



destea

department of
economic, small business development
tourism and environmental affairs
FREE STATE PROVINCE

Revenue Collection: Resorts and Reserves Comparative Study

September 2017

DESTEA: Economic Research Directorate
Private Bag X20801
Bloemfontein
9300
Tel: 0514004921
Email: jmosia@detea.fs.gov.za

1. Background

The focus of this study is on the nature reserves and resorts owned by the Department of Small Business Development, Tourism and Environmental Affairs (DESTEA). The Free State Province boasts a number of nature reserves and resorts which have a potential of boosting tourism in the province. Tourism is one of the priority sectors of the Free State Growth and Development Strategy. Tourism entails visits to places of interest and includes visits to relatives or friends, travel for business purposes or trips for holiday, medical or religious purposes.¹

Between 2005 and 2015, the province recorded the highest average annual growth rate of 7% in leisure/holiday tourism relative to other categories. Effectively, this category grew from 158 000 in 2005 to 310 000 in 2015. The “visits to friends and relatives tourism” category recorded the negative average annual growth rate of -3.20%, from 732 000 in 2005 to 529 000 in 2015.²

Furthermore, the province saw a decrease in number of trips by tourists from other regions in South Africa at an average annual rate of -4.63% in the same period. This means that the tourists numbers decreased from the high of 793 000 in 2005 to 494 000 in 2015.³ The measurement of the performance of the tourism sector may be done by among others looking into the number of bed nights spent by the tourists. Using this measure, figure 1 below shows that between 2005 and 2015 the number of bed nights spent by international tourists accelerated and surpassed the number of domestic tourists.⁴

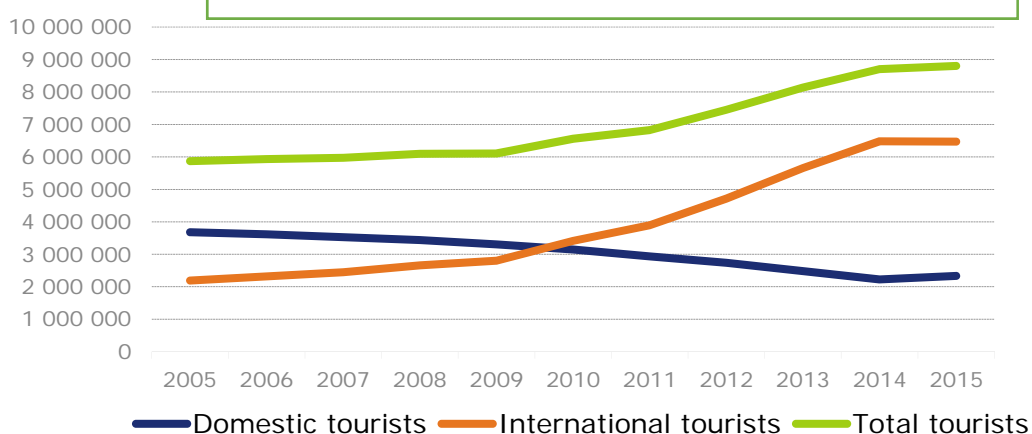
¹ IHS Global Insight Regional eXplorer, pg. 78

² IHS Global Insight Regional eXplorer, pg. 78

³ IHS Global Insight Regional eXplorer, pg. 80

⁴ IHS Global Insight Regional eXplorer, pg. 82

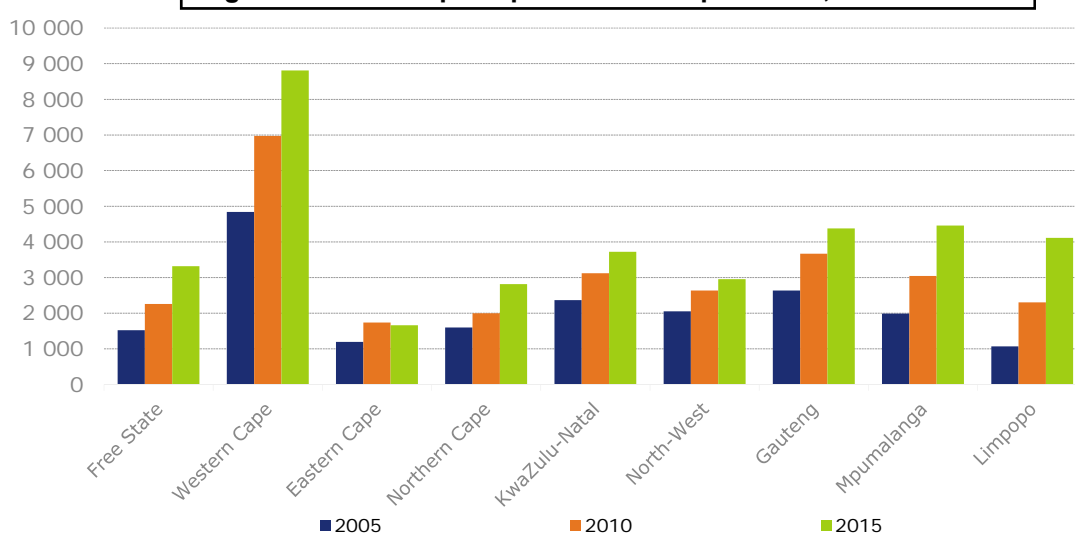
Figure 1 Growth in tourism (using bednights) Free State,



Source: IHS Global Insight Regional eXplorer version 993

Using the tourism spending per resident capita measure (which is determined by dividing the total amount of tourism spending in the province by the number of its residents) the province had a tourism spend per capita of R 3,320 in 2015 which represented an average annual growth rate of 8.10% from 2005. Western Cape ranked first in terms of tourism spend per capita in 2015 with a total per capita spending of R 8,800 which represented an average annual growth of 6.17% from 2005. The Eastern Cape ranked lowest with a total of R 1,660 which represented an average annual growth rate of 3.37% from 2005. The Free State's 8.10% put it in 6th position in this regard.⁵

Figure 2 Tourism spend per resident capita: 2005, 2010 & 2015



Source: IHS Global Insight Regional eXplorer version 993

⁵ IHS Global Insight Regional eXplorer, pgs. 83-84

Another measure is tourism spend as a share of GDP. This measure provides a gauge of how important tourism is to the local economy. The tourism spending as a percentage of GDP in the province in 2015 was 4.81% whilst for South Africa as a whole was 5.75% in the same period.⁶

Given this forgoing background, the key question is how the province can leverage its nature reserves and resorts to improve its contribution to an ultimate objective of an inclusive economy.

2. Problem Statement

The ownership of Free State Province’s nature reserves and resorts is shared between the provincial government and the various municipalities. DESTEA is the custodian of the provincial reserves and resorts. These resorts and reserves provide tourism activities in the form of hiking trails, game drives, viewing wildlife or accommodation through chalets and camping.

There are five tourism routes in the province which DESTEA is managing through its entity, the Free State Gambling, Liquor and Tourism Authorism. These routes and the relevant reserves and resorts are outlined in table 1 below.

Table 1: DESTEA Resorts and Reserves

Route	Resorts and Reserves	
Lion route	1	Koppies Dam Nature Reserve and Resort which is situated 16km east of Koppies. The town of Koppies lies 55km north of Kroonstad, just off N1 between Kroonstad and Sasol.
Flamingo route	2	The Willem Pretorius Nature and Reserve and Resort which is located 30km from Ventersburg and 130km from Bloemfontein. The turn-off to the reserve is clearly indicated on the N1 between Windburg and Ventersburg.
	3	The Erfenis Dam Nature Reserve which is situated 18km east of Theunissen on the Theunissen - Windburg road (R708). From the N1 highway, the turnoff to the reserve lies 20 km west of Windburg.
	4	The Soetdoring Nature Reserve, Resort and Predator Park which is situated on the Bloemfontein- (R700) Bultfontein road 45km from Bloemfontein.
Springbok route	5	The Tussen Die Riviere Nature Reserve and Resort located in the Southern Free State 65km east of the N1 and 15km from Bethulie on the R701. The

⁶ IHS Global Insight Regional eXplorer, pgs. 84-85

		entrance gate to the reserve is situated on the road between Bethulie and Smithfield (R701) Southern Free State.
	6	Gariiep Dam Nature Reserve and Resort situated 200km south of Bloemfontein adjacent to the Gariiep Dam and the small town of Gariiep Dam (8km to the east of the N1). Road signs indicate the turn-off on the N1.
	7	The Caledon Nature Reserve situated 130km southeast of Bloemfontein on the R701 between Wepener and Smithfield. Closest towns are Wepener and Dewetsdorp
	8	The Kalkfontein Nature Reserve located between Koffiefontein and Jagersfontein.
Cheetah route	9	The Franklin Nature Reserve in the Central Bloemfontein.
	10	The Maria Moroka National Park situated 90km east of Bloemfontein adjacent to the popular Black Mountain Hotel near the town of Thaba Nchu.
	11	The Rustfontein Dam Nature Reserve situated 50km east of Bloemfontein just off the Bloemfontein/Thaba Nchu road (N8).
	12	Philip Sanders Resort situated 30km east of Bloemfontein
Eagle route	13	The Sterkfontein Nature Reserve and Resort located 23km from Harrismith on the R74 road to Bergville.
	14	Seekoeivlei Resort and Reserve situated adjacent to the town of Memel in the north-eastern Free State.
	15	The Golden Gate Highlands National Park and Resort located 17km from Clarens.
	16	The Meiringskloof Nature Reserve and located 17km from Fouriesburg.
	17	The Witsieshoek Mountain Lodge in Qwaqwa

While the Provincial Government's key source of revenue is the equitable share, it also generates additional revenue from motor vehicle licenses, patient fees, interest on investments, gambling receipts, resorts and reserves and the sale of game. So the reserves and resorts are some of these additional sources of revenue, including game from the reserves. Every year millions of rands are put aside for the development of resorts and reserves, revenue enhancement projects, infrastructure development and environmental management.⁷

In the previous section a not so rosy picture of the state of the tourism sector has been painted. If the province boasts so many resorts and reserves, why is the tourism sector not performing in according to expectations? This and other related questions need to be investigated and this study is one of the attempts to provide answers to such questions.

⁷ Treasury 2014 Budget Speech

3. Project objectives and the research question

In his 2017/18 Budget Speech, the MEC of DESTEA, Dr Benny Malakoane, indicated that the department had allocated R18 276m to promote the Free State as a preferred inland tourism destination of choice. To this end, resorts would be revitalised and profiled through an extensive marketing and promotional campaign which would target schools, social clubs, stokvels and nature lovers. To ensure that this campaign results in improved income generation from these facilities, a new strategy which would entail a central booking system and a digital application promoting popular tourism sites in the Free State would be implemented. In this resorts and reserves renewal process, Maria Moroka, Sandveld, Soetdoring, Willem Pretorius and Phillip Sanders would be upgraded and refurbished to four star status with the help of the Grading Council. The MEC also acknowledged inputs from members of the community who called for the resorts to have spacious halls to enable “churches to hold conferences and enjoy nature”.

It is in this context that it becomes important to strengthen the revenue collection systems in order get value for the money invested in these facilities. Accordingly, the Economic Research Directorate decided to do a research on how other provinces are collecting revenue from resorts and reserves in order to determine best practices DESTEA can take leaf out of.

So the primary objective of this study is to search for best practices on revenue collection among the provinces so as to make recommendations for DESTEA managed resorts and reserves. However, our resorts and reserves must be able to attract more tourists first before a thought can even be given to revenue collection. Accordingly, the secondary objective of the study is to benchmark with other provincial resorts and reserves on a wide range of areas, including marketing, targetted market segments, infrastructure development and charged rates and tariffs.

4. Research methodology and the limitations of the study

The research design of this study is descriptive because it gives a picture of how other provinces manage their resorts and reserves based on interviews conducted with

relevant officials from those provinces. Five of the eight provinces were engaged to gather information in this regard. Out of these provinces, two were visited and three filled in the prepared questionnaires. The visited provinces are Limpopo and the Western Cape. Kwazulu-Natal, Northern Cape and the Eastern Cape filled in the questionnaires and returned them electronically.

Before the engagement of other provinces, a survey of the DESTEA resorts was conducted. The following resorts and reserves were engaged in this regard:

- 1) Koppies Dam Nature Reserve and Resort;
- 2) Willem Pretorius Nature Reserve and Resort;
- 3) Erfenis Dam Nature Reserve;
- 4) Soetdoring Nature Reserve and Resort;
- 5) Tussen Die Riviere Nature Reserve;
- 6) Gariiep Dam Resort;
- 7) Kalkfontein Nature Reserve;
- 8) Phillip Sanders Resort;
- 9) Maria Moroka Reserve and Resort;
- 10) Rustfontein Dam Nature Reserve;
- 11) Sterkfontein Dam Resort;
- 12) Sandveld Nature Reserve and Resort; and
- 13) Seekoeivlei Nature Reserve.

All these resorts and reserves were visited and the resort and/reserve managers were interviewed. As there are seventeen resorts/reserves under the management of DESTEA, we managed to interview more than 80% of them which is quite a sizeable sample. The purpose of this exercise was to develop some baseline information.

The limitation of this study is that not all the provinces were visited due to logistical challenges. Even in relation to the two which were visited, time wasn't sufficient for the actual visit of the resorts/reserves. Furthermore, the information gathered in relation to Kwazulu-Natal and the Northern Cape pertains to only one reserve/resort for each province. There is therefore a need for a second phase of this project in the new financial year.

5. Survey of DESTEA Provincial Resorts and Reserves

The following are the main activities of the resorts and reserves owned by DESTEA:

- Hiking trails
- Game drives
- Water sport
- Fishing
- Bird viewing

The popularity of each activity differs from one resort/reserve to another and largely depends on the nature of the reserve/resort. Fishing is the most popular activity at resorts/reserves with relatively big dams like Sandveld, Gariep, Erfenis and Sterkfontein Dam. For such resorts/reserves, water sport is also popular. On the other hand, resorts/reserves with small dams like Philip Sanders don't have fishing as their main activity. As a sign of the importance of fishing, Sandveld will be hosting the 2019 World Angling Olympics which will involve 26 countries. In fact Sandveld regularly hosts big events and as such doesn't need any marketing. No reserve provides game drives; in fact guests do drive themselves through the tourist routes.

The guest profile of the reserves/resorts is made up in the main of young and old couples with professionals and groups/social clubs/stokvels being a less significant market segment. Almost all the resorts, except for Philip Sanders and Willem Pretorius don't have big halls for conferences. The resorts/reserves are experiencing various challenges that are impacting on income generation. All the resorts/reserves interviewed complained about the following issues:

- Supply chain; for instance Gariep has not received fuel in the past two years.
- Lack of maintenance of the chalets and the landscape
- Road infrastructure: in particular caravan guests complain about the gravel road.

The resorts/reserve personnel is forced to use own financial resources to buy consumables for the guests; for instance toilet paper. Erfenis fence was put more than 25 years ago and its maintenance is high and time consuming; 30km of the fence needs to be replaced. Other facilities like Rustfontein, are situated adjacent to poverty

stricken areas and poaching of game and removing of fence present challenges for the management of such nature reserves. Other barriers, amongst others, include:

- Shortage of staff; for instance Maria Moroka consists of only the Resort Manager and 3 EPWP workers and Seekoeivlei only has one full-time staff member and 3 EPWP workers
- Lack of signage, especially from the main roads leading to the resorts/reserves
- The drought negatively impacted on the condition of game.
- Vandalisation of assets like ablution facilities, fence, steel poles in Rustfontein; and theft of Plasma TV's in Koppies.

Whilst there are maintenance issues, tariffs are increased and the guests complain about high tariffs. The issue of tariffs is raised during tariff meetings but the decisions are overruled. As a result volumes are declining, for instance in Erfenis, since the increase in tariffs. In table 2 below a summary of the tariffs charged by DESTEA reserves/resorts is presented.

Table 2 Summary of Destea resorts/reserves tariffs: 2017/18

Resort/reserve	Chalets	Camping/caravan park	Day visitors
Koppies Dam Nature Reserve and Resort	R850/4 sleeper	R220**(electricity); R130**(no electricity)	R70/car
Willem Pretorius Nature Reserve and Resort	R950/6 beds; R850/5 beds	n/a	R120/car
Erfenis Dam Nature Reserve	R350/3 beds	R200/car*	R70/car*
Soetdoring Nature Reserve and Resort	R550/2 sleeper; R600/3 sleeper; R650/4 sleeper	suspended	R70/car
Tussen Die Riviere Nature Reserve	R550/2 beds; R600/4 beds; R850/4 beds	R120/car**	
Gariep Dam Resort	R700/3 beds; R900/ 6 beds	n/a	R70/car
Kalkfontein Nature Reserve	R120/4 persons	R120/car**	R70/car; R100 permit for pensioners
Phillip Sanders Resort	R750/1 bed; R950/2 beds; R1200/3 beds; R100/dormitory	n/a	R150/car
Maria Moroka Reserve and Resort	R1100/4 beds; R550/2 beds	n/a	n/a
Rustfontein Dam Nature Reserve	R550/2 beds; R850/6 beds	R80/car*	R70/car
Sterkfontein Dam Resort	R550/4 beds; R650/5 beds; R850/8	R200/car*; R100/car**	R70/car

	beds;R250/single person (Mon-Thurs)		
Sandveld Nature Reserve and Resort	R600/2 beds + bunk; R800/4 beds + bunk; R900/2 beds + d/bed + bunk; R1000/d/bed + 4 beds + bunk; R250/single	R200**(electricity); R100**(no electricity)	R70/car
Seekoeivlei Nature Reserve	R700/night	R220/car*	R70/car

* Caravan park

** Camping

The highest tariff charged for camping/caravan park is R220 and the lowest is R120. On average, for a 2-sleeper accommodation facility a guest is likely to pay R550. We will later compare this with tariffs in other provinces.

All the resorts/reserves use the manual booking system. Guests call to make bookings and their details are entered into a register. The advantage of this system is that the resort/reserve always knows what is going on. The State Information Technology Agency (SITA) had started a process towards the introduction a centralised booking system. Centralised system may be a disadvantage if there is no means of communication as internet connectivity is a big problem. For a centralised system to succeed, the connectivity problem should be addressed first.

The main payment methods used at resorts/reserves is cash and bank cards. Electronic funds transfer is also used but is not reliable due to lack of internet connectivity for purposes of emailing proof of payment. Whilst the card system is widely used, it is a challenge in other areas due to signal problems. In Sandveld it was introduced three years ago but was stopped within a month due to signal problems. To address this signal problem, a satellite dish was installed in Erfenis in 2016 but is not working.

Whilst other resorts/reserves like Sandveld may not need any marketing due to its high profile stemming from its regular hosting of big events, many resorts/reserves need aggressive marketing to increase their revenue. Many of the resorts/reserves are not on Google, for instance. Gariiep made attempts in the last three years to get a service

provider to put the resort/reserve on Google and thus be available on GPS but they were let down by the SCM processes.

6. Survey of other provinces

6.1 Limpopo

The Limpopo Tourism Agency manages resorts in the province. There are 43 reserves/resorts but only 11 are for tourism. Out of these 11 facilities, 5 are 3-star-graded. The agency holds a view that grading for governments resorts should be capped at 3-star as a 4-star grading comes with huge expectations in relation to the standards which cannot be met due to long procurement processes.

The popular activities are water sport, fishing and mass recreation (events, gigs and conferencing). These facilities have swimming pools for mass recreation and most have braai and gig facilities. However, not all resorts have restaurants. Recreation is the most popular activity amongst locals. The agency is benchmarking with the Kruger National Park and is in the process of buying vehicles to convert them for game drives.

The agency uses service providers within the 50km radius of the resorts/reserves. This is meant to speedily attend to the problems and to also empower the local entrepreneurs.

The agency uses automated booking system although the manual system is currently being used as a temporary measure because the contract of the service provider had expired. Auditors are not happy with the manual system; it is also time consuming. The agency rented and used the HTI's eRes Centralised Reservations Software. Bookings are done centrally and the resorts are linked to the system which also generates reports. There are no signal problems impacting on the system as the agency used universal contract of Vodacom to engage Vodacom to install towers for network. The payment for bookings is linked to the eRes system.

The average monthly revenue was R800 000 but has gone down to R500 000 due to the fact that some facilities have been closed for upgrading work. Had they not been

closed down, R1 000 000 average would have been reached. The agency prefers to charge more for activities, which are more important, and not for accommodation which is at any rate insufficient. Government departments using the facilities also do pay, unlike here in the Free State.

The agency has changed the resorts and reserves services to focus on local tourists; for instance establishing mass recreation facilities (swimming pools, braai facilities, etc.) and ensuring that chalets have television sets. The resorts/reserves also have food and beverage facilities on site.

When clients are not happy with the service standards in accommodation facilities, they are sometimes refunded or given complementary stay in the future. Guests' satisfaction reports are handled by a division dealing with quality assurance which does inspection and reads feedback forms. Table 3 below summarises the tariffs charged by the agency.

Table 3 Summary of Limpopo Tourism Agency resorts/reserves tariffs: 2017/18

Resort/reserve	Chalets	Camping/caravan park	Day visitors
Doordraai Dam	n/a	Off-peak: R250/2 pax** (without electricity); R300/2 pax* (with electricity) Peak: R350/2 pax** (without electricity); R400/2 pax* (with electricity)	R30/adult; R20/child; R30/car
Acacia Resort	R455/2 pax (2 single beds); R515/2 pax (double bed)	n/a	R30/adult; R20/child; R30/car
Mokolo Dam	n/a	R40/person** (without electricity)	R30/adult; R20/child; R30/car
Singo Safari Lodge	R570/2 pax (luxury tents with 2 single beds); R650/2 pax (luxury self-catering tent with 2 single beds); R770/4 pax (luxury family tent with 4 single beds)	R130/person** (without electricity)	R30/adult; R20/child; R30/car
Tambotie Ridge	R600/2 pax (1 double bed)	n/a	R30/adult; R20/child; R30/car

* Caravan park

** Camping

The agency further charges filming and photography tariffs in resorts/reserves at a rate of R1000.00 and R5000.00 per day for local/national and international respectively.

It is interesting to note that the agency differentiates off-peak and peak tariffs in relation to the camping/caravan park only. The difference in this regard is 33.3%; meaning that the tariff is increased by 33.3% during the busy periods. The average tariff for the 2-pax accommodation is R542; this is about 1.5% lower than a DESTEA's 2-sleeper. Of course we may not be comparing the comparable and therefore this is merely indicative. For instance, DESTEA doesn't have luxury safari tents.

6.2 The Western Cape

The Western Cape resorts/reserves are managed by CapeNature, an entity of the Department of Environmental Affairs and Development Planning (DEA&DP). Out of the 42 reserves it manages, 27 have tourism facilities. Ninety percent of visitors are from the Western Cape; tourists can't afford overseas trips and thus are focusing locally. It gets 80% of income from government and additional funding for specific projects.

The entity believes that sustainable conservation cannot happen without the involvement of local communities. In order to ensure sustainability, communities need to experience the socio-economic benefits of conservation. These communities also need to be empowered to manage their own natural resources in a sustainable way. It outsources some services to local communities to empower them. It identified resorts that have business opportunities for the communities in partnership the United Kingdom. Having noted that the Treasury centralised data base resulted in sourcing services from people from far away from the resorts/reserves, CapeNature has identified the suppliers in the vicinity and linked them to the resorts/reserves.

For the financial year 2016/2017 obtained and income R34 413 089 which was 34.5% higher than the projected R25 587 161. In table 4 below a detailed breakdown of the revenue streams is presented.

Table 4. CapeNature revenue

Accommodation	R 11 238 969	23.1%
Entrance fees, hiking and activities	R 19 404 095	39.7%
Wildcard Sales	R 1 833 144	59.5%
PPP Income	R 749 206	0.2%
Filming Fees	R 1 187 675	77.8%

In section 1 of this paper we indicated that the Western Cape ranked first in terms of tourism spend per capita in 2015 with a total per capita spending of R 8,800 which represented an average annual growth of 6.17% from 2005. The figures in table 4 seem to corroborate this observation and there could be something to learn from the Western Cape in this regard.

This is what CEO of the entity said in relation to the revenue: “The total revenue generated amounted to R328 million. The DEA&DP allocated R250 million to CapeNature while the remaining funds were generated from other funders and own revenue streams. The revenue generated from own revenue streams such as tourism, licences and permits as well as interest received exceeded projections. The budget performance achieved through tourism activities can be attributed to the upgrade and maintenance work of accommodation facilities, holding of outdoor adventure events within reserves, Wild Cards sales, entrance fees paid, as well as fees earned due to filming. During the reporting year, income from nature-based tourism activities has seen significant year-on-year increase for the third year in succession. The building of new and upgrading of existing eco-tourism facilities and the implementation of a new booking system have been met with great success”.⁸

The Public-Private-Partnership (PPP) income stream entails fees for managing tourism facilities in reserves through concession contracts spanning a period of 30 years. Revenue from filming is increasing as CapeNature is taking advantage of the fact that Sanparks is no more allowing filming.

When targeting investments in reserves feasibility studies are done first. Whilst there is internal capacity for this purpose, the entity prefers external service providers to

⁸ CapeNature Annual Report 2016/2017, pg. 9

avoid subjectivity. It has developed good working relations with Environmental Affairs Department and when having an investment plan, it invites the relevant Directorate officials from the Department and takes them to the reserves/resort to be developed and ask them for advice. This is also meant to avoid different interpretations of NEMA and thus engage the people who drafted the legislation. These pre-authorisation meetings help to make the approval process quicker. The development of infrastructure doesn't always involve brick and mortar but wood as well.

The entity uses the online booking system and installed room-seeker software which it had been using for 2 years now. It appointed the service provider who installed room-seeker from Sanparks. The reserves/resorts are linked to the system and the computer alerts them when there are bookings. There are no problems with signal as the satellites are being used.

The agency has developed the minimum standard framework to ensure maintenance of standards. Marketing materials are conceptualised internally by graphic designers and printed externally. The entity had recently met with the Eastern Cape and Gauteng for benchmarking purposes.

6.3 The Eastern Cape

In table 5 a summary of the Eastern Cape resorts/reserves is presented and shows the activities, attractions and booking and payment systems for each of the resorts/reserves we managed to get the information on.

Table 5 Eastern Cape resorts/reserves

Reserve/resort	Activities	Main attractions	Booking system	Payment system
Tsolwana	Game drives Fishing* Hunting* Culling* Camping	Wild-life	Automated Manual	Cash Bank cards EFT
Dwesa nature reserve	Hiking trails Game drives: self-guided Water sport: canoeing, surfing Fishing*	Conservation	Manual	Cash Debit/credit cards
Hluleka Nature Reserve	Hiking trails Water sport: swimming	Wild-life & chalets	Manual	Cash Cards

	Bird watching* Dolphin & whale watching			
Mkhambathi nature reserve	Hiking trails Game drives: self-guided Fishing* Water sport: Swimming Bird viewing	Sea, waterfalls & game	Manual	Cash Bank cards
Oviston Nature reserve	Fishing* Hunting* Culling* Camping	Wild-life	Automated	Cash Bank cards EFT
Silaka Nature reserve	Hiking trails Fishing* Water sport: swimming*	Sea and coastal forests	Manual	Cash Bank cards
East London Coast Morgan's Bay	Hiking* Fishing* Water sport: Swimming Bird viewing Cycling*	Sea, & fishing	Manual	Cash Bank cards

* Most popular activities

The Eastern Cape uses both manual and automated booking systems. The drawbacks of the manual system include inaccurate and loss of data. On the other hand, while the automated system is more convenient, sometimes it causes double bookings. In such instances the reservations office would have to be called by the reserve/resort before selling the chalets. The unfortunate part is that the reservations office is not operational during weekends and public holidays. Cash, EFT and bank cards are used as methods of payment. The drawback with the bank cards is that the speed point does not work sometimes due to network challenges.

The guests complain mainly about the poor road infrastructure, old buildings, shortage of hospitality stock items in the chalets and reserve closing hours. However, professional staff and clean accommodation facilities make up for these negative feedback from the guests.

In table 6, a summary of the Eastern Cape resorts/reserves' tariffs is presented.

Table 6 Summary of Eastern Cape resorts/reserves tariffs: 2017/18

Resort/reserve	Chalets	Camping/caravan park	Day visitors
Tsolwana	R1190/1-4 persons (off-peak); R1285 (peak)	n/a	R20/adult person; R10/child
Dwesa nature reserve	Off-peak: R320/2 sleeper; R620/4 sleeper	Off-peak: R230/car** Peak: R250/car**	R10/adult person; R5/child

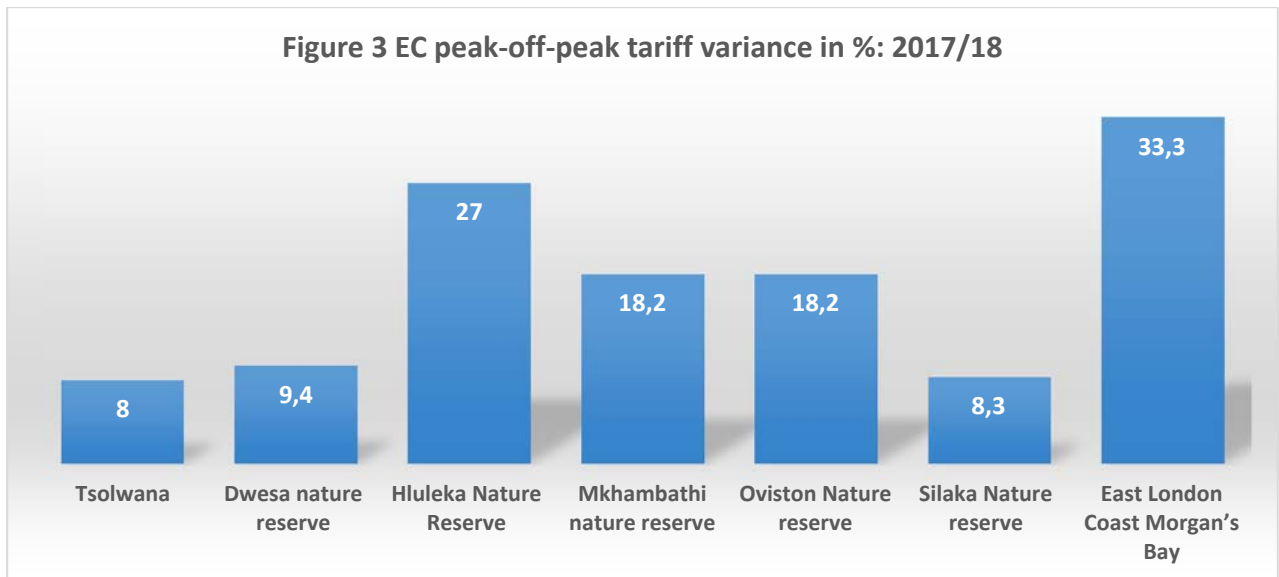
	Peak: R350/2 sleeper; R650/4 sleeper		
Hluleka Nature Reserve	Off-peak: R450/2 sleeper Peak: R570/2 sleeper	n/a	R20/adult person; R10/child
Mkhambathi nature reserve	Peak: R1300/main lodge Off-peak: R1100/main lodge	n/a	R20/adult person; R10/child
Oviston Nature reserve	Off-peak: 550/4 sleeper; Peak: R650/4 sleeper	n/a	R20/adult person; R10/child
Silaka Nature reserve	Off-peak: 905 Peak: R980	n/a	R20/adult person; R10/child
East London Coast Morgan's Bay	Off-peak: 225 Peak: R300/6 pax	n/a	R20/adult person; R10/child

* Caravan park

** Camping

Unlike other provinces engaged in this study, the Eastern Cape differentiate off-peak and peak tariffs (Limpopo does that in relation to the camping/caravan park only). The average across seasons (average of peak and off-peak) tariff for a 2-sleeper is R335. This is about 39% lower than a DESTEA's 2-sleeper. Again this is indicative as we may not be comparing the comparable.

In figure 3 below the peak-off-peak accommodation tariff variance in percentage terms is plotted. As can be seen, the percentage difference is not smooth across the resorts/reserves. It moves from a mere 8% in Tsolwana to a massive 33% in East Coast Morgan's Bay. It is not clear what criteria is used to determine the percentage at which the peak tariffs should be increased. Nonetheless, the average peak-off-peak tariff for a 2-sleeper is the lowest by far at only R335.



In section 1 of this paper we indicated that the Eastern Cape ranked lowest in terms of tourism spend per capita in 2015 with a total of R 1,660 which represented an average annual growth rate of 3.37% from 2005. The lower accommodation may be an important intervention in this context to improve this picture. However, there may be a need to find out why the peak-off-peak tariff variance is so volatile across resorts/reserves.

6.4 Northern Cape

As indicated before, the information in this regard is based on one reserve; Goegap Nature. The main attraction for the guests to the resort/reserve are the annual mass flower displays during the season as well as the hiking and 4x4 trails. The guests like the low and affordable entrance and accommodation fees; the fact that there is no difference in rates for South African and Overseas visitors; discounts applicable to all visitors, not just South African visitors; cleanliness of the facilities and surroundings; quietness and tranquillity of the area due to small number of accommodation facilities as well as well as sign-posted hiking trails and 4x4 routes. However, the lack of power at the camping sites and lack of signal for cellphones and internet access within the reserve boundaries cause resentments among the guests.

The reserve uses manual booking system. The advantage of the system is that management is constantly aware of all bookings. The disadvantage is that tourists have to wait for office hours in order to make and confirm bookings. The guests use EFT to pay for accommodation. Whilst the cash payment ensures the immediate confirmation of payment, large amount of cash on hand is a security risk and the fact that only the South African currency is used is a problem for foreign visitors who may not have South African Rands with them. In table 7, a summary of the Northern Cape resorts/reserves' tariffs is presented.

Table 7 Summary of Northern Cape resorts/reserves tariffs: 2017/18

Chalets	Camping/caravan park	Day visitors
R320/2 pax (4 single beds + 1 double bed)	R90/2 pax**	R30/person
R160/2 pax (bush hut with 4 single beds)	n/a	R30/person
R160/4 pax (group camp with 16 single beds)	n/a	R30/person
R200/2 pax (Witsand Hut with 8 single beds)	n/a	R30/person

* Caravan park

** Camping

The average tariff for a 2-sleeper for this Northern Cape resort/reserve is R210 and is about 62% lower than a DESTEA's 2-sleeper. This is quite competitive and it would be interesting to have a fuller picture with a representative sample of the Northern Cape resorts/reserves.

6.5 KwaZulu-Natal

As indicated earlier, the information in this regard is based on one reserve; the Hluhluwe iMfolozi Park. The main activities are game drives, walks, weddings, bush braai, picnicking and trails. The popular activities are walks, game drives and trails.

The reserve uses the automated booking system and payment is by cash and bank cards. They use HIT/Point of Sales. The monthly average revenue collected is R4.1m. Resorts are given monthly target which are mostly not met due to factors outside their control. In terms of tariffs for day visitors, international adults are charged R210 and R105 for South African residents.

6.5 Summary

The foregoing discussion, based on available information in the four provinces, is summarised in table 8 as follows:

Table 8: Comparisons in brief

	Destea	LP	EC	NC*
Average chalets tariffs	R550	R542	R335	R210
Camping/caravan park	R200/car	R300/2 pax	R230/car	R90/2 pax
Day visitors	R70/car	R30/car	20/person	30/person
Booking system	Manual	Electronic	Manual	Manual

*This is based on one reserve as indicated 4

It should be noted that average chalet tariffs are based on 2-sleeper facilities only. While this shows that DESTEA tariffs are little bit higher, the difference is not significant. Where there is a real divergence is in relation to day visitors where the DESTEA average tariff is way too high. When it comes to boeing system, which incorporates the payment system, most of the provinces use the manual booking system.

7. Conclusion and recommendations

As indicated in section 4 of this report, it was not possible to visit all the provinces as planned and it was also not possible to go to the resorts/reserves in provinces we managed to visit. It is therefore important that phase two of this project be undertaken in the new financial year. Accordingly, this project merely represents a first step of long journey that DESTEA has to traverse in a quest to find best practices that could be introduced in our resorts/reserves in order to improve tourism performance and get value for money. There are however a number of things under the department's control that should be done immediately in order to get better results from the resorts/reserves. There is an urgent need to improve the procurement turnaround time particularly for the consumables for the resorts/reserves.

The escalation of the grading to 4-star level in some facilities should be accompanied by improved conditions in these facilities. For instance, whilst Maria Moroka is a nice 4-star facility, the entrance is not manned and thus guests are most likely to get lost. Limpopo Tourism Agency has also advised that a 4-star level may not be appropriate for a government facility because that level comes with huge expectations in relation to standards and government procurement process are not always helpful to meet such expectations.

There is a need for infrastructure development for mass recreation, like swimming pools, water works and braai facilities should be considered. Specifically, there is a need for a playground for kids at facilities such as Maria Moroka, Seekoeivlei and Rustfontein; swimming pools at Koppies and Sterkfontein; re-opening of the restaurant and cafeteria at Willem Pretorius and other facilities far from towns; environmental education centre at Rustfontein; and guided game viewing at almost all the resorts/reserves.

Maintenance of the facilities is a big problem not only for DESTEA resorts, but also the Eastern Cape ones. Coincidentally, the Free State and the Eastern Cape are not performing well in terms of various measures of tourism performance as indicated in section 1 of this study. Perhaps a consideration should be made for the Public-Private-Partnership (PPP) for managing tourism facilities in resorts/reserves through concession contracts spanning a period of 30 years as in the case of the Western Cape. That may help address the current maintenance challenges.

It has been shown in this report that the DESTEA tariffs are slightly above the comparator provinces, Limpopo and Eastern Cape. There may be a need to explore the peak-off-peak tariffs and perhaps even the week-weekends tariff structures as a way of attracting more tourists to the facilities. Some facilities may have to be turned into mass-creation facilities as Limpopo does in order to serve the local tourist market segment. Accordingly, the day visitor tariff may need a downward review in this regard. The annual mass events, like the 2019 World Angling to be hosted at Sandveld, should also be increased including the holding of outdoor adventure events within resorts/reserves such as hiking trails and 4x4 routes. The film and photography market doesn't seem like being considered in the province and it may be time to do so.

Marketing of our resorts/reserves is an issue that has arisen in some of the DESTEA resorts/reserves. Most if not all are not on Google and thus cannot be located via GPS. Attempts were made in Gariiep in the last three years to get a service provide to put the resort on Google but SCM processes let that fail.

There is still a lot to be done to create a conducive environment for the introduction of a centralised booking system which includes electronic payment. Whilst SITA had started a process towards the introduction of such a system, it looks like the signal problem at the resorts/reserves should be addressed first. This signal problem could be addressed by the installation.

<p>This research was conducted by:</p> <p>Abram Jansen Deputy Director: Economic Research</p> <p>Signature: _____ Date: _____</p>	<p>Checked by:</p> <p>Jonas Mosia Director: Economic Research</p> <p>Signature: _____ Date: _____</p>
<p style="text-align: center;">Approved by:</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Mbuyiselo Sani Chief Director: Strategic Planning and Research</p> <p style="text-align: center;">Date: _____</p>	