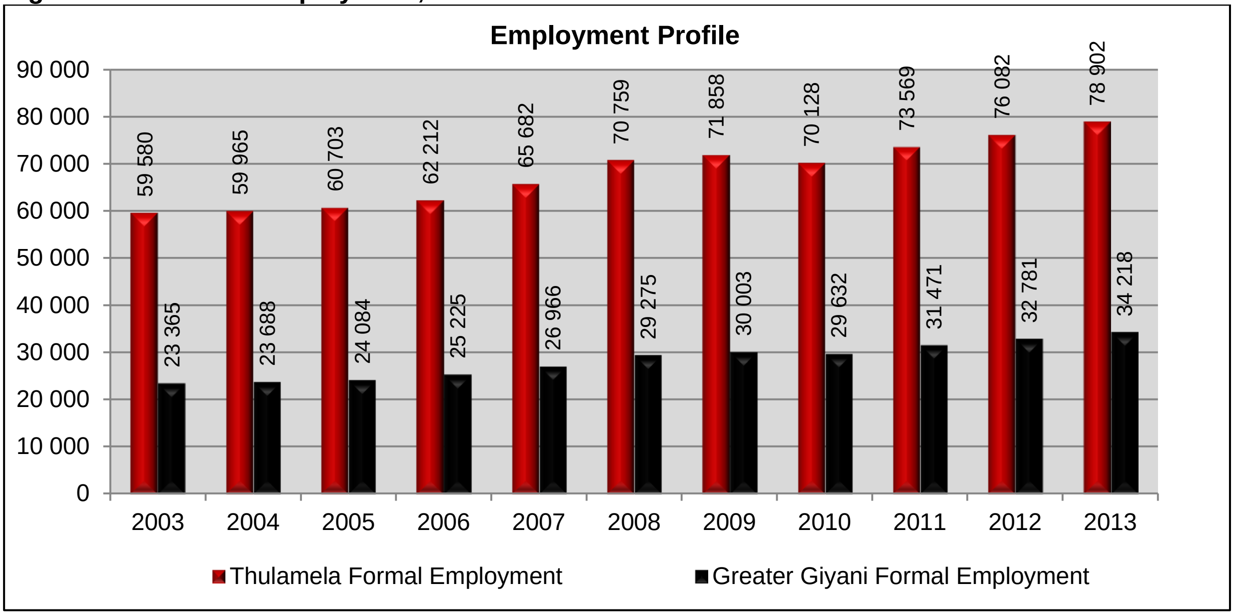
Figure 3.9 indicates that the Greater Giyani Local Economy contributes 19,4% of formal employees towards the Mopani District and Thulamela Local Economy contributes 43.7% towards the Vhembe District labour force.

Figure 3.9: Local Economy labour force (formally employed segment)



Source: Demacon Ex. Stats SA, 2016

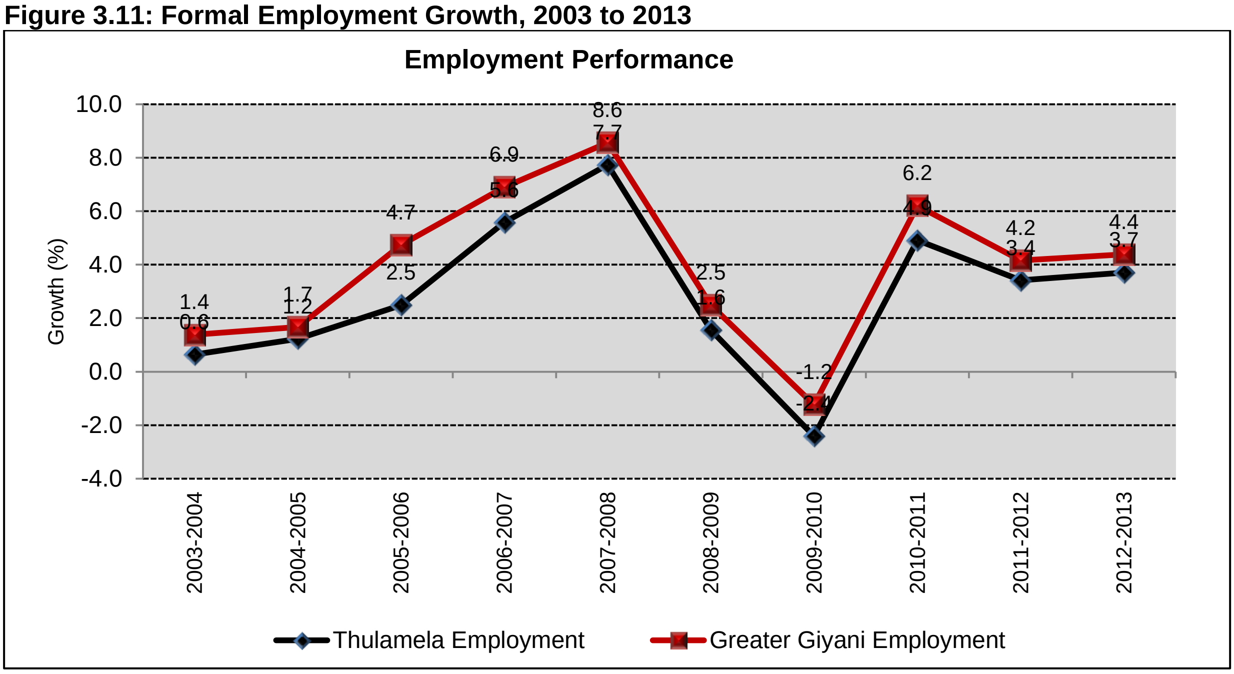
Figure 3.10: Formal Employment, 2003 to 2013



Source: Demacon Ex. Stats SA, 2016

In 2013, formal employment were estimated at **78 902 employees (Thulamela Local Municipality)** and **34 218 employees (Greater Giyani Local Municipality).**

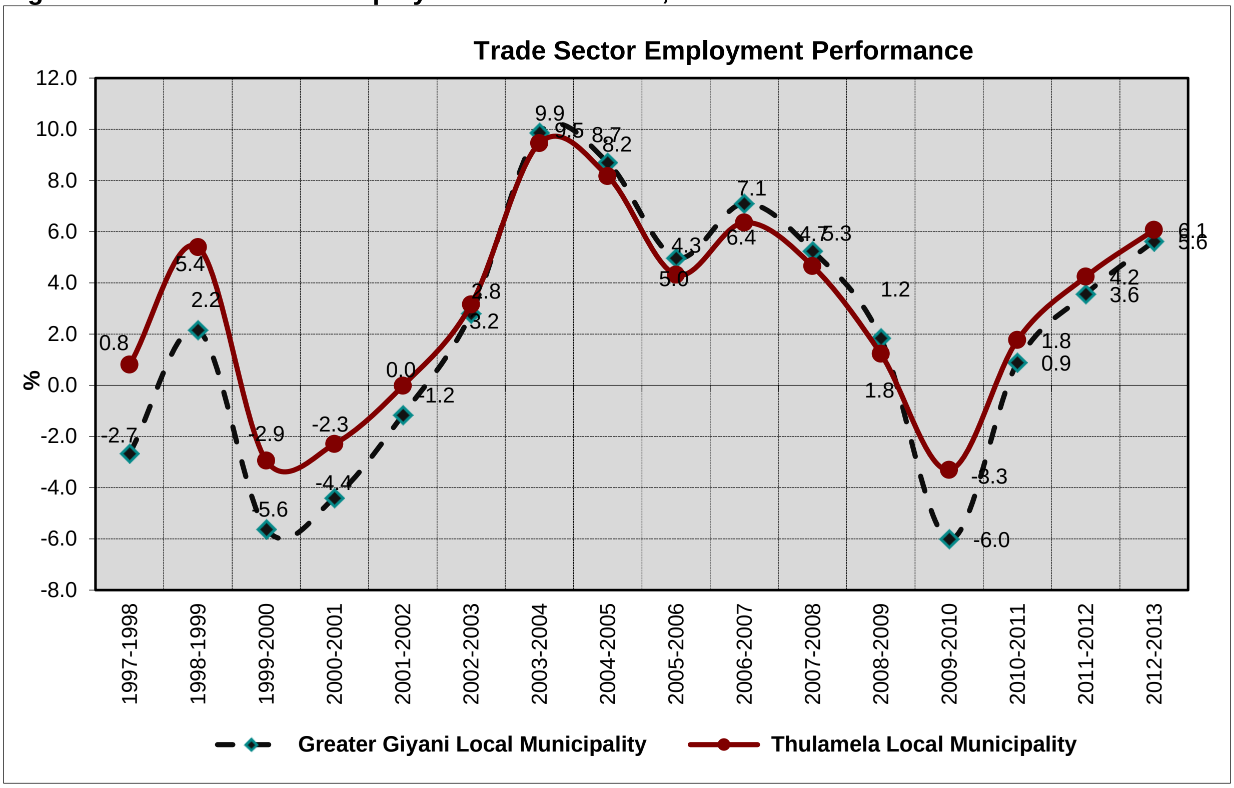
Figure 3.11: Formal Employment Growth, 2003 to 2013



Source: Demacon Ex. Stats SA, 2016

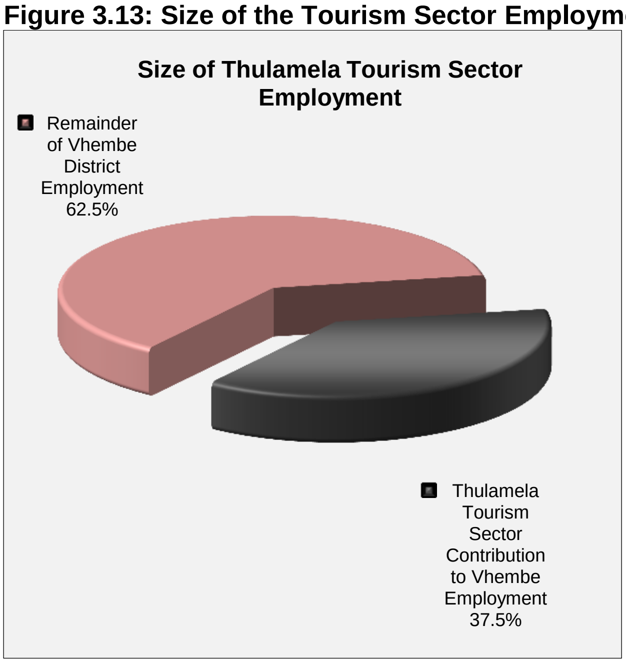
The performance of the employment segments are reflected in Figure 3.11. It is evident that the formal employment segment reflected stable/consistent growth over this time period. The average annual employment growth rates over this time period amounted to **2.9% per annum** for the **Thulamela employment** segment and **3.9% per annum** for the **Greater Giyani employment** segment.

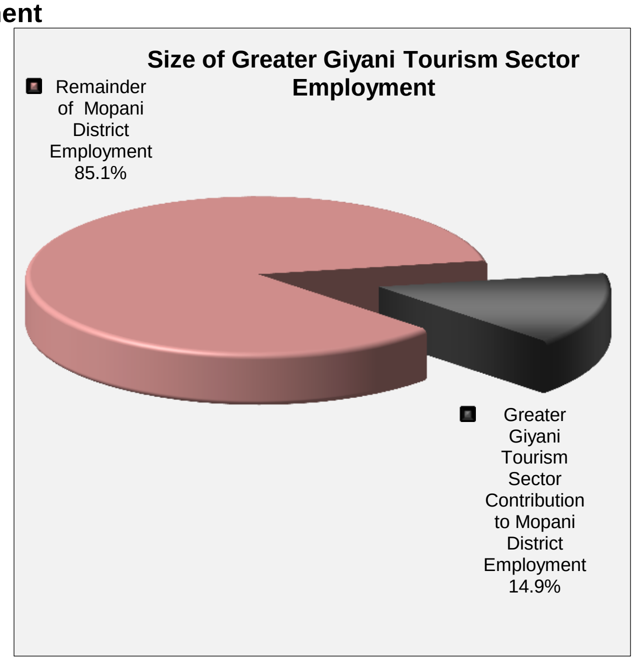
Figure 3.12: Trade Sector Employment Performance, 1997-2013



Source: Demacon Ex. Stats SA, 2016

Figure 3.13: Size of the Tourism Sector Employment





Source: Demacon Ex. Stats SA, 2016

3.6 COMPETITIVE AND COMPARATIVE ADVANTAGE ANALYSIS

3.6.1 Location Quotient

A location quotient identifies the level of specialisation in a geographic region. In simple terms it measures the concentration of certain industry sectors in the region relative to the district / province.

Table 3.1 indicates the Location Quotient for the Local Economy with reference to the District for 2008 and 2013. It is evident that the Wholesale and Retail Trade and Catering and Accommodation Sub-Sectors are classified as high and increasing.

Table 3.1: Location Quotients, 2008 and 2013

	2008	Classification	2013	Classification	Change
PA: Agriculture, forestry and fishing [SIC: 1]	0.45	Low	0.48	Low	Increase
PB: Mining and quarrying [SIC: 2]	0.26	Low	0.07	Low	Decline
SC: Manufacturing [SIC: 3]	1.08	Medium	1.16	Medium	Increase
SD: Electricity, gas and water [SIC: 4]	1.19	Medium	0.80	Medium	Decline
SE: Construction [SIC: 5]	0.77	Medium	0.72	Low	Decline
TF: Wholesale and retail trade, catering and accommodation [SIC: 6]	**1.07**	**Medium**	**1.57**	**High**	**Increase**
TF16: Wholesale and retail trade [SIC: 61-62]	**1.07**	**Medium**	**1.58**	**High**	**Increase**
TF17: Catering and accommodation services [SIC: 63]	**0.99**	**Medium**	**1.40**	**High**	**Increase**
TG: Transport, storage and communication [SIC: 7]	0.84	Medium	0.83	Medium	Decline
TH: Finance, insurance, real estate and business services [SIC: 8]	1.01	Medium	1.00	Medium	Decline
TI: Community, social and personal services [SIC: 92, 95-6, 99, 0]	1.26	High	1.35	High	Increase
TJ: General government [SIC: 91, 94]	1.21	Medium	1.62	High	Increase

Source: Demacon, 2016

3.6.2 Leading/Lagging Analysis

This analysis aims to examine the economic growth of the local economy in terms of the aggregate economy. This analysis uses sector growth rates to produce two key values: District Sector Relative Growth (DSRG) and Local Sector Relative Growth (LSRG).

Table 3.2 shows that the **wholesale and retail trade and catering and accommodation sub-sectors** are classified as **leading sectors** (sectors exceeded growth of the district and grew in GVA).

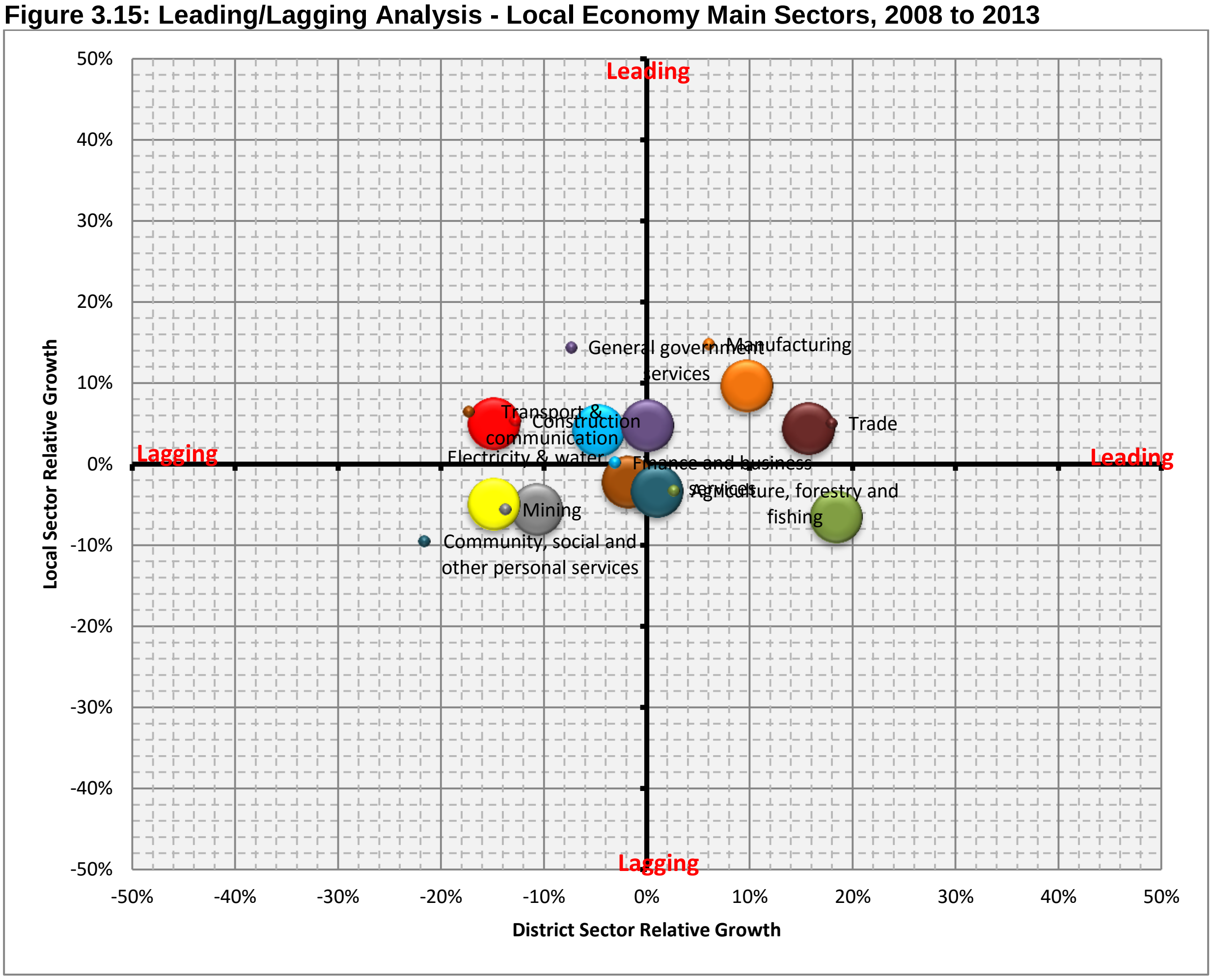
Table 3.2: Leading Lagging Analysis, 2008 to 2013

	DSRG	Leading/ Lagging Analysis	District Industry Growth	LSRG	Leading/ Lagging Analysis	Local Industry Growth
PA: Agriculture, forestry and fishing [SIC: 1]	-6.4%	Lagging	Positive	18.4%	Leading	Positive
PB: Mining and quarrying [SIC: 2]	-5.5%	Lagging	Positive	-10.7%	Lagging	Negative
SC: Manufacturing [SIC: 3]	-9.8%	Lagging	Negative	9.7%	Leading	Positive
SD: Electricity, gas and water [SIC: 4]	-4.9%	Leading	Positive	-14.9%	Lagging	Negative
SE: Construction [SIC: 5]	5.0%	Leading	Positive	-14.9%	Lagging	Negative
TF: Wholesale and retail trade, catering and accommodation [SIC: 6]	**4.4%**	**Leading**	**Positive**	**15.7%**	**Leading**	**Positive**
TF16: Wholesale and retail trade [SIC: 61-62]	**4.3%**	**Leading**	**Positive**	**14.4%**	**Leading**	**Positive**
TF17: Catering and accommodation services [SIC: 63]	**6.6%**	**Leading**	**Positive**	**45.8%**	**Leading**	**Positive**

	DSRG	Leading/ Lagging Analysis	District Industry Growth	LSRG	Leading/ Lagging Analysis	Local Industry Growth
TG: Transport, storage and communication [SIC: 7]	-2.2%	Lagging	Positive	-1.9%	Lagging	Positive
TH: Finance, insurance, real estate and business services [SIC: 8]	4.2%	Leading	Positive	-4.7%	Lagging	Positive
TI: Community, social and personal services [SIC: 92, 95-6, 99, 0]	-3.3%	Lagging	Positive	1.0%	Leading	Positive
TJ: General government [SIC: 91, 94]	4.8%	Leading	Positive	0.0%	Leading	Positive

Source: Demacon, 2016

Figure 3.15: Leading/Lagging Analysis - Local Economy Main Sectors, 2008 to 2013



Source: Demacon, 2016

3.6.3 Carvalho Classification

The Wholesale and Retail Trade and Catering and Accommodation Sub-Sectors are regarded as **driving sectors**. Economy is highly specialised in these sectors, which is growing on a district level and growing at an even higher rate locally.

Table 3.3: Carvalho Classification of the Local Economy, 2008 to 2013

	Location Quotient	DSRG	LSRG	Carvalho Classification
PA: Agriculture, forestry and fishing [SIC: 1]	0.48	Lagging	Leading	Moderate
PB: Mining and quarrying [SIC: 2]	0.07	Lagging	Lagging	Marginal
SC: Manufacturing [SIC: 3]	1.16	Lagging	Leading	Transitional
SD: Electricity, gas and water [SIC: 4]	0.80	Leading	Lagging	Yielding

	Location Quotient	DSRG	LSRG	Carvalho Classification
SE: Construction [SIC: 5]	0.72	Leading	Lagging	Modest
TF: Wholesale and retail trade, catering and accommodation [SIC: 6]	**1.57**	**Leading**	**Leading**	**Driving**
TF16: Wholesale and retail trade [SIC: 61-62]	**1.58**	**Leading**	**Leading**	**Driving**
TF17: Catering and accommodation services [SIC: 63]	**1.40**	**Leading**	**Leading**	**Driving**
TG: Transport, storage and communication [SIC: 7]	0.83	Lagging	Lagging	Vulnerable
TH: Finance, insurance, real estate and business services [SIC: 8]	1.00	Leading	Lagging	Yielding
TI: Community, social and personal services [SIC: 92, 95-6, 99, 0]	1.35	Lagging	Leading	Evolving
TJ: General government [SIC: 91, 94]	1.62	Leading	Leading	Driving

Source: Demacon, 2016

3.6.4 Industry Target Classification

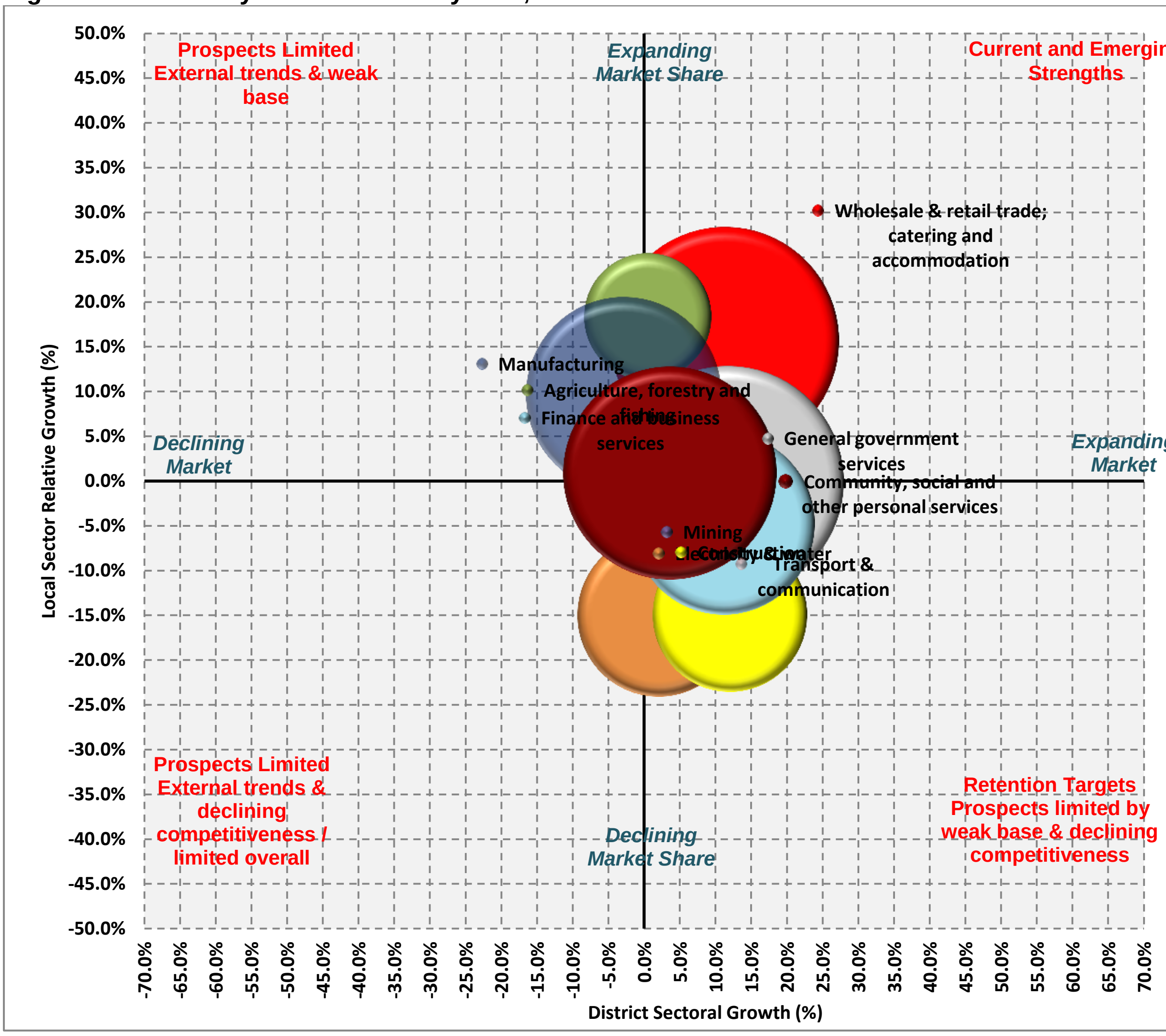
The Wholesale and Retail Trade and Catering and Accommodation Sub-Sectors are regarded as **current strength sectors**. It is evident that these two sub-sectors are growing in the district economy and locally. It represents the strengths and emerging strengths of the local economy.

Table 3.4: Local Economy Industry Targeting Classification, 2008 to 2013

	LQ		District Sector % Growth		LSRG		Industry Targeting
	Value	Class	Value	Class	Value	Class	
PA: Agriculture, forestry and fishing [SIC: 1]	0.5	Low	0.5%	Positive	18.4%	Leading	Emerging Strength
PB: Mining and quarrying [SIC: 2]	0.1	Low	1.3%	Positive	-10.7%	Lagging	Prospects limited by weak base and declining competitiveness
SC: Manufacturing [SIC: 3]	1.2	Medium	-2.9%	Negative	9.7%	Leading	Prospects limited by external trends
SD: Electricity, gas and water [SIC: 4]	0.8	Medium	2.0%	Positive	-14.9%	Lagging	High priority retention target
SE: Construction [SIC: 5]	0.7	Low	11.9%	Positive	-14.9%	Lagging	Prospects limited by weak base and declining competitiveness
TF: Wholesale and retail trade, catering and accommodation [SIC: 6]	**1.6**	**High**	**11.3%**	**Positive**	**15.7%**	**Leading**	**Current Strength**
TF16: Wholesale and retail trade [SIC: 61-62]	**1.6**	**High**	**11.2%**	**Positive**	**14.4%**	**Leading**	**Current Strength**
TF17: Catering and accommodation services [SIC: 63]	**1.4**	**High**	**13.5%**	**Positive**	**45.8%**	**Leading**	**Current Strength**
TG: Transport, storage and communication [SIC: 7]	0.8	Medium	4.7%	Positive	-1.9%	Lagging	High priority retention target
TH: Finance, insurance, real estate and business services [SIC: 8]	1.0	Medium	11.1%	Positive	-4.7%	Lagging	High priority retention target
TI: Community, social and personal services [SIC: 92, 95-6, 99, 0]	1.3	High	3.6%	Positive	1.0%	Leading	Current Strength
TJ: General government [SIC: 91, 94]	1.6	High	11.7%	Positive	0.0%	Leading	Current Strength

Source: Demacon, 2016

Figure 3.16: Industry Classification System, 2008 to 2013



Source: Demacon, 2016

3.7 SYNTHESIS

Chapter 3 provided a quantitative overview of the contribution made by tourism related activities to the local municipal economy. On a pure monetary basis, the tourism sector appears dominant in terms of economic production (value ad), contributing 50.5% and 28.9% respectively towards district municipal geographic value add

These above figures belie not only the geographic significance of tourism and related activities, but also the regional or cross-border significance of the greater Kruger National Park conservancy and adjacent private game reserves and lodges.

The **tourism geographic value ad of the Local Municipalities is estimated at R3.0b (2013)**. It is estimated that 70% of tourism establishments are located in and around the greater Kruger National Park conservancy. On account of this, 70% of tourism GVA in the local area can be attributed to the greater Kruger National Park conservancy.

The tourism GVA illustrates this sector as a **'driving force' which holds competitive advantages** for the provincial economy. The tourism sector certainly appears **proportionally dominant in terms of economic data**, a phenomenon which is visible in district and municipal level spatial development frameworks. Tourism is generally considered a sustainable economic activity, tourism multipliers (i.e. not only the direct investment values, but the downstream indirect and induced benefits) tend to be high and sustained. The tourism sector footprint has increased exponentially over the past eight to nine decades.

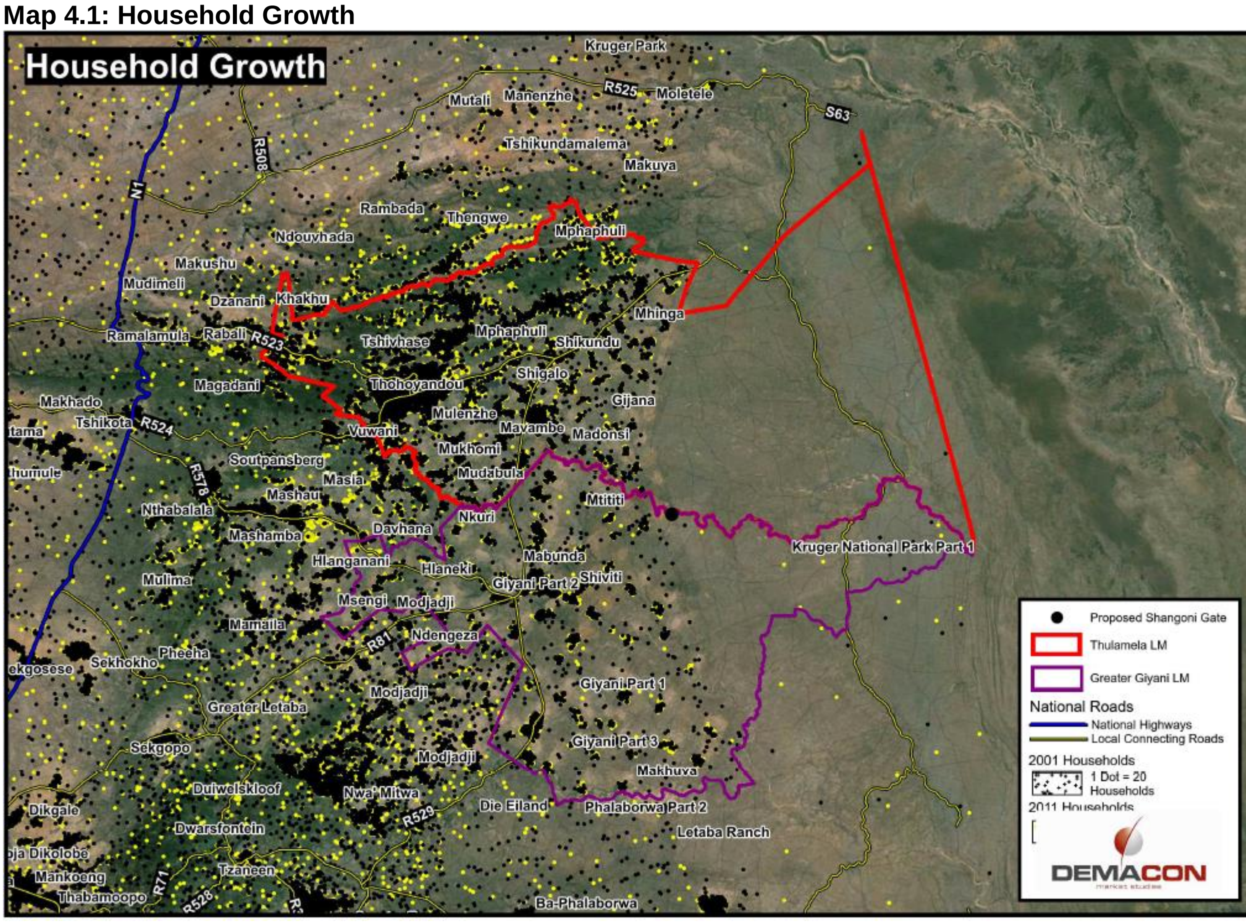
CHAPTER 4: DEMOGRAPHIC MARKET OVERVIEW

4.1 INTRODUCTION

The demand for tourist facilities is a derived demand. Hence, the current level and depth, as well as anticipated future growth in demand are a function of the local consumer market profile. The purpose of this chapter is to provide a concise socio-economic profile of the Greater Giyani Local Municipality and Thulamela Local Municipality.

4.2 SOCIO-ECONOMIC PROFILE

Map 4.1: Household Growth



Greater Giyani Local Municipality

The following section summarised the socio-economic profile of Greater Giyani Local Municipality.

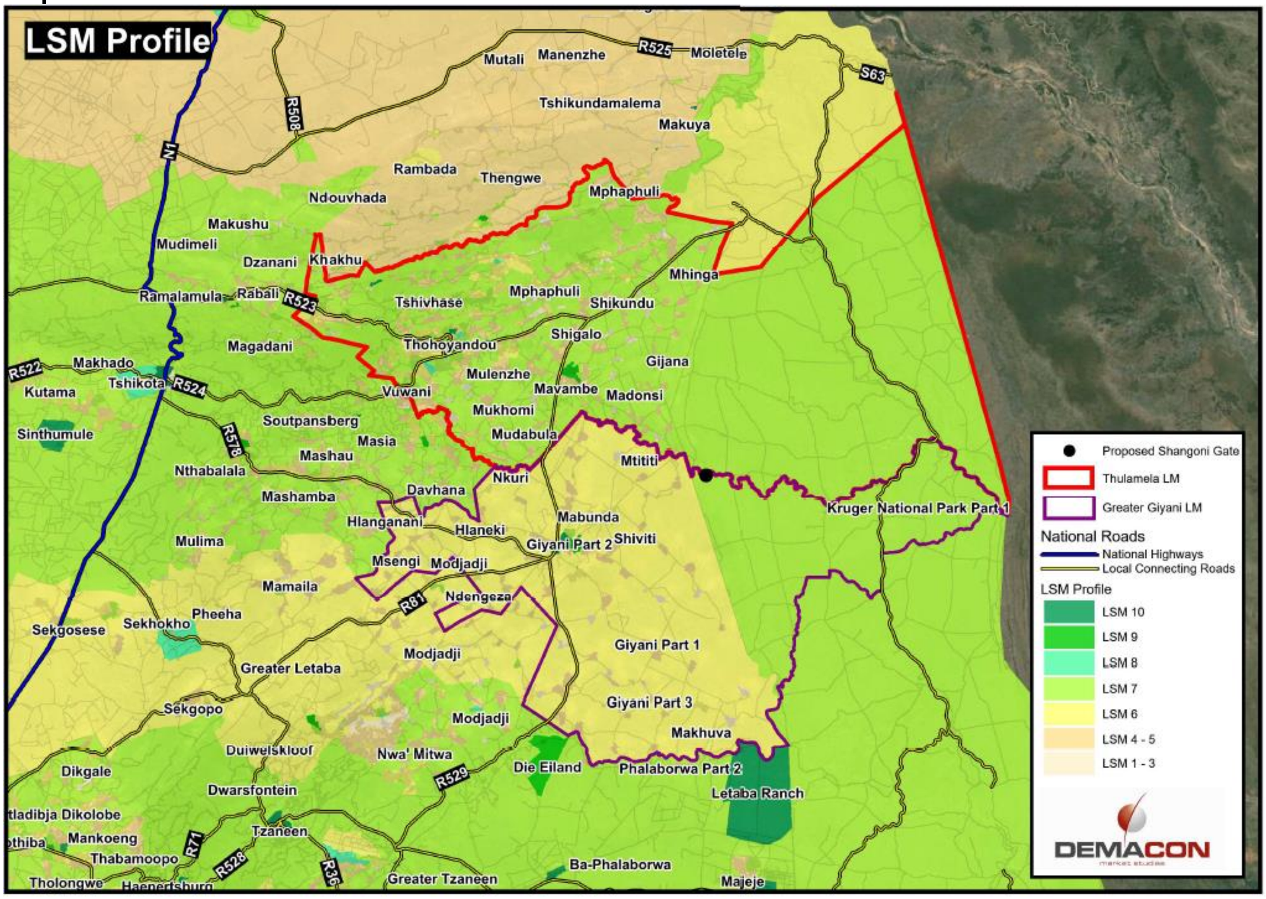
Table 4.1: Key Socio-Economic Indicators of the Greater Giyani Local Municipality (2016)

Variable	Primary Market Area
Number of people	✓ 245 771 people
Number of households	✓ 69 010 households
Household Size	✓ 3.6 people/ household
Racial Distribution	✓ African Blacks: 99.5% ✓ Indian Asians: 0.3% ✓ Coloured: 0.1% ✓ Whites: 0.1%
Age profile	**Females** ✓ 0 – 14 years: 32.7%

Variable	Primary Market Area
	✓ 15 - 19 years: 11.7% ✓ 20 - 34 years: 24.1% ✓ 35 - 64 years: 24.3% ✓ 65 years +: 7.3% **Males** ✓ 0 – 14 years: 41.9% ✓ 15 - 19 years: 15.0% ✓ 20 - 34 years: 22.5% ✓ 35 - 64 years: 16.6% ✓ 65 years +: 3.9%
Highest level of education (aged 20 and older)	✓ Some Secondary: 31.5% ✓ None: 25.0% ✓ Grade 12: 20.8% ✓ Some Primary: 11.4% ✓ Higher: 7.1% ✓ Complete Primary: 4.2%
Level of employment	✓ Economically active: 37.1% ✓ Employed: 53.0% ✓ Unemployed: 47.0%
Dwelling Type	✓ House or brick structure on a separate stand or yard: 87.0% ✓ Traditional dwelling/hut/structure made of traditional materials: 9.4% ✓ Informal dwelling/shack NOT in back yard: 1.4% ✓ Informal dwelling/shack in back yard: 1.0% ✓ Flat in block of flats: 0.6% ✓ House/flat/room in backyard: 0.4% ✓ Town/cluster/semi-detached house (simplex; duplex; triplex): 0.1% ✓ Room/flatlet not in back yard but on shared property: 0.0% ✓ Caravan or tent: 0.1%
Tenure Profile	✓ Owned and fully paid off : 63.3% ✓ Occupied rent-free: 25.5% ✓ Owned but not yet paid off : 7.4% ✓ Rented: 3.8%
Weighted Average household income (2016)	*All LSM's:* ✓ R46 990 per annum ✓ R3 916 per month *LSM 4 – 10+ households:* ✓ R151 085 per annum ✓ R12 590 per month
LSM Profile	✓ LSM 1 -3: 75.6% ✓ LSM 4 – 10+: 24.4%

Source: Demacon Ex. Stats SA, 2016

Map 4.2: LSM Profile



Thulamela Local Municipality

The following summarise the main socio-economic characteristics of the Thulamela Local Municipality.

Table 4.2: Key Socio-Economic Indicators of the Thulamela Local Municipality (2016)

Variable	Primary Market Area
Number of people	✓ 638 062 people
Number of households	✓ 172 753 households
Household Size	✓ 3.7 people/ household
Racial Distribution	✓ African Blacks: 99.4% ✓ Indian Asians: 0.5% ✓ Coloured: 0.1% ✓ Whites: 0.1%
Age profile	**Females** ✓ 0 – 14 years: 31.8% ✓ 15 - 19 years: 11.6% ✓ 20 - 34 years: 23.6% ✓ 35 - 64 years: 25.3% ✓ 65 years +: 7.7% **Males** ✓ 0 – 14 years: 39.4% ✓ 15 - 19 years: 14.6% ✓ 20 - 34 years: 24.1% ✓ 35 - 64 years: 18.0% ✓ 65 years +: 3.9%
Highest level of education (aged 20 and older)	✓ Some Secondary: 33.7% ✓ Grade 12: 22.0% ✓ None: 17.5%

Variable	Primary Market Area
	✓ Some Primary: 11.5% ✓ Higher: 11.2% ✓ Complete Primary: 4.1%
Level of employment	✓ Economically active: 40.8% ✓ Employed: 56.2% ✓ Unemployed: 43.8%
Dwelling Type	✓ House or brick structure on a separate stand or yard: 84.3% ✓ Traditional dwelling/hut/structure made of traditional materials: 13.0% ✓ House/flat/room in back yard: 0.9% ✓ Informal dwelling/shack in back yard: 0.6% ✓ Informal dwelling/shack NOT in back yard: 0.5% ✓ Town/cluster/semi-detached house (simplex; duplex; triplex): 0.3% ✓ Flat in block of flats: 0.2% ✓ Room/flatlet not in back yard but on shared property: 0.1% ✓ Caravan or tent: 0.0%
Weighted Average household income (2016)	*All LSM's:* ✓ R54 085 per annum ✓ R4 507 per month *LSM 4 – 10+ households:* ✓ R159 784 per annum ✓ R13 315 per month
LSM Profile	✓ LSM 1 -3: 73.0% ✓ LSM 4 – 10+: 27.0%

Source: Demacon Ex. Stats SA, 2016

The following Chapter assess the anticipated economic impact that will be generated by the proposed Shangoni Gate Tourism Hub.

CHAPTER 5: ECONOMIC IMPACT ASSESSMENT

5.1 INTRODUCTION

The purpose of this chapter is to assess the anticipated economic impact that will be generated by the proposed Shangoni Gate Tourism Hub. Capital investment and operational expenditure that will be associated with the proposed development are used as basis to quantify the potential impact that will result from the proposed Shangoni Gate Tourism Hub Development on the local, district and provincial economies.

The impact refers to the ripple effect throughout the economy caused by investment in a specific economic sector. This economic impact stretches beyond the jobs and income generated by the original project. In order to estimate the total economic impact the input-output model is employed.

The following section provides an overview of the aforementioned development concept that will be associated with the proposed Shangoni Gate Tourism Hub (on which the impact assessment is based).

5.2 SHANGONI GATE TOURISM HUB DEVELOPMENT CONCEPT

Table 5.1 summarises the development concept that is associated with the proposed Shangoni Gate Tourism Hub development, serving as basis for the quantitative assessment of the economic and socio-economic impacts of the proposed project.

Table 5.1: Shangoni Gate Tourism Hub Development Concept

Land Use	Proposed Size
Chalets	20 units
Luxury Safari Camp - 20 safari tents. The camp includes a reception area / management offices, kitchen facilities, dining and relaxation area etc.	20 units
Rustic Safari Camp - Rustic camp (tents on platforms), camping / caravan park and a picnic site (20 thatched umbrellas with tables and benches to accommodate eight at each) to be built close to the Shingwedzi River inside the KNP. The camp includes a reception area / management offices.	20 units
General Dealer & Liquor Store	750m²
Filling Station	250m²
Restaurant	250m²
Offices for Adventure Equipment	9m²
Dining Lapa	130m²
Braai Pits	10m²
Swimming Pool	6m
Toilet Block	48m²
Management Office / Reception Area	48m²
Curios & Crafts	70m²
Museum & Interpretation Centre	80m²
Meeting & Training Rooms	148m²
Offices to Lease	4 units
Info Shop	88m²
Auditorium & Events Lapa	68m²

Land Use	Proposed Size
Staff Housing	6 units
SA Police Satellite Centre	128m²
Public Infrastructure	

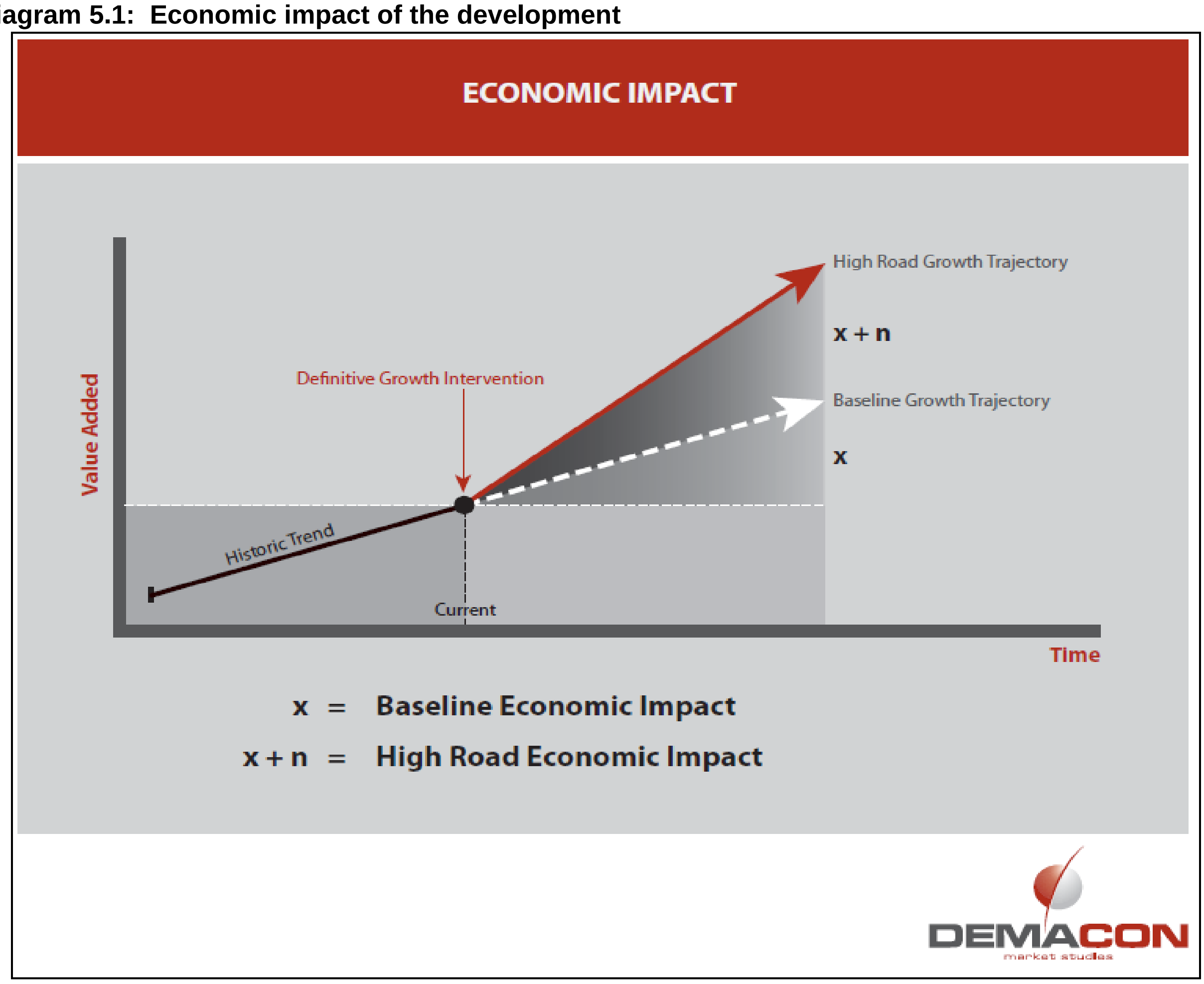
Source: Demacon Estimates, 2016

However, before the findings of the quantitative assessment of the proposed project can be addressed, the model utilised for this purpose is discussed in more depth in the following section.

5.3 INPUT-OUTPUT MODEL

The following figure conceptually illustrates the economic impact that the proposed Shangoni Gate Tourism Hub Development could have on the local economy in terms of additional GGP.

Diagram 5.1: Economic impact of the development



Before the input-output model is discussed it is necessary to understand the community economic system and underlying interrelationships (Refer to Diagram 5.2).

It is evident that there is a strong interrelationship and interdependence between the three dominant sectors of the local economy: Basic industry, households and services. These interrelationships refer to sectors purchasing from other sectors, sectors selling to other sectors, sectors selling outside of the local economy and sectors buying outside of the local economy.

This results in the flow of labour, inputs, goods and services as well as money within and beyond the local economy. The input output analysis creates a picture of a regional economy describing the flows to and from industries and institutions. In other words it provides a description of the local economy and predicts the estimated impacts resulting from a change in the local economy.

The Input-Output Model depicts economic relationships between different components of an economy by identifying monetary flows (expenditures, receipts) between various units. The relationship between the initial spending and the total effects generated by the spending is known as the multiplier effect of the sector, or more generally as the impact of the sector on the economy as a whole. The input-output table represents the nucleus of the Inset-Output Model – as reflected in Diagram 5.3.

Diagram 5.2: Community Economic System

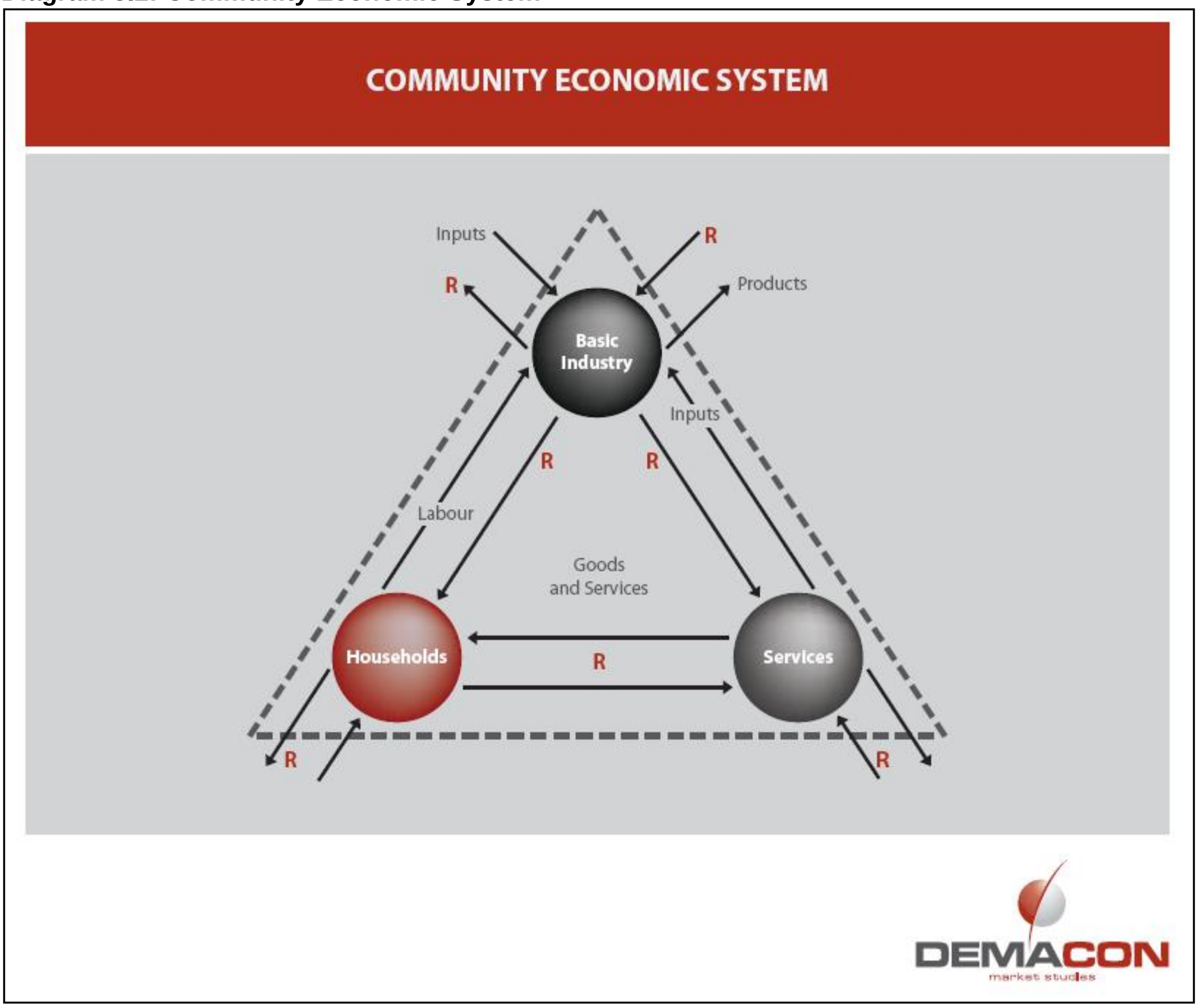


Diagram 5.3: Schematic presentation of the Input-Output table

	Intermediate Outputs	Final Demand	Total Production
Intermediate Inputs	**Quadrant I** x11x12 x21x22 xn1xn2 M11 M12	**Quadrant II** C1 G1 I1 IC1E1 C2 G2 I2 IC2 E2 Cn Gn In ICn En MC MG	X1 X2 Xn Mn
Primary Inputs	**Quadrant III** A1A2 B1B T1T2	**Quadrant IV** VC VG VI $_{VIC}$ VE	A B T

Total Production	X1 X2 Xn	C I G (X – M)	Z

Final demand (Y) can be presented by the following formula:

Y = C + I + G + (X - Z) where:

C: *Private consumption expenditure*
I: *Gross domestic fixed investment*
G: *Government consumption expenditure*
X: *Exports*
Z: *Imports*

Both the intermediate inputs as well as intermediate outputs for the different production sectors are shown in **Quadrant I.** This quadrant is usually referred to as the transaction table or transaction matrix and is an indication of the transfer of goods and services between the industrial sectors for production purposes.

The different final demand components as applied in the input-output table are shown in **Quadrant II**. Components of final demand are private consumption expenditure (C), government consumption expenditure (G), gross domestic fixed investment (I), change in inventories (IC) and total exports (E).

Quadrant III represents the demand for primary inputs by industrial sector. The elements of primary input, which are referred to are remuneration of employees (A), the gross operating surplus (B) as well as net indirect taxes (T).

Quadrant IV is that portion of primary input, which is part of final demand.

The linkage effects between the various sectors in the transaction matrix can be presented by$_{xij,}$ which shows the flow of goods from sector i to sector j.

The input-output model consists of three basic components:

- ✓ **Transaction Table**: illustrate the monetary flows of goods and services in a local economy for a given time period.
- ✓ **Direct Requirements Table**: indicates the purchases of resources (inputs) by a sector from all sectors to produce one Rand of output (creating a production recipe).
- ✓ **Total Requirements Table**: indicates the indirect and induced transactions caused by the purchases of resources (inputs) by a sector from all sectors.

The input-output table is also based on certain basic assumptions:

- ✓ It is possible to group the different production activities in homogeneous industries
- ✓ The demand for intermediates by a particular sector will change in direct proportions to the specific sectors change in output
- ✓ No substitution of intermediates is possible due to price changes
- ✓ No technological change takes place
- ✓ Each sector produces only on primary product.

It should be noted that:

- ✓ All the rand values in the report represents 2016 current prices
- ✓ The different measure of economic impact cannot be added together and should be interpreted separately

- ✓ The model quantifies the economic impacts for a specific amount of time and it is not derived gradually over time.

Impacts are traced through the regional economy in terms of the application of a set of multipliers derived from regional economic accounts (only local transactions are used to create the multiplier effect).

A multiplier summarises the total impact that can be expected throughout the economy from one unit change for a given sector.

There are four types of multipliers:

- ✓ **Output multipliers (Business revenue or sales)**: it estimates the total change in local sales volume.
- ✓ **Employment multipliers**: measures the total change in employment resulting from an initial change in employment of a specific industry.
- ✓ **Value added multiplier (GGP)**: provides an estimate of the additional value added to the products as result of this economic activity. Value added includes employee compensations, indirect business taxes, and proprietary and other property income.
- ✓ **Income multiplier**: measures the total increase in income in the local economy resulting from a 1 Rand increase in income received by workers in the specific industry.

Difference between multipliers and turnover:

Turnover refers to the number of times some of the initial Rand that is received from outside the community, changes hands within the community. Example: 1 Rand received from a new investment changes hands five times within the local economy. The multiplier is 1.66, although some portion of the initial Rand turns over five times. During each exchange of money for goods or services, some of the original Rand leaves the local economy, which reduces the amount spent locally during the next exchange. Multipliers measure the full impact of a Rand on the local economy, whereas turnover merely indicates the number of times some of the initial Rand is spent locally.

The economic impact can be measured in terms of three effects:

- ✓ **Direct effects**: those economic effects caused by the new investment or proposed project.
- ✓ **Indirect effects**: occurs to industries in the backward linked industries that supply goods and services to the proposed development. Economic activity triggered by the purchases made as a result of the initial round of project expenditure.
- ✓ **Induced effects**: result from households spending some of the additional income they receive on goods and services within the local, regional and provincial economies.

There are two types of multipliers:

- ✓ **Type 1 multipliers**: Include direct or initial spending, as well as indirect spending or business buying and selling to each other.
- ✓ **Type 2 multipliers**: Include Type 1 multiplier effects, plus household spending based on the income earned from the direct and indirect effects – the induced effects.

In summary: Economic impacts represent the positive or negative effects caused by the expansion or contraction of an area’s economy, resulting from the changes in a facility or project. In the case of the proposed project it will represent the impacts caused by the proposed Shangoni Gate Tourism Hub Development.

Subsequent sections provide an overview of the estimated economic impacts caused by the implementation of the **Shangoni Gate Tourism Hub Development**.

The impact will also be estimated in terms of two project phases – the **construction and the operational phases**, commencing with the construction phase impacts in the following section.

5.4 CONSTRUCTION PHASE IMPACTS

This section indicates the anticipated economic impacts (direct, indirect and induced) that will result from the construction phase of the Shangoni Gate Tourism Hub Development. It is important to note that these impacts are ***once off and not sustained annual impacts***. The impacts will fade away after the construction of the project.

The following table provides an illustration of the anticipated **additional business sales** generated by the project during the construction phase of the proposed Shangoni Gate Tourism Hub Development.

Table 5.2: Construction Phase - Additional Business Sales (2016 NPV)

ADDITIONAL BUSINESS SALES	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Chalets	11 338 000	1 063 000	2 601 000	15 002 000	17.4%
Luxury Safari Camp	15 583 000	1 461 000	3 575 000	20 619 000	23.9%
Rustic Safari Camp	15 583 000	1 461 000	3 575 000	20 619 000	23.9%
General Dealer & Liquor Store	4 474 000	420 000	1 027 000	5 921 000	6.9%
Filling Station	5 929 000	556 000	1 360 000	7 845 000	9.1%
Restaurant	2 462 000	231 000	565 000	3 258 000	3.8%
Offices for Adventure Equipment	1 501 000	141 000	344 000	1 986 000	2.3%
Dining Lapa	386 000	36 000	89 000	511 000	0.6%
Braai Pits	22 000	2 000	5 000	29 000	0.0%
Swimming Pool	267 000	25 000	61 000	353 000	0.4%
Toilet Block	214 000	20 000	49 000	283 000	0.3%
Management Office	407 000	38 000	93 000	538 000	0.6%
Curios & Crafts	297 000	28 000	68 000	393 000	0.5%
Museum & Interpretation Centre	326 000	31 000	75 000	432 000	0.5%
Meeting & Training Rooms	1 460 000	137 000	335 000	1 932 000	2.2%
Offices to Lease	214 000	20 000	49 000	283 000	0.3%
Info Shop	392 000	37 000	90 000	519 000	0.6%
Auditorium & Events Lapa	326 000	31 000	75 000	432 000	0.5%
Staff Housing	178 000	17 000	41 000	236 000	0.3%
SA Police Satellite	570 000	53 000	131 000	754 000	0.9%

ADDITIONAL BUSINESS SALES	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Centre					
Public Infrastructure	2 063 000	193 000	473 000	2 729 000	3.2%
Pre-Opening Cost	1 120 000	105 000	257 000	1 482 000	1.7%
Total	**65 112 000**	**6 106 000**	**14 938 000**	**86 156 000**	**100%**

The following table provides an illustration of the anticipated **additional GGP** generated by the project during the construction phase of the proposed Shangoni Gate Tourism Hub Development.

Table 5.3: Construction Phase - Additional GGP (2016 NPV)

ADDITIONAL GGP	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Chalets	2 568 000	405 000	406 000	3 379 000	17.4%
Luxury Safari Camp	3 530 000	556 000	558 000	4 644 000	23.9%
Rustic Safari Camp	3 530 000	556 000	558 000	4 644 000	23.9%
General Dealer & Liquor Store	1 014 000	160 000	160 000	1 334 000	6.9%
Filling Station	1 343 000	212 000	212 000	1 767 000	9.1%
Restaurant	558 000	88 000	88 000	734 000	3.8%
Offices for Adventure Equipment	340 000	54 000	54 000	448 000	2.3%
Dining Lapa	87 000	14 000	14 000	115 000	0.6%
Braai Pits	5 000	1 000	1 000	7 000	0.0%
Swimming Pool	61 000	10 000	10 000	81 000	0.4%
Toilet Block	48 000	8 000	8 000	64 000	0.3%
Management Office	92 000	15 000	15 000	122 000	0.6%
Curios & Crafts	67 000	11 000	11 000	89 000	0.5%
Museum & Interpretation Centre	74 000	12 000	12 000	98 000	0.5%
Meeting & Training Rooms	331 000	52 000	52 000	435 000	2.2%
Offices to Lease	48 000	8 000	8 000	64 000	0.3%
Info Shop	89 000	14 000	14 000	117 000	0.6%
Auditorium & Events Lapa	74 000	12 000	12 000	98 000	0.5%
Staff Housing	40 000	6 000	6 000	52 000	0.3%
SA Police Satellite Centre	129 000	20 000	20 000	169 000	0.9%

ADDITIONAL GGP	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Public Infrastructure	467 000	74 000	74 000	615 000	3.2%
Pre-Opening Cost	254 000	40 000	40 000	334 000	1.7%
Total	**14 749 000**	**2 328 000**	**2 333 000**	**19 410 000**	**100%**

The following table provides an illustration of the anticipated **additional employment opportunities** generated during the construction phase of the proposed Shangoni Gate Tourism Hub Development.

Table 5.4: Construction Phase - Additional Employment per Land Use (2014 NPV)

ADDITIONAL EMPLOYMENT	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Chalets	27	2	4	33	17.0%
Luxury Safari Camp	38	3	6	47	24.2%
Rustic Safari Camp	38	3	6	47	24.2%
General Dealer & Liquor Store	11	1	2	14	7.2%
Filling Station	14	1	2	17	8.8%
Restaurant	6	-	1	7	3.6%
Offices for Adventure Equipment	4	-	1	5	2.6%
Dining Lapa	1	-	-	1	0.5%
Braai Pits	-	-	-	-	0.0%
Swimming Pool	1	-	-	1	0.5%
Toilet Block	1	-	-	1	0.5%
Management Office	1	-	-	1	0.5%
Curios & Crafts	1	-	-	1	0.5%
Museum & Interpretation Centre	1	-	-	1	0.5%
Meeting & Training Rooms	4	-	1	5	2.6%
Offices to Lease	1	-	-	1	0.5%
Info Shop	1	-	-	1	0.5%
Auditorium & Events Lapa	1	-	-	1	0.5%
Staff Housing	-	-	-	-	0.0%
SA Police Satellite Centre	1	-	-	1	0.5%
Public	5	-	1	6	3.1%

ADDITIONAL EMPLOYMENT	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Infrastructure					
Pre-Opening Cost	3	-	-	3	1.5%
Total	**160**	**10**	**24**	**194**	**100%**

The following table provides a synthesis of the abovementioned economic impacts, in terms of additional business sales, additional GGP as well as additional employment, with regard to the proposed Shangoni Gate Tourism Hub Development.

Table 5.5: Economic Impact of Proposed Shangoni Gate Tourism Hub Development– Construction Phase

VARIABLE	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT
Additional Business Sales	65 112 000	6 106 000	14 938 000	86 156 000
Additional GGP	14 749 000	2 328 000	2 333 000	19 410 000
Additional Employment	160	10	24	194

VARIABLE	CAPITAL EXPENDITURE	TOTAL IMPACT
Additional Business Sales	±R43.8 Million	R86.1 million
Additional GGP		R19.4 million
Additional Employment		194 jobs

Table 5.5 illustrates that the envisaged total investment in construction costs of approximately R43.8 million, could create an additional R86.1 million in new business sales, R19.4 million in additional GGP, as well as an additional 194 once-off employment opportunities. Total impact includes direct, indirect as well as induced effects.

The following section provides an overview of the anticipated economic impact of the proposed Shangoni Gate Tourism Hub Development, during its operational phase (at maturity).

5.5 OPERATIONAL PHASE IMPACTS

The subsequent paragraphs indicate the anticipated sustained economic impacts (direct, indirect and induced) that will result during the operational phase of the Shangoni Gate Tourism Hub Development, ***once the project is fully operational (i.e. sustained annual impacts).***

The following table provides an illustration of the anticipated **additional business sales** generated during the operational phase of the Shangoni Gate Tourism Hub Development.

Table 5.6: Operational Phase - Additional Business Sales - *(Sustained Annually)*

ADDITIONAL BUSINESS SALES	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Chalets	2 456 000	362 000	732 000	3 550 000	12.4%
Luxury Safari Camp	3 178 000	468 000	948 000	4 594 000	16.1%
Rustic Safari Camp	3 178 000	468 000	948 000	4 594 000	16.1%
General Dealer & Liquor Store	1 793 000	97 000	747 000	2 637 000	9.2%
Filling Station	1 978 000	107 000	824 000	2 909 000	10.2%
Restaurant	1 542 000	227 000	460 000	2 229 000	7.8%
Offices for Adventure Equipment	589 000	32 000	245 000	866 000	3.0%
Dining Lapa	-	-	-	-	0.0%
Braai Pits	-	-	-	-	0.0%
Swimming Pool	-	-	-	-	0.0%
Toilet Block	-	-	-	-	0.0%
Management Office	-	-	-	-	0.0%
Curios & Crafts	609 000	33 000	254 000	896 000	3.1%
Museum & Interpretation Centre	609 000	33 000	254 000	896 000	3.1%
Meeting & Training Rooms	-	-	-	-	0.0%
Offices to Lease	-	-	-	-	0.0%
Info Shop	-	-	-	-	0.0%
Auditorium & Events Lapa	-	-	-	-	0.0%
Staff Housing	-	-	-	-	0.0%
SA Police Satellite Centre	3 655 000	197 000	1 522 000	5 374 000	18.8%
Public Infrastructure	-	-	-	-	0.0%
Pre-Opening Cost	-	-	-	-	0.0%
Total	**19 587 000**	**2 024 000**	**6 934 000**	**28 545 000**	**100%**

The following table provides an illustration of the anticipated **additional GGP** generated by each proposed land use during the operational phase of the proposed Shangoni Gate Tourism Hub Development.

Table 5.7: Operational Phase - Additional GGP *(Sustained Annually)*

ADDITIONAL GGP	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Chalets	948 000	164 000	110 000	1 222 000	11.7%
Luxury Safari Camp	1 227 000	213 000	143 000	1 583 000	15.2%
Rustic Safari Camp	1 227 000	213 000	143 000	1 583 000	15.2%
General Dealer & Liquor Store	872 000	38 000	114 000	1 024 000	9.8%
Filling Station	962 000	42 000	126 000	1 130 000	10.8%
Restaurant	596 000	103 000	69 000	768 000	7.4%
Offices for Adventure Equipment	286 000	12 000	37 000	335 000	3.2%
Dining Lapa	-	-	-	-	0.0%
Braai Pits	-	-	-	-	0.0%
Swimming Pool	-	-	-	-	0.0%
Toilet Block	-	-	-	-	0.0%
Management Office	-	-	-	-	0.0%
Curios & Crafts	296 000	13 000	39 000	348 000	3.3%
Museum & Interpretation Centre	296 000	13 000	39 000	348 000	3.3%
Meeting & Training Rooms	-	-	-	-	0.0%
Offices to Lease	-	-	-	-	0.0%
Info Shop	-	-	-	-	0.0%
Auditorium & Events Lapa	-	-	-	-	0.0%
Staff Housing	-	-	-	-	0.0%
SA Police Satellite Centre	1 777 000	77 000	233 000	2 087 000	20.0%
Public Infrastructure	-	-	-	-	0.0%
Pre-Opening Cost	-	-	-	-	0.0%
Total	**8 487 000**	**888 000**	**1 053 000**	**10 428 000**	**100%**

The following table provides an illustration of the anticipated **additional employment opportunities** generated during the operational phase of the proposed Shangoni Gate Tourism Hub Development.

Table 5.8: Operational Phase - Additional Employment *(Sustained Annually)*

ADDITIONAL EMPLOYMENT	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT	PERCENTAGE SHARE
Chalets	3	2	1	6	15.8%
Luxury Safari Camp	4	2	1	7	18.4%
Rustic Safari Camp	4	2	1	7	18.4%
General Dealer & Liquor Store	2	-	1	3	7.9%
Filling Station	2	-	1	3	7.9%
Restaurant	2	1	1	4	10.5%
Offices for Adventure Equipment	1	-	-	1	2.6%
Dining Lapa	-	-	-	-	0.0%
Braai Pits	-	-	-	-	0.0%
Swimming Pool	-	-	-	-	0.0%
Toilet Block	-	-	-	-	0.0%
Management Office	-	-	-	-	0.0%
Curios & Crafts	1	-	-	1	2.6%
Museum & Interpretation Centre	1	-	-	1	2.6%
Meeting & Training Rooms	-	-	-	-	0.0%
Offices to Lease	-	-	-	-	0.0%
Info Shop	-	-	-	-	0.0%
Auditorium & Events Lapa	-	-	-	-	0.0%
Staff Housing	-	-	-	-	0.0%
SA Police Satellite Centre	3	-	2	5	13.2%
Public Infrastructure	-	-	-	-	0.0%
Pre-Opening Cost	-	-	-	-	0.0%
Total	**23**	**7**	**8**	**38**	**100%**

The following table provides a synthesis of the abovementioned economic impacts, in terms of additional business sales, additional GGP as well as additional employment, with regard to the proposed Shangoni Gate Tourism Hub Development.

Table 5.9: Economic Impact of Proposed Shangoni Gate Tourism Hub Development – Operational Phase

VARIABLE	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT
Additional Business Sales	19 587 000	2 024 000	6 934 000	28 545 000
Additional GGP	8 487 000	888 000	1 053 000	10 428 000
Additional Employment	23	7	8	38

VARIABLE	OPERATIONAL EXPENDITURE	TOTAL IMPACT
Additional Business Sales	±R14.2 million	R28.5 million
Additional GGP		R10.4 million
Additional Employment		38 jobs

Table 5.9 illustrates that the estimated total annual operational expenditure of approximately R14.2 million, could create an additional R28.5 million in new business sales, R10.4 million in additional GGP, as well as 38 sustained employment opportunities *(at project maturity).* Total impact includes direct, indirect as well as induced effects.

5.6 SYNTHESIS

This chapter described the potential economic impact that the proposed Shangoni Gate Tourism Hub Development will induce on the local, district and provincial economies and communities during both the construction and operational phases.

Table 5.10 summarises the findings of the Economic Impact Assessment as described in preceding sections.

Table 5.10: Synthesis of Economic Impact Modelling Results of Shangoni Gate Tourism Hub Development

VARIABLE	INPUT VALUE	TOTAL IMPACT
Construction Phase (Once-off)		
Additional Business Sales	±R43.8 Million	R86.1 million
Additional GGP		R19.4 million
Additional Employment		194 jobs
Operational Phase (Sustained Annually)		
Additional Business Sales	±R14.2 million	R28.5 million
Additional GGP		R10.4 million
Additional Employment		38 jobs

If the **proposed Shangoni Gate Tourism Hub Development were not to occur**, the **above benefits** in terms of additional business sales, GGP, employment, as well as rates and taxes payable to the local fiscus, would be **lost to the local, district and provincial economies.**

CHAPTER 6: QUALITATIVE IMPACT ASSESSMENT

6.1 INTRODUCTION

Based on the assessment of the Shangoni Gate Tourism Hub a set of key impacts were identified, some positive and some negative, of which most cannot easily be evaluated in terms of quantitative measures. This section focuses on providing a qualitative assessment of these variables.

6.2 IMPACT ASSESSMENT TABLES

The evaluation of impacts is conducted in terms of the criteria detailed in Table 6.1 to 6.7. The various environmental impacts and benefits of this project will be discussed in terms of the status, extent, duration, probability, and magnitude of the impact. Finally an accumulative impact and significance rating is applied to rate each identified impact in terms of its overall magnitude and significance (Table 6.7).

In order to adequately assess and evaluate the impacts and benefits associated with the project it was necessary to develop a methodology that would scientifically achieve this and to reduce the subjectivity involved in making such evaluations. For informed decision making it is necessary to assess all legal requirements and clearly defined criteria in order to accurately determine the significance of the predicted impact or benefit on the surrounding natural and social environment.

The nature or status of the impact is determined by the conditions of the environment prior to construction and operation. A discussion on the status of the impact will include a description of what causes the effect, what will be affected and how it will be affected. The status of the impact can be described as negative, positive or neutral.

Table 6.1: Status of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
Positive	A benefit to the environment.	+
Neutral	No cost or benefit to the environment.	N
Negative	A cost to the environment.	-

Table 6.2: Extent of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
Low	Site Specific; Occurs within the site boundary.	1
Medium - Low	Local; Extends beyond the site boundary; extending only as far as local community or urban area	2
Medium	Provincial / Regional; Extends far beyond the site boundary; Widespread effect	3
Medium - High	National i.e. South Africa	4
Very High	Across International Borders	5

The duration of the impact refers to the time scale of the impact or benefit.

Table 6.3: Duration of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
Low	Immediate (less than a year)	1
Medium - Low	Short term (1-5 years)	2
Medium	Medium term (6-15 years)	3
Medium - High	Long term (the impact will cease after the operational life of the project)	4
High	Permanent (no mitigation measures of natural process will reduce the impact after construction)	5

The magnitude or severity of the impact is indicated.

Table 6.4: Magnitude of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
None	Where the aspect will have no impact on the environment	0
Minor	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes are not affected	1
Low	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes are slightly affected	2
Moderate	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes continue albeit in a modified way	3
High	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes are altered to the extent that it will temporarily cease	4
Very high / don't know	Where the impact affects the environment in such a way that neutral, cultural and social functions and processes are altered to the extent that it will permanently cease	5

The probability of the impact describes the likelihood of the impact actually occurring.

Table 6.5: Probability of Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
None	Impact will not occur	0
Improbable	The possibility of the impact materialising is very low as a result of design, historic experience or implementation of adequate mitigation measures	1
Low Probability	There is a possibility that the impact will occur	2
Medium Probable	The impact may occur	3
Highly Probable	It is expected that the impact will occur; Chance of occurrence.	4
Definite	Impact will occur regardless of any prevention measures	5

The impact of the development is considered together with additional developments of the same or similar nature and magnitude.

Table 6.6: Cumulative Impact

RATING	DESCRIPTION	QUANTITATIVE RATING
Negligible	The net effect is the same as the single development	1
Marginal	The impact of two developments of a similar nature is less than twice the impact of a single development. This implies it is better to place the two developments in the same environment rather than in separate environments.	2
Compounding	The impact of two developments is more than twice the impact of two single developments. This implies that it is better to split the two developments into separate environments	3

The impact magnitude and significance rating is utilised to rate each identified impact in terms of its overall magnitude and significance.

Table 6.7: Impact Significance Rating

IMPACT	RATING	DESCRIPTION	QUANTITATIVE RATING
Negligible	No Impact	The impact has no impact or the impact is unknown	0
Negative / Positive	Low	The impact does not have a direct influence on the decision to develop the area	Up to 15
	Low-Medium	The impact has an influence but the impact can be mitigated	16 - 30
	Medium	The impact could influence the decision to develop in the area unless it is effectively mitigated	31 - 45
	Medium-High	The impact will have a direct influence on the decision to develop but there are means of mitigating the impact although these may be difficult as well as expensive	46 – 60
	High	Where the impact must have an influence on the decision to proceed to develop in the area	Above 60

Table 6.8 summarises the findings of the qualitative impact assessment for the Shangoni Gate Tourism Hub.

Table 6.8: Impact Table – Shangoni Tourism Hub

THEME	SPECIFIC IMPACT	STATUS OF IMPACT	IMPACT SIGNIFICANCE PRIOR TO MITIGATION					DESCRIPTION & MITIGATION MEASURES	IMPACT SIGNIFICANCE POST MITIGATION
			EXTENT	DURATION	MAGNITUDE	PROBABILITY	SIGNIFICANCE		
PRE-CONSTRUCTION (Planning and Site Establishment)									
Shangoni Tourism Hub	Employment	+	2	2	2	4	20 (low-moderate)	• Due to low personal income and a lack in housing supply, squatting might increase near the proposed gate due to the perception of work. Demand for subsidy and low cost rentals is expected to increase within the local economy • Construction activity is dominated by semi-and unskilled labour. The education level in the study area illustrate that there is abundant supply in semi-and unskilled employment. Local employment should as far possible be used for construction	Low – Moderate
	Production	+	2	2	3	5	16 (low-moderate)	• The economic value of the gate construction is a temporary injection of economic activity in the construction sector • Demand for goods and services that forms part of the construction process would increase (locally and regionally, depending on the suppliers) • Goods and services should as far possible be procured locally	Moderate
CONSTRUCTION PHASE									
Shangoni Tourism Hub	Employment	+	3	2	2	5	40 (Moderate)	• During the construction period of the gate, new employment opportunities are created. • The local workforce should be employed as far possible • Construction activity will create new employment opportunities, albeit in the short term, within the local	Moderate-High

THEME	SPECIFIC IMPACT	STATUS OF IMPACT	IMPACT SIGNIFICANCE PRIOR TO MITIGATION					DESCRIPTION & MITIGATION MEASURES	IMPACT SIGNIFICANCE POST MITIGATION
			EXTENT	DURATION	MAGNITUDE	PROBABILITY	SIGNIFICANCE		
								economy	
	Production	+	3	2	3	5	30 (Low-moderate)	• The economic value of the gate construction is a temporary injection of economic activity in the construction sector • Demand for goods and services that forms part of the construction process would increase (locally and regionally, depending on the suppliers) • Goods and services should as far possible be procured locally	Moderate-High
OPERATIONAL PHASE									
Shangoni Tourism Hub	Employment	+	2	5	2	4	10 (Low)	• The development of the Shangoni Gate Tourism Hub will created a limited number of localised jobs	Moderate-High
	Production	+	3	5	2	4	10 (Low)	• GVA impact will be low to moderate	Low to Moderate

Source: Demacon, 2016

CHAPTER 7: DEVELOPMENT RECOMMENDATIONS

7.1 INTRODUCTION

The purpose of this chapter is to integrate the findings of the previous chapters into a set of development recommendations that will assist in strategic planning and investment decisions regarding the **proposed Shangoni Gate Tourism Hub.**

7.2 IMPORTANCE OF THE TOURISM SECTOR

The region is renowned for its abundance of wildlife (including the 'Big Five'), craggy mountains, man-made and indigenous forests, trout streams and cascading waterfalls. The region provides easy access to the northern section of the Kruger Park. Including towns such as Phalaborwa, Tzaneen, Modjadjikloof and Giyani, the area also boasts a plethora of historical, cultural and ethnic attractions. The contrasts in climate, scenery and landscape within this region are striking and dramatic.

The tourism industry in the area has a rich offering of landscape, biological and cultural features with a potential to develop a high quality tourism product for a variety of markets. The local SDF's also notes that the area is favourably located in relation to Gauteng which makes it an ideal area for weekend and short holiday breakaways.

Tourism is an important activity in Limpopo and particularly in the Vhembe / Mopani Districts. This is a **popular destination** for both **foreign and domestic tourists**. According to the local SDF rapid growth is expected in the tourism sector of the Province and District. This is mainly because of the **growing annual flow of tourists to Limpopo** who regard the **Kruger National Park as a popular tourism destination.**

The local area is characterised as the gateway to the Kruger National Park which is the second largest of its kind in the world. The local area has a large biological diversity of flora and fauna; this rich biodiversity can be attributed to its biogeographically location and diverse topography.

Tourism activities are well established in the larger area. These include game farms, private resorts, eco-estates, lodges, 4x4 trails, hiking trails, etc. A **large part of tourism constitutes the local economy** and serves as an **important employer of the local population,** although these contributions are not quantified in the SDF. Key attractions include the Nandoni Dam, Mukumbane and Phiphidi waterfalls and the Kruger National Park. The Kruger National Park is regarded as one of South Africa's most popular destinations, with visitor numbers rising by more than 100 000 in the past year. The Department of Environmental Affairs announced in a statement that both local and international visitor numbers have grown, with a particular spike in visitors from the Southern African Development Community (SADC) region.

Each year approximately **1 659 893 people (2015) visit Kruger National Park** in South Africa. South Africans account for 80% of all visitors, and for many a visit to Kruger has become a kind of spiritual pilgrimage.

Based on the current day visitor figures into the Punda Maria gate of 285 average per day and the Phalaborwa gate of 310 average per day, it can be assumed that up to 60% of this number could be attracted as day visitors through the proposed Shangoni Gate. In terms of the above assumption, the proposed Shangoni Gate could attract approximately 356 daily visitors.

The Kruger National Park, which spans 2 different provinces, contributes significantly towards economic activity in the region, and has shown appreciable growth (in foot print, value ad and employment) and holds tremendous future growth potential. The symbiotic relationship between private and public capital in the greater Kruger conservancy (defined as the Kruger National Park and adjoining private game farms and lodges) continues to grow and strengthen – as is evident from *inter alia* the growing geographic footprint of the area over the past 8-10 decades.

7.3 ECONOMIC OVERVIEW

On a pure monetary basis, the tourism sector appears dominant in terms of economic production (value ad), contributing 50.5% and 28.9% respectively towards district municipal geographic value add

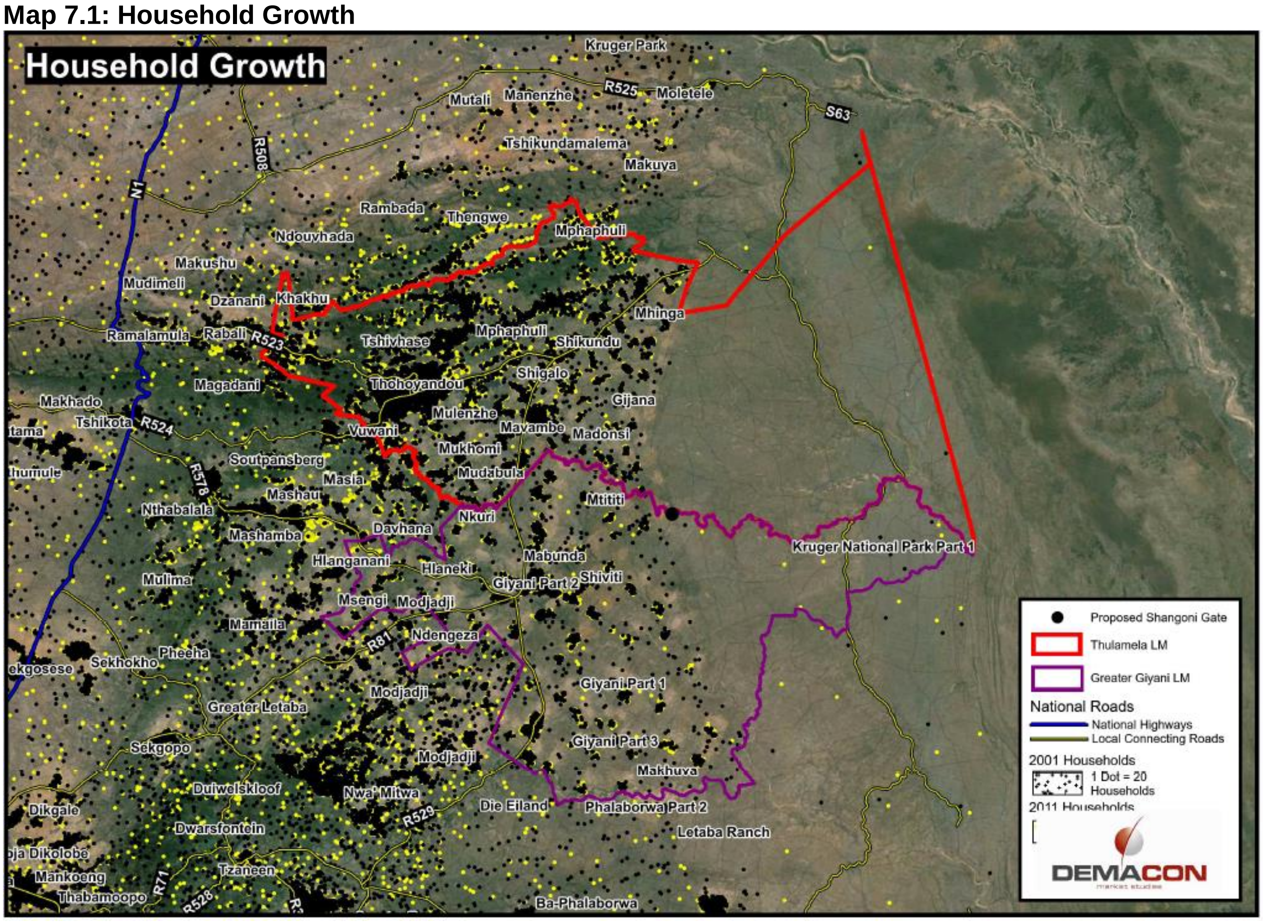
These above figures belie not only the geographic significance of tourism and related activities, but also the regional or cross-border significance of the greater Kruger National Park conservancy and adjacent private game reserves and lodges.

The **tourism geographic value ad of the Local Municipalities is estimated at R3.0b (2013)**. It is estimated that 70% of tourism establishments are located in and around the greater Kruger National Park conservancy. On account of this, 70% of tourism GVA in the local area can be attributed to the greater Kruger National Park conservancy.

The tourism GVA illustrates this sector as a **'driving force' which holds competitive advantages** for the provincial economy. The tourism sector certainly appears **proportionally dominant in terms of economic data**, a phenomenon which is visible in district and municipal level spatial development frameworks. Tourism is generally considered a sustainable economic activity, tourism multipliers (i.e. not only the direct investment values, but the downstream indirect and induced benefits) tend to be high and sustained. The tourism sector footprint has increased exponentially over the past eight to nine decades.

7.4 DEMOGRAPHIC OVERVIEW

Map 7.1: Household Growth



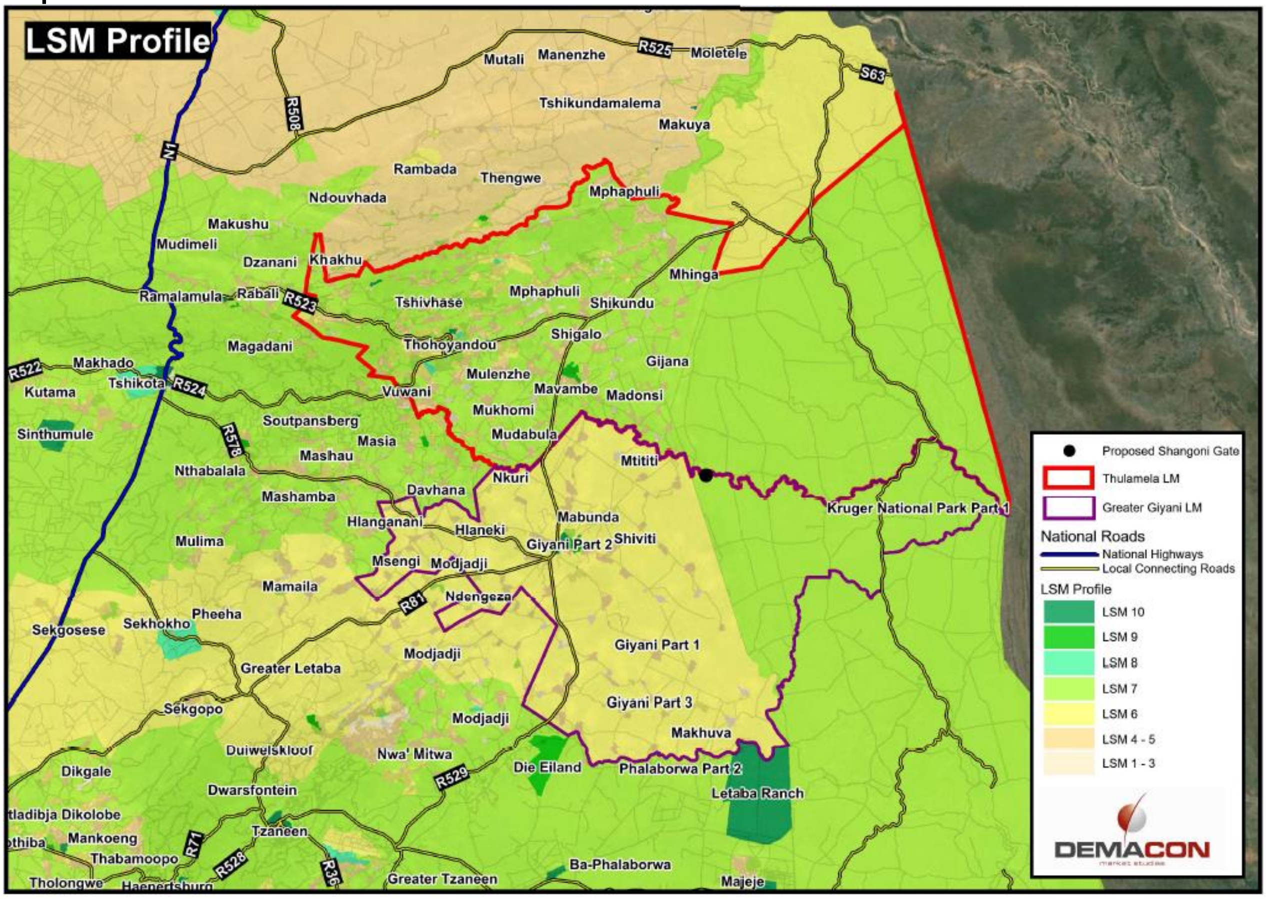
Greater Giyani Local Municipality

The following section summarised the socio-economic profile of Greater Giyani Local Municipality.

Table 7.1: Key Socio-Economic Indicators of the Greater Giyani Local Municipality (2016)

Variable	Primary Market Area
Number of people	✓ 245 771 people
Number of households	✓ 69 010 households
Household Size	✓ 3.6 people/ household
Racial Distribution	✓ African Blacks: 99.5% ✓ Indian Asians: 0.3% ✓ Coloured: 0.1% ✓ Whites: 0.1%
Age profile	**Females** ✓ 0 – 14 years: 32.7% ✓ 15 - 19 years: 11.7% ✓ 20 - 34 years: 24.1% ✓ 35 - 64 years: 24.3% ✓ 65 years +: 7.3% **Males** ✓ 0 – 14 years: 41.9% ✓ 15 - 19 years: 15.0% ✓ 20 - 34 years: 22.5% ✓ 35 - 64 years: 16.6% ✓ 65 years +: 3.9%
Highest level of education (aged 20 and older)	✓ Some Secondary: 31.5% ✓ None: 25.0% ✓ Grade 12: 20.8% ✓ Some Primary: 11.4% ✓ Higher: 7.1% ✓ Complete Primary: 4.2%
Level of employment	✓ Economically active: 37.1% ✓ Employed: 53.0% ✓ Unemployed: 47.0%
Dwelling Type	✓ House or brick structure on a separate stand or yard: 87.0% ✓ Traditional dwelling/hut/structure made of traditional materials: 9.4% ✓ Informal dwelling/shack NOT in back yard: 1.4% ✓ Informal dwelling/shack in back yard: 1.0% ✓ Flat in block of flats: 0.6% ✓ House/flat/room in backyard: 0.4% ✓ Town/cluster/semi-detached house (simplex; duplex; triplex): 0.1% ✓ Room/flatlet not in back yard but on shared property: 0.0% ✓ Caravan or tent: 0.1%
Tenure Profile	✓ Owned and fully paid off : 63.3% ✓ Occupied rent-free: 25.5% ✓ Owned but not yet paid off : 7.4% ✓ Rented: 3.8%
Weighted Average household income (2016)	*All LSM's:* ✓ R46 990 per annum ✓ R3 916 per month *LSM 4 – 10+ households:* ✓ R151 085 per annum ✓ R12 590 per month
LSM Profile	✓ LSM 1 -3: 75.6% ✓ LSM 4 – 10+: 24.4%

Map 7.2: LSM Profile



Thulamela Local Municipality

The following summarise the main socio-economic characteristics of the Thulamela Local Municipality.

Table 7.2: Key Socio-Economic Indicators of the Thulamela Local Municipality (2016)

Variable	Primary Market Area
Number of people	✓ 638 062 people
Number of households	✓ 172 753 households
Household Size	✓ 3.7 people/ household
Racial Distribution	✓ African Blacks: 99.4% ✓ Indian Asians: 0.5% ✓ Coloured: 0.1% ✓ Whites: 0.1%
Age profile	**Females** ✓ 0 – 14 years: 31.8% ✓ 15 - 19 years: 11.6% ✓ 20 - 34 years: 23.6% ✓ 35 - 64 years: 25.3% ✓ 65 years +: 7.7% **Males** ✓ 0 – 14 years: 39.4% ✓ 15 - 19 years: 14.6% ✓ 20 - 34 years: 24.1% ✓ 35 - 64 years: 18.0% ✓ 65 years +: 3.9%
Highest level of education (aged 20 and older)	✓ Some Secondary: 33.7% ✓ Grade 12: 22.0% ✓ None: 17.5%

Variable	Primary Market Area
	✓ Some Primary: 11.5% ✓ Higher: 11.2% ✓ Complete Primary: 4.1%
Level of employment	✓ Economically active: 40.8% ✓ Employed: 56.2% ✓ Unemployed: 43.8%
Dwelling Type	✓ House or brick structure on a separate stand or yard: 84.3% ✓ Traditional dwelling/hut/structure made of traditional materials: 13.0% ✓ House/flat/room in back yard: 0.9% ✓ Informal dwelling/shack in back yard: 0.6% ✓ Informal dwelling/shack NOT in back yard: 0.5% ✓ Town/cluster/semi-detached house (simplex; duplex; triplex): 0.3% ✓ Flat in block of flats: 0.2% ✓ Room/flatlet not in back yard but on shared property: 0.1% ✓ Caravan or tent: 0.0%
Weighted Average household income (2016)	*All LSM's:* ✓ R54 085 per annum ✓ R4 507 per month *LSM 4 – 10+ households:* ✓ R159 784 per annum ✓ R13 315 per month
LSM Profile	✓ LSM 1 -3: 73.0% ✓ LSM 4 – 10+: 27.0%

Source: Demacon Ex. Stats SA, 2016

7.5 ECONOMIC IMPACT ASSESSMENT

Shangoni Gate Tourism Hub Development Concept

Table 7.3 summarises the development concept that is associated with the proposed Shangoni Gate Tourism Hub development, serving as basis for the quantitative assessment of the economic and socio-economic impacts of the proposed project.

Table 7.3: Shangoni Gate Tourism Hub Development Concept

Land Use	Proposed Size
Chalets	20 units
Luxury Safari Camp - 20 safari tents. The camp includes a reception area / management offices, kitchen facilities, dining and relaxation area etc.	20 units
Rustic Safari Camp - Rustic camp (tents on platforms), camping / caravan park and a picnic site (20 thatched umbrellas with tables and benches to accommodate eight at each) to be built close to the Shingwedzi River inside the KNP. The camp includes a reception area / management offices.	20 units
General Dealer & Liquor Store	750m²
Filling Station	250m²
Restaurant	250m²
Offices for Adventure Equipment	9m²
Dining Lapa	130m²
Braai Pits	10m²
Swimming Pool	6m

Land Use	Proposed Size
Toilet Block	$48m^2$
Management Office / Reception Area	$48m^2$
Curios & Crafts	$70m^2$
Museum & Interpretation Centre	$80m^2$
Meeting & Training Rooms	$148m^2$
Offices to Lease	4 units
Info Shop	$88m^2$
Auditorium & Events Lapa	$68m^2$
Staff Housing	6 units
SA Police Satellite Centre	$128m^2$
Public Infrastructure	

Source: Demacon Estimates, 2016

CONSTRUCTION PHASE IMPACTS

Table 7.4: Economic Impact of Proposed Shangoni Gate Tourism Hub Development– Construction Phase

VARIABLE	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT
Additional Business Sales	65 112 000	6 106 000	14 938 000	86 156 000
Additional GGP	14 749 000	2 328 000	2 333 000	19 410 000
Additional Employment	160	10	24	194

VARIABLE	CAPITAL EXPENDITURE	TOTAL IMPACT
Additional Business Sales	±R43.8 Million	R86.1 million
Additional GGP		R19.4 million
Additional Employment		194 jobs

The envisaged total investment in construction costs of approximately R43.8 million, could create an additional R86.1 million in new business sales, R19.4 million in additional GGP, as well as an additional 194 once-off employment opportunities. Total impact includes direct, indirect as well as induced effects.

The following section provides an overview of the anticipated economic impact of the proposed Shangoni Gate Tourism Hub Development, during its operational phase (at maturity).

OPERATIONAL PHASE IMPACTS

Table 7.5: Economic Impact of Proposed Shangoni Gate Tourism Hub Development – Operational Phase

VARIABLE	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT	TOTAL IMPACT
Additional Business Sales	19 587 000	2 024 000	6 934 000	28 545 000
Additional GGP	8 487 000	888 000	1 053 000	10 428 000
Additional Employment	23	7	8	38

VARIABLE	OPERATIONAL EXPENDITURE	TOTAL IMPACT
Additional Business Sales	±R14.2 million	R28.5 million
Additional GGP		R10.4 million
Additional Employment		38 jobs

The estimated total annual operational expenditure of approximately R14.2 million, could create an additional R28.5 million in new business sales, R10.4 million in additional GGP, as well as 38 sustained employment opportunities *(at project maturity).* Total impact includes direct, indirect as well as induced effects.

If the **proposed Shangoni Gate Tourism Hub Development were not to occur**, the **above benefits** in terms of additional business sales, GGP, employment, as well as rates and taxes payable to the local fiscus, would be **lost to the local, district and provincial economies.**

7.6 QUALITATIVE IMPACT ASSESSMENT

Table 7.6 summarises the findings of the qualitative impact assessment for the Shangoni Gate Tourism Hub.

Table 7.6: Impact Table – Shangoni Tourism Hub

THEME	SPECIFIC IMPACT	STATUS OF IMPACT	IMPACT SIGNIFICANCE PRIOR TO MITIGATION					DESCRIPTION & MITIGATION MEASURES	IMPACT SIGNIFICANCE POST MITIGATION
			EXTENT	DURATION	MAGNITUDE	PROBABILITY	SIGNIFICANCE		
PRE-CONSTRUCTION (Planning and Site Establishment)									
Shangoni Tourism Hub	Employment	+	2	2	2	4	20 (low-moderate)	• Due to low personal income and a lack in housing supply, squatting might increase near the proposed gate due to the perception of work. Demand for subsidy and low cost rentals is expected to increase within the local economy • Construction activity is dominated by semi-and unskilled labour. The education level in the study area illustrate that there is abundant supply in semi-and unskilled employment. Local employment should as far possible be used for construction	Low – Moderate
	Production	+	2	2	3	5	16 (low-moderate)	• The economic value of the gate construction is a temporary injection of economic activity in the construction sector • Demand for goods and services that forms part of the construction process would increase (locally and regionally, depending on the suppliers) • Goods and services should as far possible be procured locally	Moderate
CONSTRUCTION PHASE									
Shangoni Tourism Hub	Employment	+	3	2	2	5	40 (Moderate)	• During the construction period of the gate, new employment opportunities are created. • The local workforce should be employed as far possible • Construction activity will create new employment	Moderate-High

THEME	SPECIFIC IMPACT	STATUS OF IMPACT	IMPACT SIGNIFICANCE PRIOR TO MITIGATION					DESCRIPTION & MITIGATION MEASURES	IMPACT SIGNIFICANCE POST MITIGATION
			EXTENT	DURATION	MAGNITUDE	PROBABILITY	SIGNIFICANCE		
								opportunities, albeit in the short term, within the local economy	
	Production	+	3	2	3	5	30 (Low-moderate)	• The economic value of the gate construction is a temporary injection of economic activity in the construction sector • Demand for goods and services that forms part of the construction process would increase (locally and regionally, depending on the suppliers) • Goods and services should as far possible be procured locally	Moderate-High
OPERATIONAL PHASE									
Shangoni Tourism Hub	Employment	+	2	5	2	4	10 (Low)	• The development of the Shangoni Gate Tourism Hub will created a limited number of localised jobs	Moderate-High
	Production	+	3	5	2	4	10 (Low)	• GVA impact will be low to moderate	Low to Moderate

Source: Demacon, 2016

ANNEXURE A CASE STUDY EXAMPLES

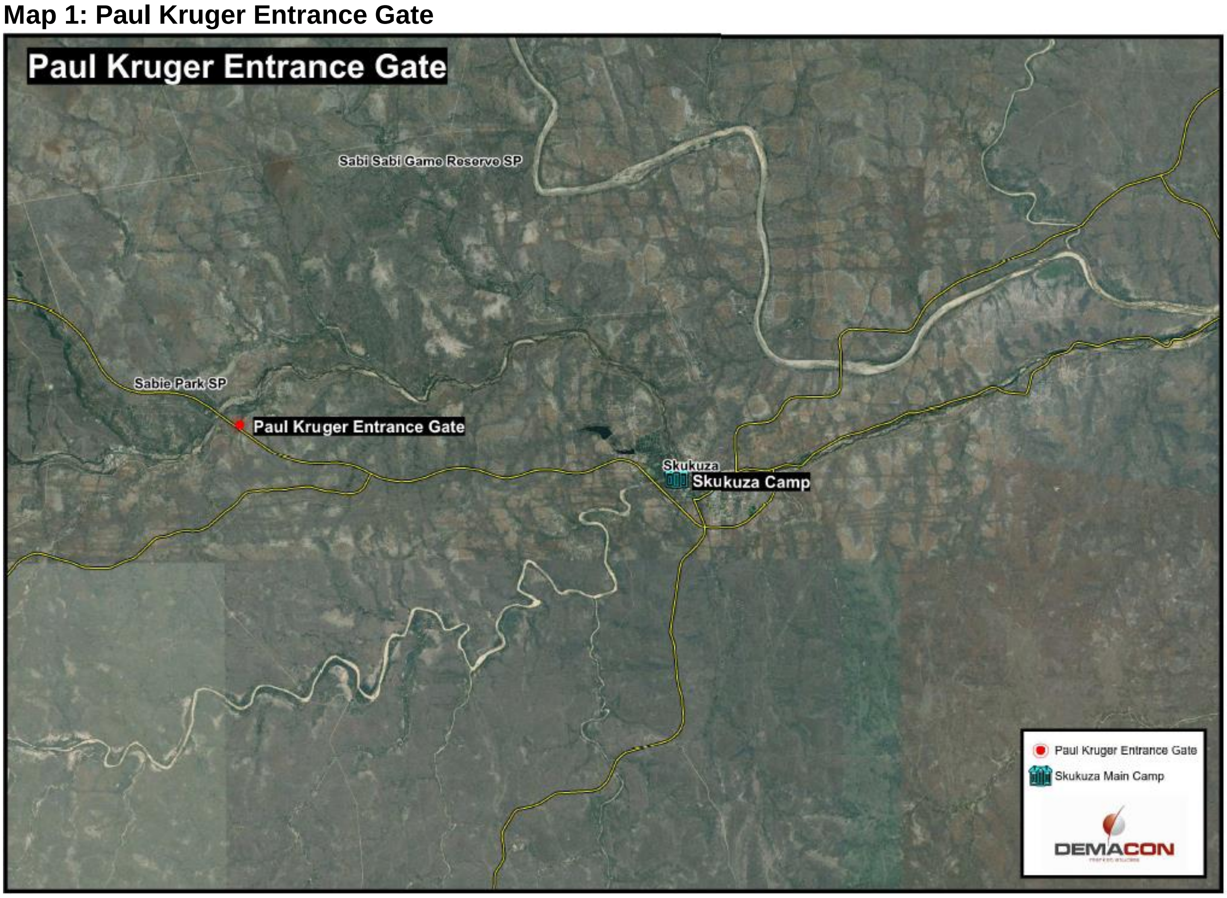
1. INTRODUCTION

The purpose of this chapter is to analyse case study examples of existing successful operating gates within the Kruger National Park.

2. PAUL KRUGER GATE

Paul Kruger Gate is the closest entrance to Skukuza and the quickest way to get in and out of the Park from Kruger's "capital". The largest rest camp of the Kruger National Park, as well as its administrative headquarters, Skukuza Restcamp is situated on the southern banks of the Sabie River. Well foliaged, with lofty trees along the river's edge, visitors can expect a diverse amount of animals and plants at this popular camp, as well as a range of activities and facilities.

Map 1: Paul Kruger Entrance Gate



First established as part of the original Sabie Game Reserve in 1898, Skukuza camp is richly historical. Originally known as Sabie Bridge Rest Camp, Skukuza was adapted from the Tsonga word Sikhukhuza. This was the Zulu nickname given to the first warden of the park James Stevenson-Hamilton, who cleared the area of large groups of poachers and outlaws, and was thus nicknamed Sikhukhuza or 'a new broom' by the local people. The eponymous museum houses relevant artifacts from the area, including the knife used by legendary ranger Harry Wolhuter in his famed struggle to kill an attacking lion and save his own life.

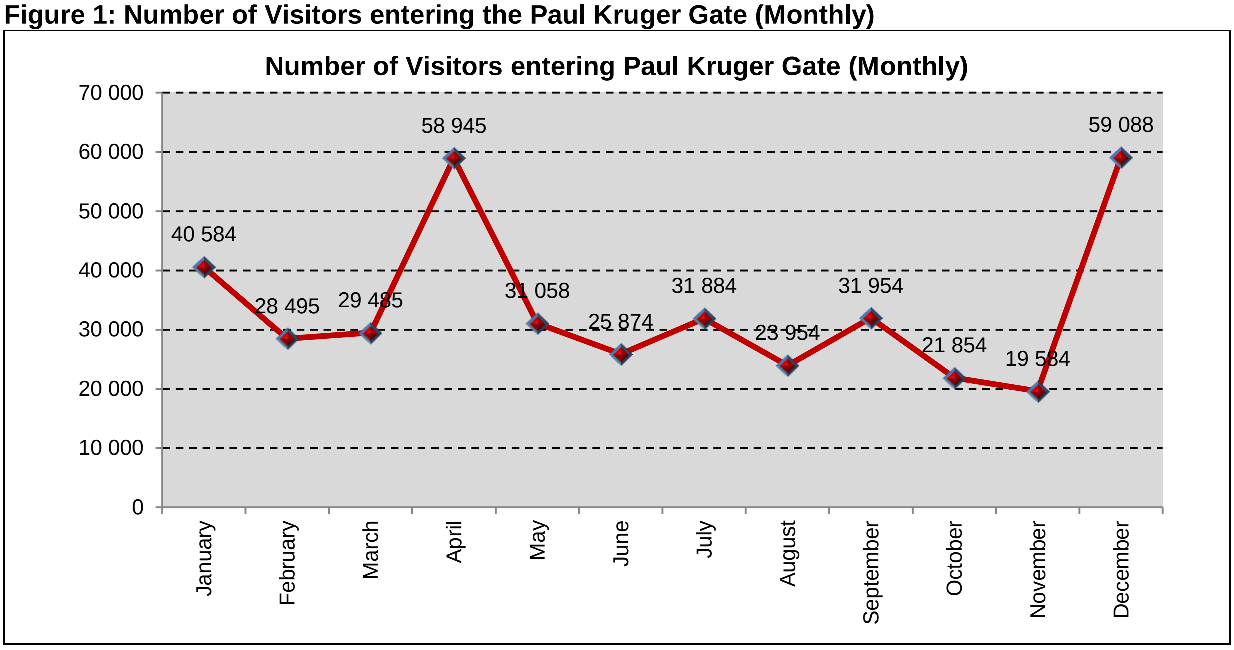
Paul Kruger Gate Visitor Statistics

The **number of vehicles and tourists entering the Paul Kruger gate** was obtained from the **SANParks central database at the Pretoria headquarters.**

A total number of 402 759 guests passed through the Paul Kruger's gate in the 2015 financial year, of this number **270 005 were day visitors and 132 754 were overnight guests**.

Of the 25 SANParks operated camping facilities inside the park, the majority overnighted at the popular Skukuza camp.

Figure 1: Number of Visitors entering the Paul Kruger Gate (Monthly)



Source: Demacon Ex. SANParks, 2016

Activities & Facilities

Skukuza offers all the facilities of an established village, including restaurants, police, medical and emergency vehicle repair services. It has the best shopping in the Park and there are a range of activities to keep one entertained during the day while the animals are resting.

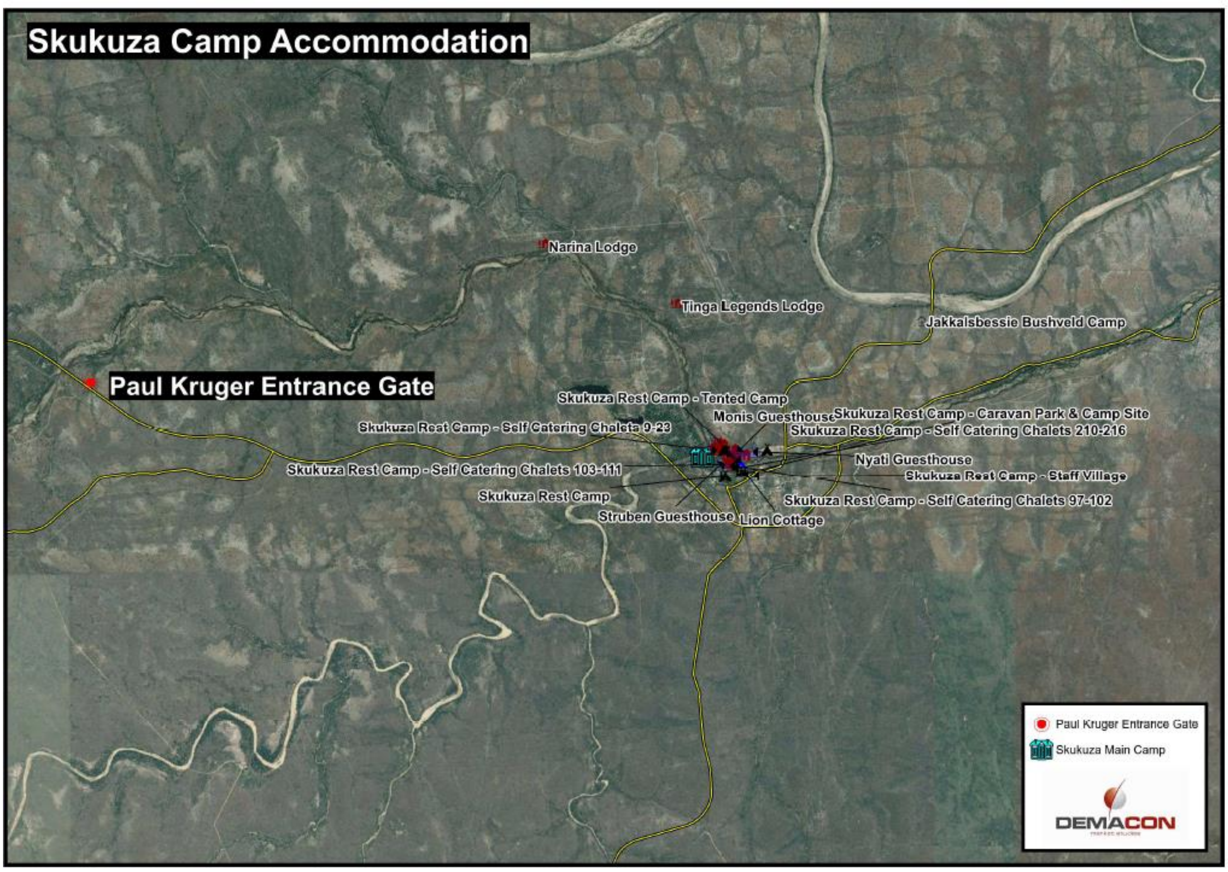
A relaxing way to acclimatise to Skukuza is to spend half-an-hour ambling along the tree-lined walkway along the edge of the camp overlooking the reedbeds and sandbanks of the Sabie River.

The following activities and facilities are featured at the Skukuza Camp:

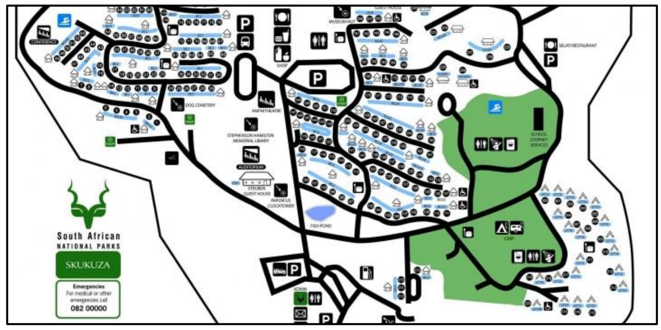
- ✓ The best shopping in Kruger for essentials, clothing, craft and curios;
- ✓ Photograph processing and development facilities;
- ✓ An open-air amphitheatre where wildlife movies are shown every night except Sundays;
- ✓ Skukuza Golf course is the only golfing facility in Kruger itself. It is a 72-par, nine-hole, 18-tee course a few kilometres from Skukuza on the road to Paul Kruger Gate.
- ✓ Restaurants and fast-food outlets;
- ✓ Plenty of space to walk around - including a walk along the banks of the Sabie River;
- ✓ ATMs
- ✓ Post office;
- ✓ Internet facilities;
- ✓ Car hire, car wash and vehicle repair facilities;
- ✓ A resident doctor and pharmacy;
- ✓ The Stevenson-Hamilton Memorial Library, which is more of a museum than a library, stocking a wealth of memorabilia used by rangers, as well as stone tools and other exhibits;
- ✓ The Campbell 1929 Hut Museum which preserves the oldest hut in Skukuza (S1) to show tourist accommodation in the old days;
- ✓ A swimming pool; and
- ✓ Activities for children, including touch displays and organised outings.
- ✓ There is also the Skukuza nursery a few kilometres from the camp that stocks a wide variety of indigenous plants, and a pleasant hour can be spent at the bird hide at Lake Panic.

Accommodation

Map 2: Skukuza Camp Accommodation



Below is an itemised inventory of the different classes of accommodation available at Skukuza Restcamp.



- ✓ Campsites comprise of 80 tent or caravan sites, all with electricity points, communal ablutions, and cooking facilities with 24-hour boiling water, electric hotplates and washing up facilities. Campsites accommodate a maximum of 6 people per site
- ✓ 12 two-bed and 8 four-bed furnished canvas safari tents on stilts and include a fridge, standing fan and small veranda, as well as communal ablutions and communal kitchens

- ✓ 178 round–walled, two or three-bed, African style bungalows with thatched roofs are also available. These are complete with en-suite ablutions, and either fans or air conditioning in each unit. Most bathrooms have showers, some baths. Kitchenettes range from having hotplates and sinks, to just sinks, while some have neither.

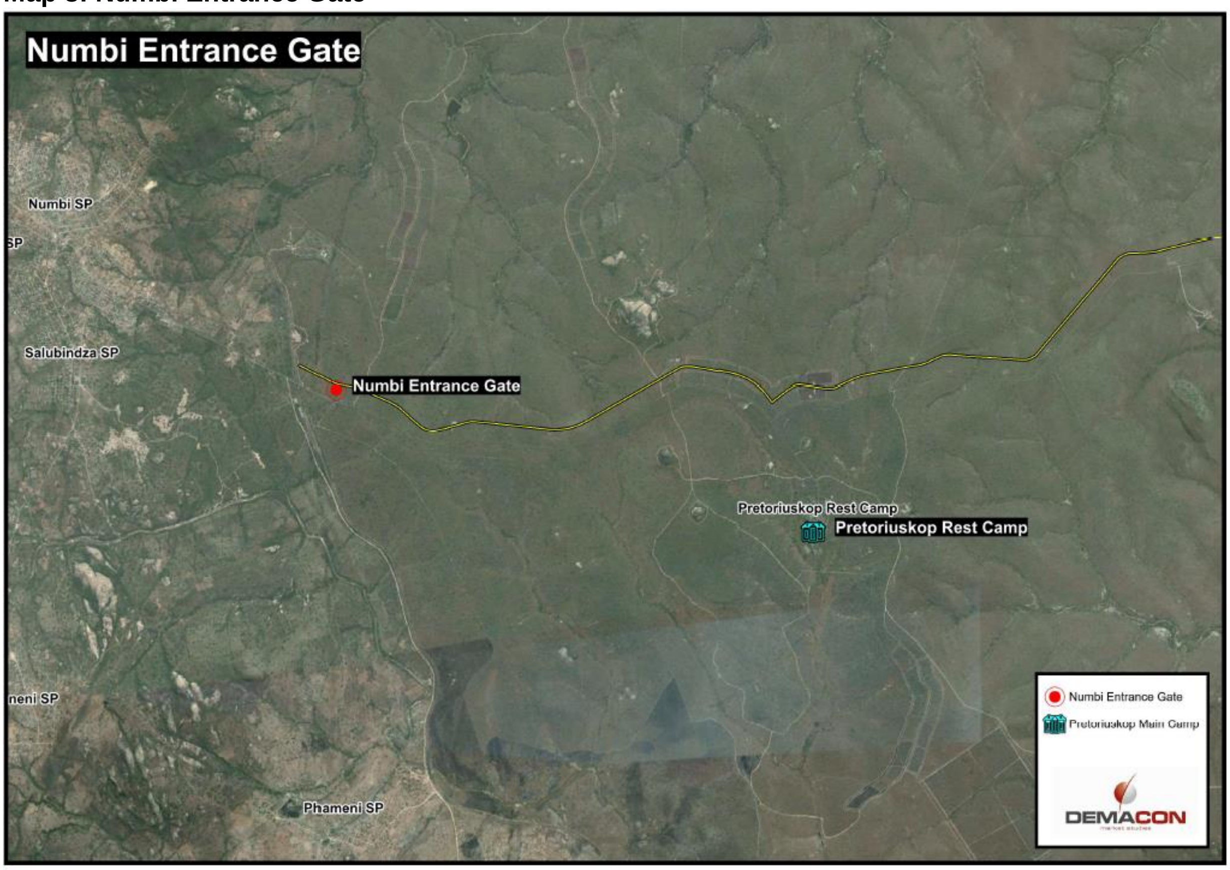
- ✓ Luxury bungalows are available in 21-bedroom units, all with en-suite bathrooms. Each unit has a double bed, air-conditioning and a limited channel access DSTV television. Luxury units are available with a riverside view and kitchen, while semi-luxury units have no river view and make use of a communal kitchen
- ✓ Known as Waterkant 2, the family cottage unit constitutes a section of the Waterkant Guest House complex. It includes a kitchen, four bedrooms, a living room, one bathroom and a river view
- ✓ Guest Cottages comprise of 15 four or six-bed units. Each cottage has its own kitchen, multiple bedrooms and usually more than one bathroom.
- ✓ Guest houses are large, luxury units in prime positions around the camp. All come with river views. Kitchens are equipped with microwave ovens, and the units have multiple bedrooms and bathrooms, as well as limited channel access DSTV televisions. Moni house sleeps 8 people with four bedrooms, as do Nyathi and Waterkant. Wild Fig Guest House sleeps 12 people in six rooms.

3. NUMBI ENTRANCE GATE

Numbi Gate is one of the loveliest entrances into the Kruger Park because its higher altitude gives you a sweeping vista over the lowveld to the east and the granite foothills to the north and south.

The **first guests at Kruger National Park arrived in 1926** through Numbi Gate, after Kruger Park had been open to public for a year. Only 3 cars were recorded in 1927, each one was charged one pound as an entrance fee. In that period Pretoriuskop Restcamp was the only overnight accommodation for tourists in Kruger National Park. After a period of 2 years, once initial road network had been established, a few more camps were built, which made it possible to travel as far as the Olifants River, and 850 cars entered Kruger Park.

Map 3: Numbi Entrance Gate



Like Malelane Gate, the Numbi area enjoys some of the highest rainfall in Kruger Park and, therefore, has **a high diversity** of plant and animal species. However, the vegetation, which is **defined as Pretoriuskop sourveld**, is thick and game spotting is not easy.

Pretoriuskop Camp is named after a nearby hill under which Voortrekker Willem Pretorius, of Carl Trichardt's 1848 expedition to Delagoa Bay, is buried. Pretoriuskop offers some of the most

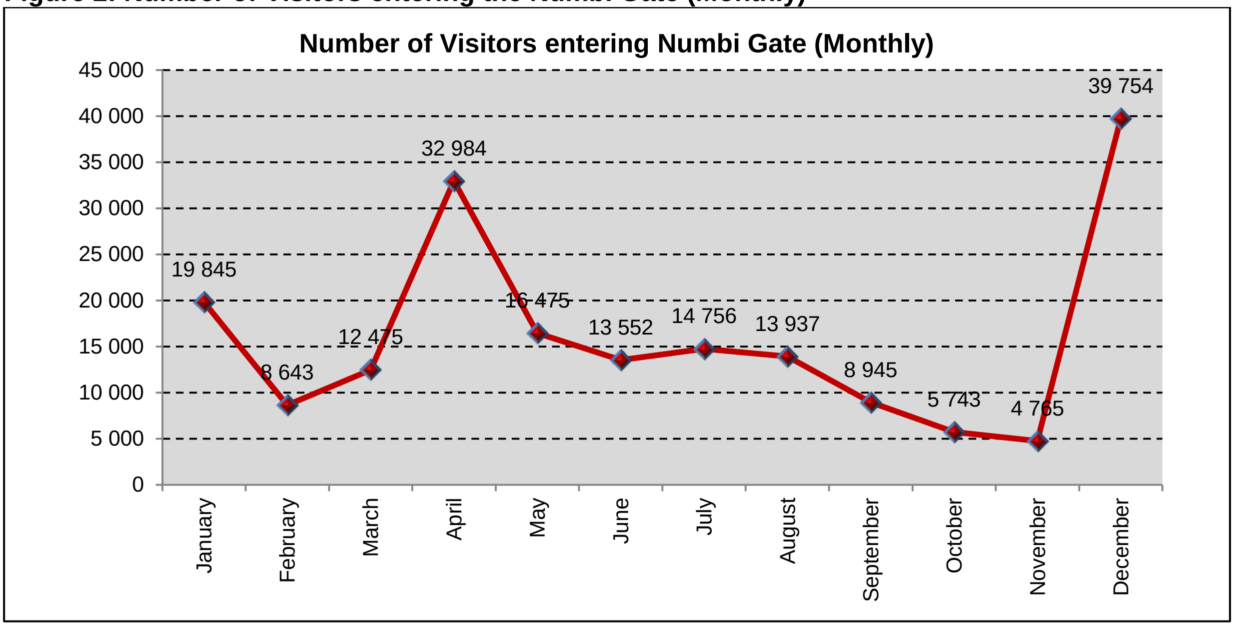
well-known and oldest Kruger National Park accommodation, providing guests with a sense of nostalgia as they surround themselves with this vestige of the area's past.
One such example are the striking red trees, pre-dating the camp's decision to exclusively use indigenous plants in the park, thus highlighting the camp's unique character.

Numbi Gate Visitor Statistics

The **number of vehicles and tourists entering the Numbi gate** was obtained from the **SANParks central database at the Pretoria headquarters.**

A total number of 191 874 guests passed through the Numbi gate in the 2015 financial year, of this number **65 843 were day visitors and 5 487 were overnight guests**.

Figure 2: Number of Visitors entering the Numbi Gate (Monthly)



Source: Demacon Ex. SANParks, 2016

Activities & Facilities

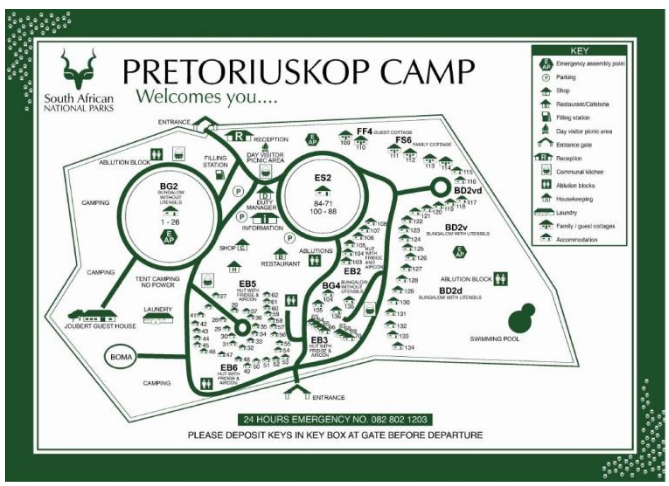
Pretoriuskop offers adventure in the form of guided bush walks and game drives, all under the supervision of well informed and keen professional field guides. Other activities include:

- ✓ Sable Trail camp walk,
- ✓ Madlabantu 4x4 Adventure Trail
- ✓ Activity information at the reception area,
- ✓ public telephones,
- ✓ a post box,
- ✓ a Wimpy restaurant,
- ✓ shops,
- ✓ a laundromat,
- ✓ filling station,
- ✓ communal kitchens and bathrooms,
- ✓ basic on-site first-aid assistance,
- ✓ a day visitor picnic area in the camp,
- ✓ a swimming pool.

Accommodation

Map 4: Pretoriuskop Camp Accommodation

Below is an inventory of the accommodation available at Pretoriuskop Rest Camp:



- ✓ Campsites comprise of 45 tent or caravan sites, provided either with or without electricity points. These sites have communal bathrooms, and cooking facilities with 24-hour boiling water, electric hotplates and washing-up facilities. Sites accommodate a maximum of 6 people per site.
- ✓ 30 rustic two, three, five or six-bed huts are available, complete with ceiling fan and communal ablution and kitchen facilities. No cooking utensils, crockery or cutlery are provided, but a scullery with electric hotplates is available.
- ✓ Bungalows are available in 50 two, four or six-bed units, all equipped with ablutions and air-conditioning. Some units have showers, others baths, and certain ones have both hotplates and sinks. Units with kitchenettes or communal kitchens can be specified, as well as with or without a perimeter view, and single or double beds. Fully equipped utensil boxes (cutlery, crockery, glasses and frying pan) are limitedly available for hire.
- ✓ Four 6 bed family cottages with well equipped kitchens, air-conditioning and living rooms are also offered by the camp. One bedroom per-unit has an en-suite bathroom, with bath, toilet and washbasin, and then a separate toilet, shower and washbasin for communal use. Kitchens have gas stoves (with ovens), fridge/freezer combinations, sinks, cooking utensils, crockery and cutlery. A four bedroom family cottage is also available.

- ✓ Large, luxury guest house units are also available in prime positions within the camp. Pierre Joubert house sleeps 16 in four bedrooms, Doherty Bryant 9 in three bedrooms, all housed in separate units from the main living areas. Guesthouse kitchens are equipped with microwave ovens, limited access DSTV televisions and bathrooms with either a bath, or a bath and shower.

4. SYNTHESIS

The assessment provided examples of successful operating entrance gates and camps. Both entrance gates are popular tourist drawcards as they offer a variety of facilities and accommodation to the day visitor and overnight tourist.

Critical success factors for a proposed entrance gate / tourism hub should include the following:

- ✓ Convenience Store offering refreshments, take-away snacks, ice, braai wood, fresh and frozen produce
- ✓ Restaurants and fast-food outlets;
- ✓ Filling Station
- ✓ ATMs
- ✓ Curios and Craft Shops
- ✓ Internet Facilities
- ✓ Rest Rooms
- ✓ Entertainment – amphitheatre, quad biking, guided hiking trails etc.
- ✓ A swimming pool
- ✓ Activities for children
- ✓ Museum / history library
- ✓ Police Centre
- ✓ Basic on-site first-aid assistance,
- ✓ A day visitor picnic area in the camp,
- ✓ Info Hub
- ✓ A variety of accommodation option which may include:
  - *Campsites / Caravan Sites*
  - *Safari Tents*
  - *Chalets*
  - *Guest Cottages.*