



KRUGER LOWVELD
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Welcome to our Tourism Month Roadshow 2018

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OUR 2016 – 2018 STRATEGY IS REACHING ITS EXPIRY DATE.

The purpose of these road shows is to get your inputs for our strategy going forward for the next three years.

The hurdles we have ahead:

- Our revenues are under pressure and our capacity is stretched**
- Disconnect with and a lack of meaningful support from government. Can this change?**
- Preoccupation with tourism-related advocacy issues (we are always fighting fires)**

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The opportunities we have ahead:

- **Develop a tourism masterplan for our region and get our government partners to buy into it (district and local municipalities)**
- **Develop our own new revenue streams through digital platforms and pressurise all levels of government to fund us on a project basis as per the RTO Framework document**
- **Create structures that better deal with problem issues and focus on more the destination marketing initiatives**

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SNAPSHOT: GENERAL ECONOMIC CONDITIONS

- The SA economy is in recession
- Economic outlook is very uncertain
- We are going into an election year in 2019
- The Rand is under pressure for a range of reasons (might be good for international tourism?)
- Political and business environment is unstable, but could there be a silver lining?
- The land issue is weighing on the minds of the business sector along with other policy uncertainties
- Investment is at very low levels
- Persistently high unemployment rate – currently at 27,27% (excludes discouraged workers)
- Extreme income inequality persists

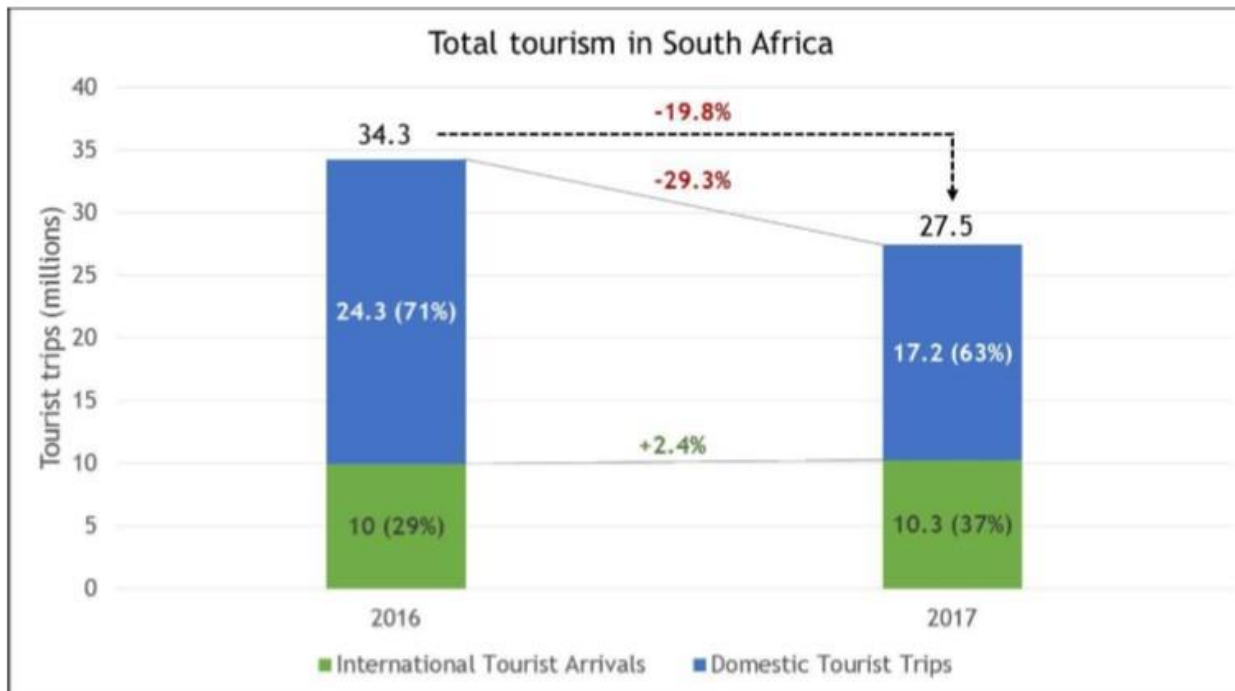
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SNAPSHOT: TOTAL TOURISM 2017

- South Africa's total tourism (international and domestic) declined in tourist trip volumes by 19.8% compared to 2016 to a total of 27.5 million tourists. Domestic tourism, although declining in volume, is still the biggest volume contributor (63%) and international tourism contributed 37% of tourist volumes.

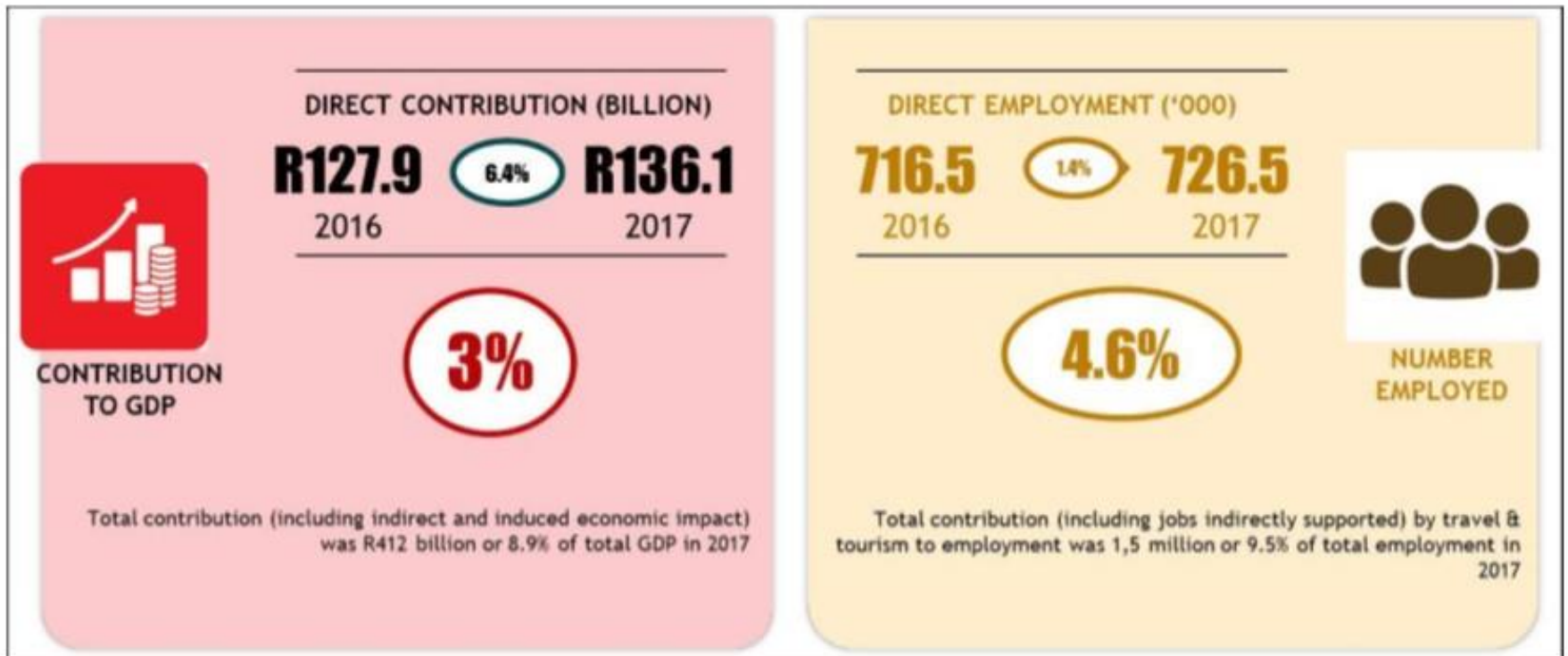


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BUT TOURISM REMAINS A KEY GROWTH SECTOR



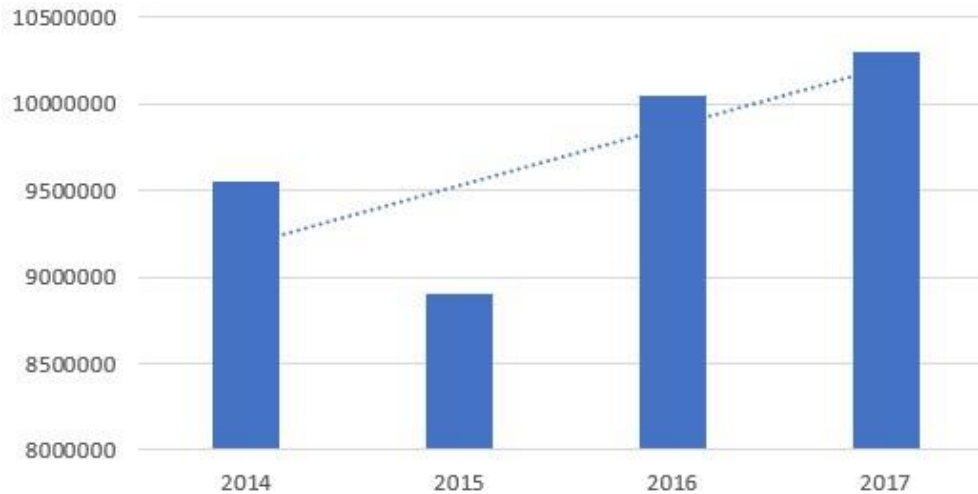
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SNAPSHOT: INTERNATIONAL TOURISM

Total Foreign Arrivals



International Tourist Trips in 2017

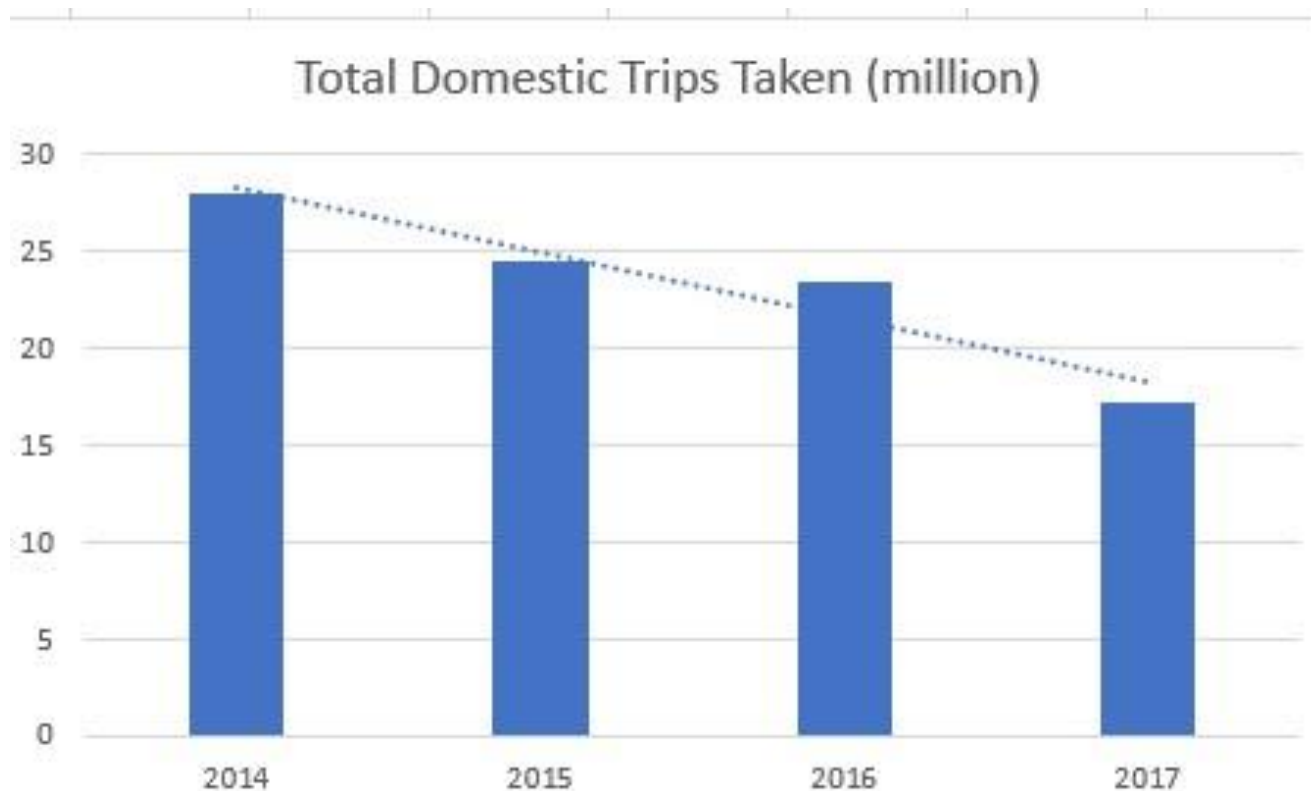


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SNAPSHOT: DOMESTIC TOURISM



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2018 so far: NEGATIVE

International arrivals down by 2% for the first 6 months to June

STR Hotel Performance Index reflects lower occupancy figures than same period 2017

Tourism Industry experienced substantially lower than normal business performance recording a TBI of 57.9, which is much lower than the anticipated 72.4 forecast for Q1 and Q2 of 2018 and notably down from the 71.4 experienced in the last half of 2017

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2018 so far: **WHY NEGATIVE?**

- Insufficient overseas leisure demand, insufficient domestic leisure demand and insufficient domestic business demand were the greatest negative contributing factors to business performance
- The next most negative contributing factors were the cost of inputs, increase in competitive supply and competitor market behaviour. This were followed by weather, security concerns, and cost of labour.
- “Other” factors as contributing to negativity including the water crisis in Cape Town, VAT increase, political uncertainty and volatility, increase in crime, land ownership, service delivery protest, weak domestic economy, transport industry violence, transport licencing issues and fuel increases.

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**KRUGER LOWVELD EHLANZENI REGION
REMAINS THE MOST IMPORTANT
TOURISM REGION IN MPUMALANGA BY
FAR, ACCOUNTING FOR ABOUT 54% OF
TOURISM PRODUCT AND CONTRIBUTION
TO TOURISM GDP OF THE PROVINCE**

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QUICK STATS: Mpumalanga

R9 bn tourism GDP

(+/- 7% of tourism GDP in SA)

R20.3 bn to MP's GDP

(+/-8% of MP GDP)

77 000 tourism jobs in MP

(+/- 10% of total tourism jobs in SA)

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Foreign Tourism: How did we perform in 2017?

	Arrivals		Spend (Rm)		Bednights		Av Stay
Gauteng	4052368	32.32%	28618	29.80%	44468000	41.71%	11.4
W Cape	1727913	13.78%	23118	24.07%	23300000	21.86%	14.1
E Cape	411408	3.28%	3331	3.47%	4378000	4.11%	11.2
KZN	812531	6.48%	5867	6.11%	7868000	7.38%	10.1
Mp	1573635	12.55%	5260	5.48%	12759000	11.97%	8.5
Limpopo	1882191	15.01%	9929	10.34%	7864000	7.38%	4.4
NW	771390	6.15%	4643	4.83%	4632000	4.34%	6.3
N Cape	113137	0.90%	1325	1.38%	1325000	1.24%	12.6
FS	1193083	9.52%	13956	14.53%	13956	0.01%	12.2
	12537656	100%	96047	100%	106607956	100%	

Arrivals = 4th

Spend = 6th

Bed nights = 3rd

Av Length of Stay = 7th

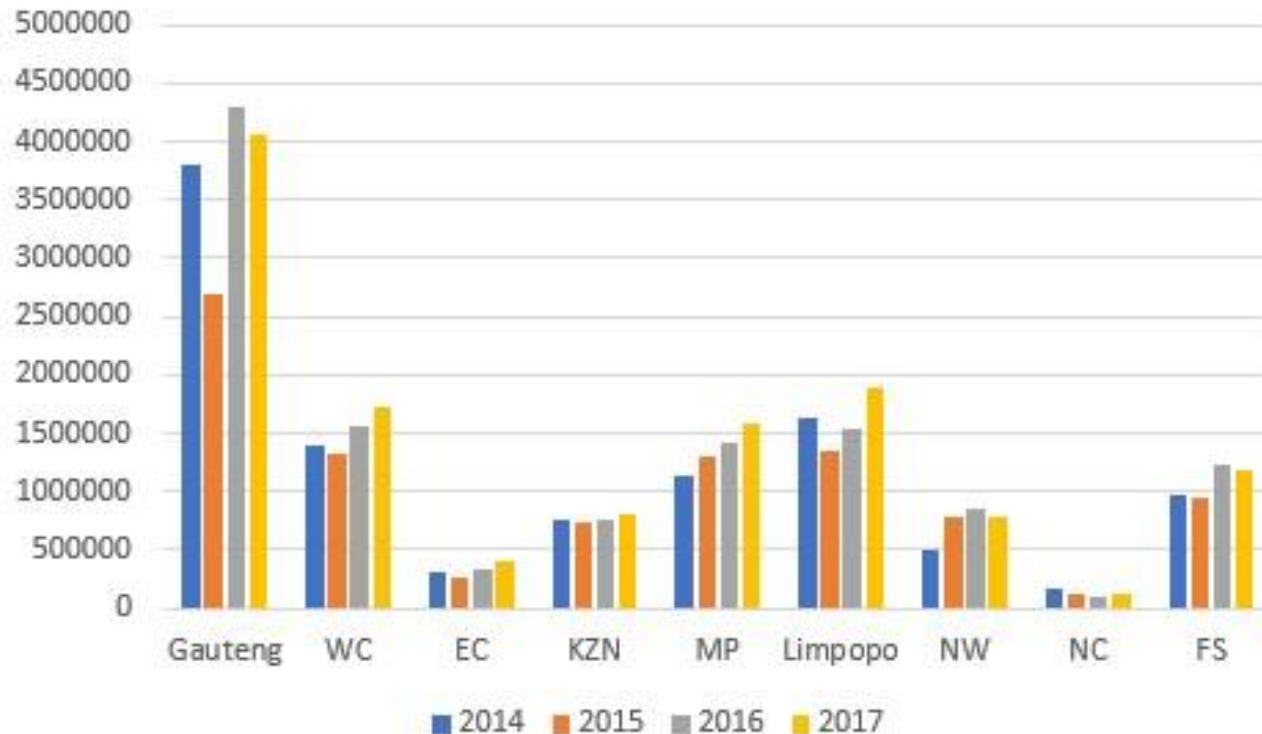
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Foreign Arrivals:

How have we performed over the past 4 years?



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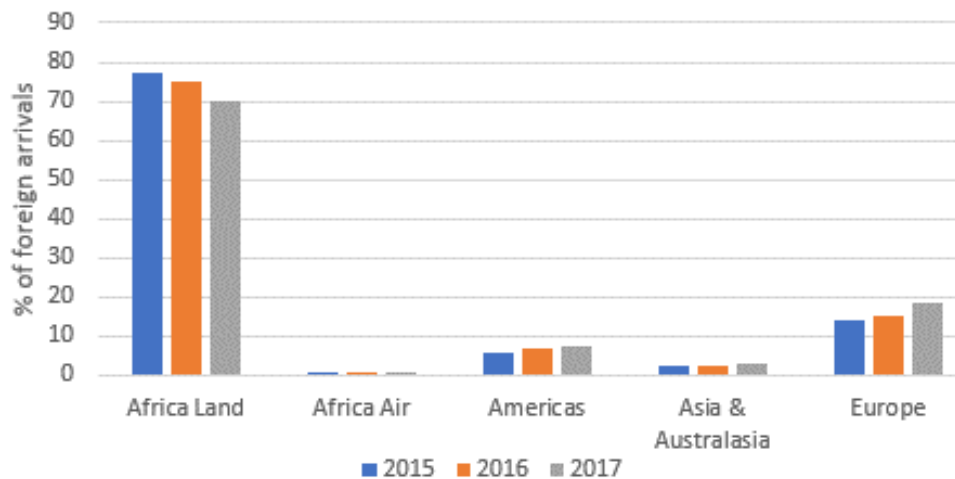


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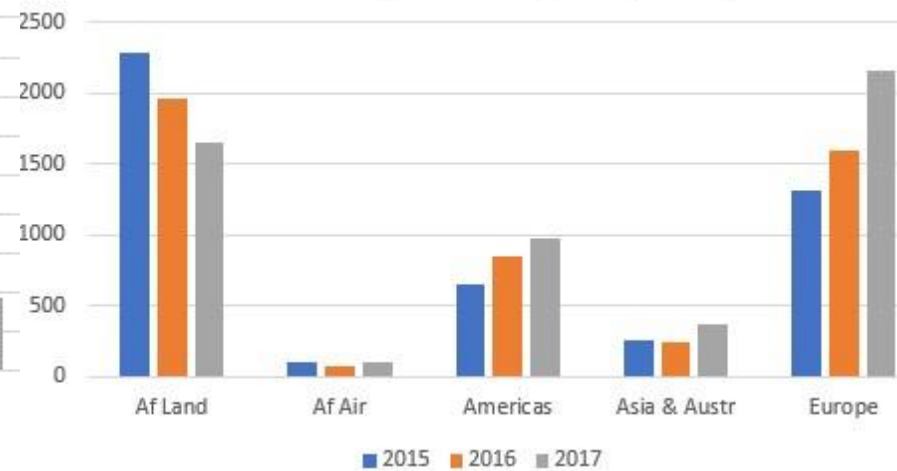
Foreign Tourists:

Relative importance of MP's source markets?

Geographic Spread of Foreign Arrivals



Total Foreign Direct Spend (R mill)



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Most important source countries to MP

Most NB Source Markets 2017	Arrivals	Spend
Africa Land	MOZ, SWAZILAND	MOZ, SWAZILAND
Africa Air	OTHER AF & ME, TURKEY	TURKEY, OTHER AF & ME
Americas	USA, CANADA	USA, CANADA
Asia & Australasia	AUSTRALIA, INDIA	AUSTRALIA, CHINA
Europe	GERMANY, UK, FRANCE, NETHERLANDS, SCANDINAVIA	UK, GERMANY, NETHERLANDS, FRANCE, SCANDINAVIA

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Most Popular Attractions in MP

Top 10 Attractions: Mpumalanga		
	2016	2017
Kruger Park via Skukuza, Numbi, Malelane, Crocodile Bride	294 000	391 000
Blyde River Canyon / God's Window Panorama	161 000	194 000
Bourke's Luck Potholes	111 000	99 000
Hazyview (Cable slide, Hot air ballooning, Abseiling, Elephant Sanctuary, Game drives etc.)	83 000	93 000
Hazyview Mall	95 000	81 000
Pilgrim's Rest	85 000	81 000
White river	82 000	60 000
Sabie	43 000	49 000
Sabi Sands Game Reserve	42 000	48 000
	31 000	34 000

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Domestic Tourism

Trips by Source Province			
	2015	2016	2017
Eastern Cape	11%	10%	7%
Free State	3%	2%	2%
Gauteng	35%	27%	36%
KwaZulu Natal	15%	13%	11%
Limpopo	19%	26%	21%
Mpumalanga	5%	3%	8%
Northern Cape	1%	1%	1%
North West	5%	3%	6%
Western Cape	7%	14%	9%
TOTAL	24,5	24,3	17,2

Mp = 5th

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Domestic Tourism

Trips by Destination Province			
	2015	2016	2017
Eastern Cape	14%	12%	9%
Free State	5%	5%	4%
Gauteng	16%	18%	18%
KwaZulu Natal	20%	17%	15%
Limpopo	23%	34%	27%
Mpumalanga	9%	7%	12%
Northern Cape	1%	2%	2%
North West	7%	5%	6%
Western Cape	7%	9%	8%
TOTAL	25,1	26,6	19,2

Mp = 4th

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Domestic Tourism

Total Direct Domestic Spend by Destination Province (R' billion)			
	2015	2016	2017
Eastern Cape	17%	12%	9%
Free State	4%	5%	5%
Gauteng	10%	20%	17%
KwaZulu Natal	23%	17%	16%
Limpopo	22%	25%	24%
Mpumalanga	8%	7%	12%
Northern Cape	1%	2%	2%
North West	5%	4%	7%
Western Cape	9%	10%	7%
TOTAL	R23,6	R26,5	R22,1

Mp = 4th

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TOURISM IS NOW FIRMLY ACKNOWLEDGED AS A KEY ECONOMIC SECTOR IN SA, BUT FACES DIFFICULTIES:

National Issues:

- The visa regulations and UBC's remain in place despite promises from government to amend the legislation
- Efficient transport permitting/licensing remains elusive
- Civil unrest and protests are now prolific countrywide
- Tourism safety and security
- Release of recent crime stats has resulted in travel warnings issued in major source markets, namely the UK, USA and Canada
- Cape Town's "Day Zero" was a PR disaster and we are still suffering from its hangover

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TOURISM IS NOW FIRMLY ACKNOWLEDGED AS A KEY ECONOMIC SECTOR IN SA, BUT FACES DIFFICULTIES:

Local Issues:

- Ageing infrastructure and the appalling state of our roads with very little provincial budget allocation for repairs and upgrades
- Old, decrepit and neglected public tourist attractions managed by provincial government
- Extreme levels of civil unrest and protests resulting in major DMC's starting to pull self-drive itineraries out of the province
- Dysfunctional local municipalities
- Tourism safety and security, including an increase in roadside corruption activities by traffic officials (again)
- No big tourism vision or plan by the province to address these (or anything else really)

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WHAT ARE WE DOING ABOUT TRYING TO SOLVE OUR LOCAL ISSUES?

- **Roads Working Group with DPWRT, DEDT, MTPA and KLT established as a result of KLT's pressure. Immediately after our press releases and letters to Minister Hanekom's office, superficial repairs have been done in places. R6.6 bn is needed to solve the roads issues in the province of which R3.8 bn is needed in the Kruger Lowveld Ehlalzeneni region. Unless extraordinary funding is found, these roads will not be fixed to suitable standard.**

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REGION	DISTANCE (KM)	TOTAL PROJECT COST R'000 (ESTIMATE)
EHLANZENI	522	3 819 816
NKANGALA	229	711 624
GERT-SIBANDE	185	2 092 989
GRAND TOTAL	936	6 624 429

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WHAT ARE WE DOING ABOUT TRYING TO SOLVE OUR LOCAL ISSUES?

- Pressurising government and MTPA in particular to concession out their attractions so that they can be upgraded and re-invented. Need new developments like the Graskop Gorge Lift Company.
- Pilgrim's Rest remains a mess with no sustainable solution in sight despite millions of Rands spent on consultants
- We can do little to quell civil unrest except to put pressure on municipalities to deliver on their services mandate. In the meantime, our tourism safety and security WhatsApp groups grown in importance to assist with safe passage for tourists. Make sure you are on one of them.
- The same applies to general tourism safety and security. Please note that the MTPA has a tourism emergency response process which can be activated at very short notice. Contact Lindiwe Mthombeni on 0712573222 in the case of such an emergency.
- Municipalities – Linda will speak more about this
- We are going to develop a tourism masterplan and present it to government as they have no grand vision and no meaningful budget allocations for tourism

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CREATING THE MASTERPLAN - WHERE DO THE REAL TOURISM GROWTH OPPORTUNITIES LIE?

- Upgrade and innovate the product offerings along the greater Panorama Route (including the villages of Mathibiti, Moremela and Leroro), rebrand the route, and include a new model for Pilgrim's Rest in this process
- The Barberton Makonjwa Mountains have been declared a World heritage Site. Where to next? Where are the commercial spinoffs?
- Catalytic projects to spark cultural tourism in our rural economy - the BBR "Camino"/Ndlela and its extension
- Tourism development corridors or SETZ's. Hazyview to Paul Kruger Gate and Matsulu to Komatipoort (all around the KNP)
- An international signature event, eg. The Sabie 109. Can this drive the road maintenance/upgrade process?
- Elevate Mbombela/Nelspruit into a vibrant provincial capital city, including the township offerings
- Small towns must become little gems. "Pride of place" is very important

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THESE OPPORTUNITIES CAN DELIVER ON THE TRANSFORMATIONAL AGENDA

- Break down “the fence”, educate and include communities, deliver benefits
- To achieve meaningful transformation we need tourism growth, in both supply and demand
- Catalytic but well-conceived projects and themes
- Creating real market access, and not just “going to Indaba”. Should include strategically-located VIC’s and marketing platforms and opportunities through the RTO
- Meaningful tourism incubators

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**WHAT ARE YOUR INPUTS TOWARDS A
TOURISM MASTERPLAN FOR THE
KRUGER LOWVELD EHLANZENI
REGION?**

**ANY OTHER COMMENTS OR
QUESTIONS?**

THANK YOU