Mpumalanga Tourism Growth Strategy

- Final Report -

16 November 2007

Mpumalanga Tourism & Parks Agency

Commonwealth Secretariat

CHL Consulting Ltd

CONTENTS

ABBREVIATIONS AND ACRONYMS

BEE	Black Economic Empowerment
DEd	Department of Education
DEDP	Department of Economic Development and Planning (Mpumalanga)
DM	District Municipality
EU	European Union
GDP	Gross Domestic Product
GDRP	Gross Domestic Regional Product
GP	Gauteng Province
HRD	Human Resource Development
KMIA	Kruger Mpumalanga International Airport
KNP	Kruger National Park
KZN	KwaZulu Natal Province
LM	Local Municipality
LTO	Local Tourism Organisation
MEGA	Mpumalanga Economic Growth Agency
MOA	Memorandum of Agreement
MICE	Meetings, Incentive, Conferences, Exhibitions
MP	Mpumalanga Province
MRTT	Mpumalanga Regional Training Trust
MTA	Mpumalanga Tourism Authority
MTPA	Mpumalanga Tourism and Parks Agency
PGDS	Provincial Growth & Development Strategy
PPP	Public Private Partnership
RTO	Regional Tourism Organisation
SADC	Southern African Development Community
SANParks	South African National Parks Board
Stats SA	Statistics South Africa
SWOT	Strengths, Weaknesses, Opportunities and Threats
THETA	Tourism, Hospitality and Sport Education and Training Authority
TIO	Tourist Information Office
TFCA	Transfrontier Conservation Area
ToR	Terms of Reference
TUT	Tshwane University of Technology
UK	United Kingdom

ACKNOWLEDGEMENTS

Many people contributed to the preparations of this Tourism Strategy Document in terms of their ideas, published and unpublished documents and their time in discussing and reviewing the strategy in its various stages. In this regard:

We would like to acknowledge the interest and encouragement of Mr. C. Padayachee, Member of the Economic Council, Mpumalanga.

We would particularly like to thank Mr. Lazarus Lekota Chiweyo (Lassy) Chairman of the Board of MTPA. Mr. Sabelo Grant Mahlalela, MTPA Board Member and Chairman of the Tourism Committee and Mr. Solly Mosidi, MTPA Chief Executive for their support and involvement in the work programme – participating in and facilitating the deliberations of the stakeholder workshops and meetings.

Special acknowledgement and thanks are due to Mr. Abe Sibiya, General Manager Tourism Development, MTPA who was unfailing helpful in sourcing information, facilitating the arrangements of appointments, ongoing interviews and acting as a point of reference throughout the study period. Without his and Mr. Ezrom Sekgobela's assistance it is unlikely that the exclusive fieldwork and consultative process would have been completed in the time available.

We received extensive cooperation from the various MTPA executives whom we approached for information and views related to this assignment. In this regard we would like to acknowledge the advice and technical information we received from Mr. Segware Rapolai, Chief Supporting Officer; Mr. Katlego Thejane, Company Secretary, and Mr. Charles Ngobeni, Manager Biodiversity, MTPA.

The work of the project was greatly facilitated by the cooperation and rapport from both the public and private sector. For this we would like to express our appreciation to Mr. Sisa Tamda, Managing Director of Kruger Mpumalanga International Airport, Dr. Bandile Mkhize, Executive Director Kruger National Park the MRTT Hospitality and Tourism Academy. Indeed, we would like to thank the many officials and representatives of the Mpumalanga tourism sector…….the hotel and lodge managers, the ground tour operators, district and local municipalities' official and many others ….. who assisted in this study and are impossible to thank individually.

Finally, we would like to acknowledge the contribution of Mrs. Chanda Musonda Chellah, Advisor (Trade), Commonwealth Secretariat, who was especially supportive – not only participating in the initial fieldwork mission, but making herself readily available at all times to discuss and resolve matters as they arose during the course of the assignment.

London, November 2007

1. INTRODUCTION

Mpumalanga has the potential to be a premier international and domestic tourism destination. By any standards it is an exceptionally beautiful and interesting Province, aptly named ‘the land of the rising sun’ – the scenery is different, the climate is different and the ambience is different. Although relatively small geographically, Mpumalanga possesses a wealth of natural resources which include the world renowned Kruger National Park with its diversity of wildlife, the world’s 3rd largest canyon – Blyde River Canyon, breathtaking vistas from the Bulembu Mountains, a diversity of flora and the world’s oldest exposed rocks in Barberton, Wetlands and much more. In addition Mpumalanga has a rich cultural and historical heritage, as amply described in a recent publication – Mpumalanga, History and Heritage[1].

Despite the general recognition of the Province’s abundant natural, historical and cultural attractions, Mpumalanga has failed to translate this resource base into a significant tourism industry. The Province’s share of the international tourism to South Africa has fallen over the last few years; fewer domestic tourists now visit Mpumalanga.

The Provincial Government wishes to develop the tourism sector as a driver of economic activity and diversification. The Mpumalanga Provincial Growth & Development Strategy (PGDS) has established tourism as a priority sector as the Province has the natural and cultural resource base upon which to develop a sustainable industry on the one hand and on the other, take advantage of the expanding markets for international and domestic travel.

However, the Provincial Government is aware that the realisation of the Province’s tourism potential will not just simply happen. Tourism development will require stimulation and change.

Aims of the Tourism Growth Strategy

As specified in the project Terms of Reference, the objective is to elaborate a framework to guide tourism initiatives and development, providing the following outputs

- an integrated tourism marketing plan,
- a tourism product development plan,
- a tourism human resource plan,
- proposal for an appropriate institutional framework, and
- an action plan for implementation.

Methodology

In formulating the growth strategy, three fieldwork missions were undertaken to Mpumalanga during which consultations were held with stakeholders directly associated with the tourism sector, in addition to an extensive review of published and unpublished tourism related reports, policy papers and other documents (See Ch. 26 for list of documents consulted).

An important part of the study approach was the involvement of stakeholders in a highly participative manner so that the initiatives would be designed in such a way as to directly meet the needs of the sector and evoke

[1] Mpumalanga, History and Heritage, edited by Peter Deluis, 2007

its support and enthusiasm for their implementation. This was chiefly achieved through the organisation of three Tourism Planning Workshops (April, 2007) under the aegis of the Mpumalanga Tourism and Parks Agency (MTPA).

The participants in these industry workshops included representatives from both the private and public sectors holding key positions in organisations and associations of importance in the sector. The purpose of these Tourism Planning Workshops was to

- assess the present status and characteristics of tourism in Mpumalanga
- review the strengths and weaknesses of the tourism sector covering product development, HRD & training, infrastructure & access, marketing, institutional relationships, , business environment
- identify issues and priorities
- identify actions for tourism development.

In addition, the draft strategy was presented to a Tourism Summit meeting (6 & 7 August, 2007) attended by our 150 stakeholders from both the public and private sectors.

The deliberations and recommendations from these meetings and workshops formed the basis of the tourism growth strategy and plan as elaborated in this report.

When considering the comprehensiveness of this strategy report it is important to bear in mind that a number of issues identified by stakeholders during the Tourism Planning Workshops could not be addressed due to the limited budget available for the assignment.

These issues include access transport, research & statistics, development of the nature & game reserves managed by MTPA, environmental management, the business climate for enterprise development, community involvement and the transformation of the sector.

However, these issues are to be addressed separately by the MTPA as part of the implementation of the growth strategy. In this regard, the MTPA itself has formulated an investment strategy for the parks and reserves under its control. This strategy paper is incorporated as an annex (Ch. 25) to this report.

2. SHAPING THE FUTURE

2.1 TOURISM TODAY

Falling Market Share

Last year (2006), Mpumalanga received an estimated 1,200,000 foreign tourist arrivals and 1,800,000 domestic trips, spending just under R4 billion in the Province.

Variable	No (000s)	Exp Rbn	Share %
Foreign Arrivals	1,200	3.0	7
Domestic Trips*	1,800	0.8	5

*Source: SAT *including intra provincial trips*

Mpumalanga's share of the country's foreign and domestic tourism market, currently about 6% in value terms, has fallen in recent years.

Due to Lack of Product

Various reasons have been identified for this loss of market share. These reasons include insufficient marketing spend, lack of skills and poor quality service, shortcoming in infrastructure, poor and non functioning institutional relationships, history of too many fragmented programmes and initiatives. Although all of these have undoubtedly contributed to Mpumalanga's loss of competitiveness, the major reason is **lack of product**.

Mpumalanga has a wealth of primary natural and cultural attractions. These have been well documented and include Kruger National Park, Blyde River Canyon, Bulembu Mountains, Sudwala Caves, cultural villages etc. But these primary attractions can only attract tourism if there are adequate supporting facilities and services available. Here, Mpumalanga has major problems. There is an insufficient supply of accommodation; standards are low, and there has been no significant new investment in the last five years.

Type	3*-5* Rooms	Room Occ
Hotel	1,580	60 to 70%
Lodge	1,170	
Guesthouse	500	40 to 50%
B & B	420	

Source: MTA Annual Report, 2004/5 & consultants

Excluding KNP, the stock of hotel rooms in the 3* to 5* category is small. Bearing in mind seasonality patterns, room occupancies are high which means little spare capacity; similarly with lodges and guesthouses and to a lesser extent with B & B's.

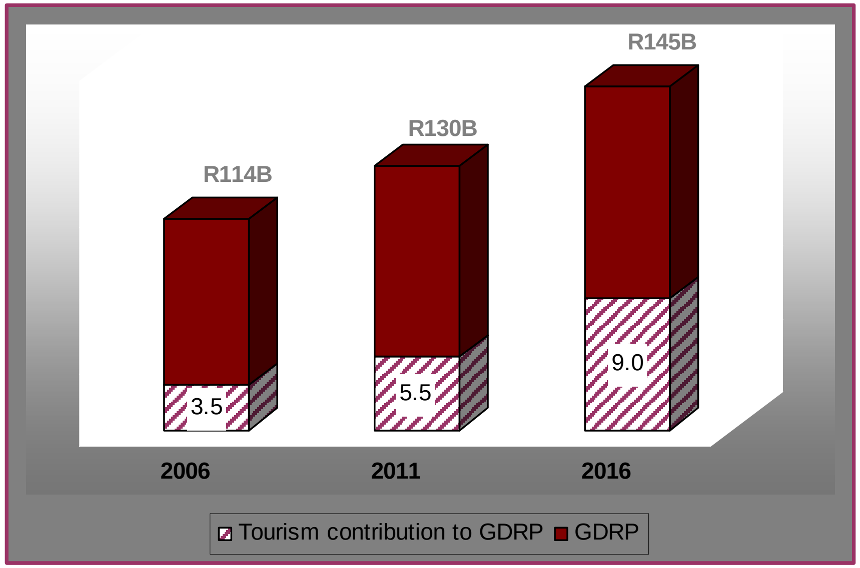
2.2 GOVERNMENT POLICY TO DEVELOP TOURISM

Tourism to be a Driver of Economy

The Provincial Government wishes to develop the tourism sector as a driver of economic activity and diversification. The Mpumalanga Provincial Growth & Development Strategy (PGDS) has established tourism as a priority sector as the Province has the natural and cultural resource base upon which to develop a sustainable industry on the one hand and on the other, take advantage of the expanding markets for international and domestic travel.

The PGDS has set goals and targets to improve the economic performance of the Province[2]. GDP is targeted to increase by 2.5% annually. For tourism, the target is to increase its contribution to GDP by 10% per annum.

This is a formidable challenge. It means that tourism must grow consistently by 10.0% yearly, significantly outperforming not only the Mpumalanga economy generally, but also the national tourism industry.



With the achievement of this growth over the next decade, tourism's direct contribution to the provincial economy will represent about 6% of GDRP in 2016. When the indirect impacts of tourist spending are also taken into account, tourism's overall contribution to Mpumalanga GDRP could be as high as 15%.

Means a Challenging Target for Industry Growth

For the Province the target is to increase tourist spending from international and domestic tourism from an estimated R3.8 billion in 2006 to just over R10 billion in 2016, in terms of constant money values.

2.3 POTENTIAL FOR DEVELOPMENT

Can Mpumalanga Tourism Product be Expanded?

A major issue is the extent to which the supply of the Province's tourism product can be expanded and diversified. An indicative assessment was undertaken of what the market wants, correlated with what Mpumalanga can realistically supply in terms of product development. The analysis demonstrated that Mpumalanga's tourism product can be diversified and expanded to cover a wide range of product market segments to include:

- nature tourism
- activity tourism
- adventure
- golf
- eco-resorts
- special interest
- touring
- residential
- sports
- shopping
- medical
- conference
- festivals/events
- leisure/entertainment

Reflecting the product/market opportunities and the feedback from the consultations with stakeholders, Vision for Mpumalanga Tourism 2016 has been developed.

[2] Mpumalanga Sector Studies Integrated Strategic Document, January 2007

2.4 VISION FOR MPUMALANGA TOURISM 2016

The foundations of Mpumalanga's diversified tourism product – wildlife & nature tourism, activity & adventure tourism, resort tourism, sports tourism, residential tourism, conference & meetings, leisure/entertainment, industrial & township tourism, coupled with the increasing interest in the Province's cultural heritage – were initiated in 2007 with a ten year tourism growth strategy and plan.

The implementation of this plan put in place the appropriate institutional framework, destination and product marketing campaigns, HRD programmes and investment promotion which combined to create the enabling environment for the development of the industry. The plan has also been instrumental in further protecting the Province's natural resources – Mpumalanga now has some of the best managed nature & game reserves and heritage sites in Africa.

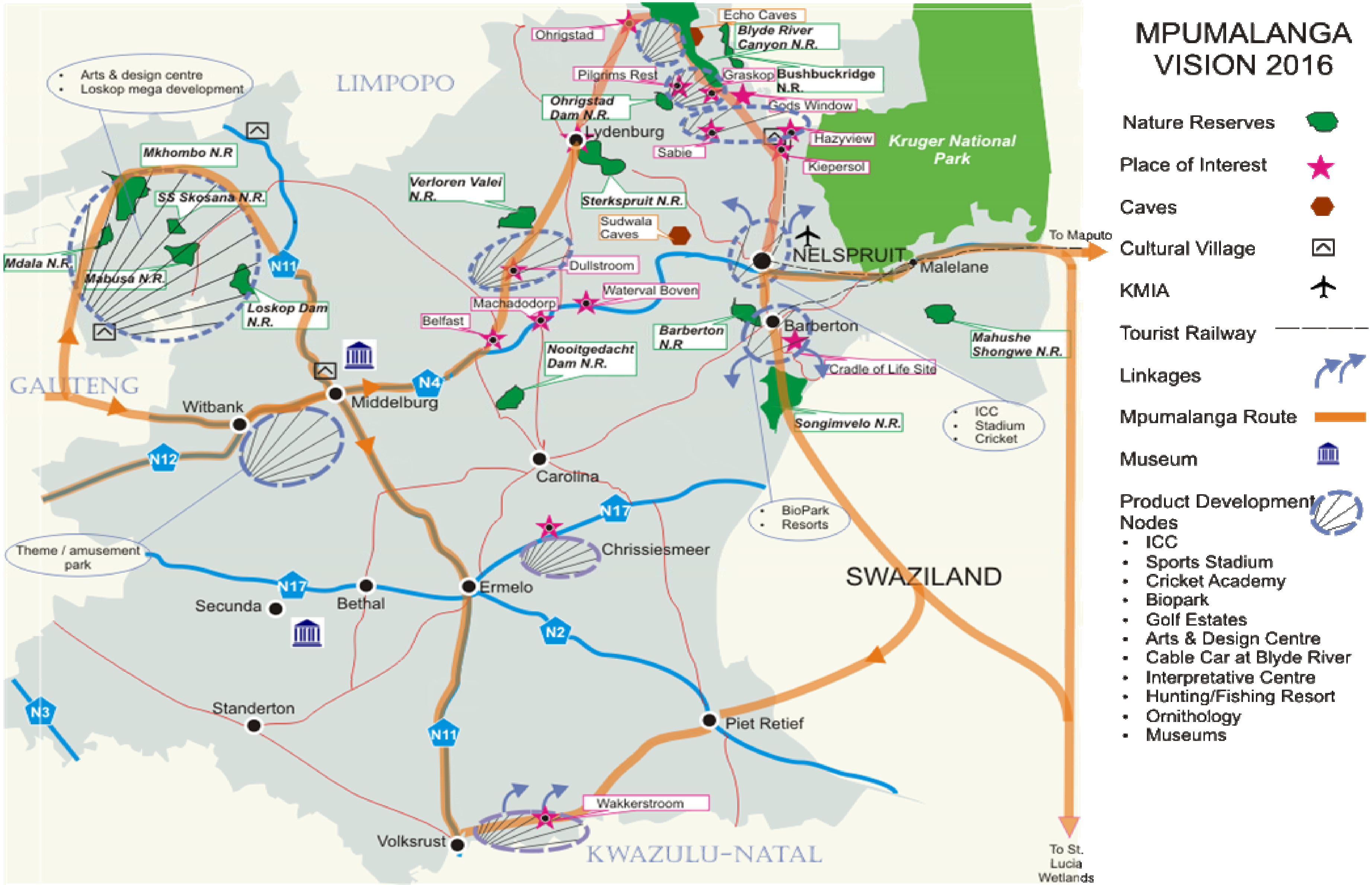
With foresight the Provincial Government and District Municipalities encouraged the upgrading, diversification and expansion of the tourism product. This has resulted in a more balanced spatial spread of tourism development and associated benefits throughout the Province.

Areas which have attracted major developments are:

- Kruger National Park & adjacent private reserves
- Blyde River Canyon & other reserves managed by MTPA
- Nelspruit/White River
- Barberton
- Sabie/Hazyview
- Pilgrim's Rest/Graskop
- Dullstroom
- Witbank
- Wakkerstrom
- Loskop

Kruger National Park continues to be a major tourism draw - its status further enhanced by the development of the Great Limpopo Transfrontier Park. This has attracted significant new investment – one of the early developments being a R1.2 billion Le Meridien Kruger Park Golf Resort & Spa, which opened in 2009.

Blyde River Canyon and the other Reserves managed by MTPA have benefited from a significant Public Private Partnership investment programme. This PPP investment programme has not only enhanced the attractiveness of the parks, through better management, but also increased the capacity of the parks to cater for more tourists through the development of visitor attractions such as the cable car and visitor heritage centre at Blyde River Canyon and resorts/accommodation facilities.


MPUMALANGA VISION 2016
Nature Reserves
Place of Interest
Caves
Cultural Village
KMIA
Tourist Railway
Linkages
Mpumalanga Route
Museum
Product Development Nodes
ICC
Sports Stadium
Cricket Academy
Biopark
Golf Estates
Arts & Design Centre
Cable Car at Blyde River
Interpretative Centre
Hunting/Fishing Resort
Ornithology
Museums
LIMPOPO
GAUTENG
SWAZILAND
KWAZULU-NATAL
Kruger National Park
Arts & design centre
Loskop mega development
Mkhombo N.R
SS Skosana N.R.
Mdala N.R.
Mabusa N.R.
Loskop Dam N.R.
Verloren Valei N.R.
Ohrigstad
Pilgrims Rest
Ohrigstad Dam N.R.
Lydenburg
Echo Caves
Blyde River Canyon N.R.
Graskop
Bushbuckridge N.R.
Gods Window
Hazyview
Sabie
Kiepersol
Sterkspruit N.R.
Sudwala Caves
Dullstroom
Waterval Boven
Machadodorp
Belfast
Barberton N.R
Barberton
Cradle of Life Site
Nooitgedacht Dam N.R.
NELSPRUIT
Malelane
To Maputo
Mahushe Shongwe N.R.
Songimvelo N.R.
ICC
Stadium
Cricket
BioPark
Resorts
Witbank
Middelburg
Carolina
Chrissiesmeer
Theme / amusement park
Secunda
Bethal
Ermelo
Standerton
Piet Retief
Wakkerstroom
Volksrust
To St. Lucia Wetlands
N3
N4
N11
N12
N17
N2

In the **Nelspruit/White River Area,** the development of the Sports Stadium, the Woolmer Cricket Academy and the International Conference Centre have transformed Nelspruit/White River which has become an 'in destination' attracting visitors from Gauteng, KZN, Mozambique, Swaziland and further a field for short breaks, conferences, sports meetings, festivals and events. In addition to various festivals and events, the Nelspruit Flower Show, organised by the Lowveld National Botanical Gardens, has become a major event. There is now a wide range of accommodation to suit all pockets from 5* flagship hotels to B&Bs, supported by excellent restaurants and lively night life entertainment.

The designation of the 'Cradle of Life' site as a World Heritage Site gave impetus to the development of **Barberton** as a tourism centre. Capitalising on the plant species diversity in the area, a BioPark has been developed which is a major attraction for tourists, both international and domestic. Barberton is the centre for sightseeing in the Bulembo Mountains, the Songimvelo Nature Reserve and Lubombo Transfrontier Conservation Area.

Increased investment has been attracted to **Sabie** and **Hazyview** with residential tourism and a 5* golf resort complex. Sabie's slow pace and old world ambience has been maintained. Hazyview has further developed as a centre for touring to KNP and Blyde River Canyon.

Pilgrim's Rest's national monument status has been enhanced by the development of a world class living museum with re-enactment of period events, complete with costumes etc. New investment has been attracted – hotel and golf resort, restaurants.

Dullstroom has developed as a major hunting and angling centre with associated resorts. A major impetus to the development of Dullstroom was the development of a polo estate, with residential properties, horse riding, hiking, fly-fishing. A high altitude training facility is also located in the area. The **Wakkerstroom** and **Chrissiesmeer** areas have become identified as two of Africa's major ornithological sites.

By far the largest new investment has been a world class theme/amusement park near **Witbank** on the borders of the Nkangala and Gert Sibande districts. The park attracts some two million visitors annually, about 60% of which are South Africans and the balance from neighbouring SADC countries. With the associated hotels, restaurants and other services, some 10,000 of new jobs have been created.

Under the Heritage, Greening Mpumalanga and Tourism Flagship programme a 'mega tourism' destination has been created by consolidating the nature reserves in the Nkangala District, centred on **Loskop**.

In addition, the Ndebele cultural village has been re-modelled and now incorporates an Ndebele Arts & Design Centre. Artists and designers are located there, selling their products and designs domestically and internationally.

Integrating the various products is the **Mpumalanga Route** which is now a major magnet for foreign visitors and rivals the Western Cape's Garden Route. The Mpumalanga Route has two major branches, one to Maputo and down the Mozambique coastline to KZN; the other through Swaziland to KZN. Other branches include the Panorama, Highland Meander, and loops through Gert Sibande District and Piet Retief.

The increased importance given to the tourism sector by the Provincial Government has paid off through increased investment in tourism and leisure facilities. Many properties have expanded and upgraded their facilities.

An added impetus was given to investor interest in the tourism sector by the construction of a new stadium for the FIFA World Cup, 2010 (which now attracts significant 'sports' tourism) and an international conference centre, which attracts an increasing number of business meetings.

Improved air access was a key factor in attracting increasing numbers of foreign tourists. There are now direct flights from the UK and Germany, along with flights to regional destinations in SADC.

The development of the tourism sector, creating between 30,000 and 40,000 new job opportunities, required an intensive skills training programme for persons wishing to enter the hospitality sector and on-going, on-the-job training for existing staff within the industry. A system of formal certified training is now in place providing a solid foundation for human resource development in tourism.

Reorganising the institutional relationships has brought about enhanced co-operation between stakeholders. The three Regional Tourism Organisations now work closely with and are supported by their respective District Municipalities. This co-operation is reflected at local level between the Local Tourism Organisations and the Local Municipalities. The Mpumalanga Tourism Forum is now well established and, being representative of all stakeholders, brings coherence to the sector in dealing with strategic issues.

The tourism sector is now better regulated. The mandatory tourism business licensing system ensures operators comply with health, safety and security regulations. The national classification and grading system has been implemented which ensures minimum standards for all types of accommodation and businesses.

Visitor security was recognised as a top priority. Increased police presence in tourist areas, an awareness campaign and a 'zero' tolerance attitude by police and residents alike have resulted in a safe environment in which visitors move freely about.

The promotional campaign established by the MTPA has put Mpumalanga on the international tourist 'map'. Tourist numbers have more than doubled, with the resulting benefits in terms of increased earnings and jobs for those involved and increased tax revenues to Government.

More than this, the growth of the tourism sector has effected significant economic transformation and empowerment, reflected in the increased number of historically disadvantaged communities and individuals now having a significant 'stake' in the industry. The tourism sector is now broader based in all aspects – product, ownership, empowerment and opportunities – making tourism a platform for wealth creation for all Mpumalanga citizens.

2.5 STRATEGY FOR GROWTH

To achieve the target of R10 billion in tourism spending over the next decade, there is need to broaden and diversify the primarily nature-based tourism product offerings of Mpumalanga into more main-stream segments of the market such as sports events, business/conference meetings, theme/amusement park.

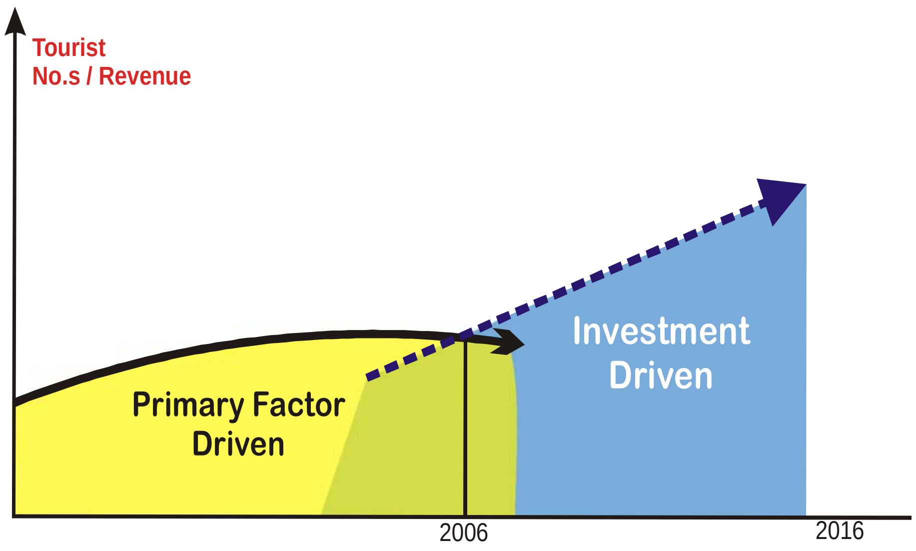
This means that Mpumalanga will have to:

➢ **Move to an investment driven strategy**

Excluding parts of KNP and the private reserves, Mpumalanga is a short stay/low spend destination. This is because the tourism industry is totally dependent on its natural attractions as the motivation for tourists to visit. But the natural attractions, though unique in many ways, are not sufficiently strong in themselves to attract the numbers required to support a significant tourism sector. This is a **primary factor driven** strategy and characterized by limited investment, insufficient accommodation, medium to low quality product and inadequate airlift.

To move on to the next stage of development requires an **investment driven strategy**, with sustained investment in all aspects of the industry – new products, destination marketing, human resource development etc.

Tourism Development Strategy



2.6 LINKING STRATEGY TO SUSTAINABLE BENEFITS

The wider objective of the growth strategy is to obtain sustainable benefits for the people of Mpumalanga by generating additional economic activity. The fundamental mechanism to achieve this wider objective is by increasing tourism revenue.

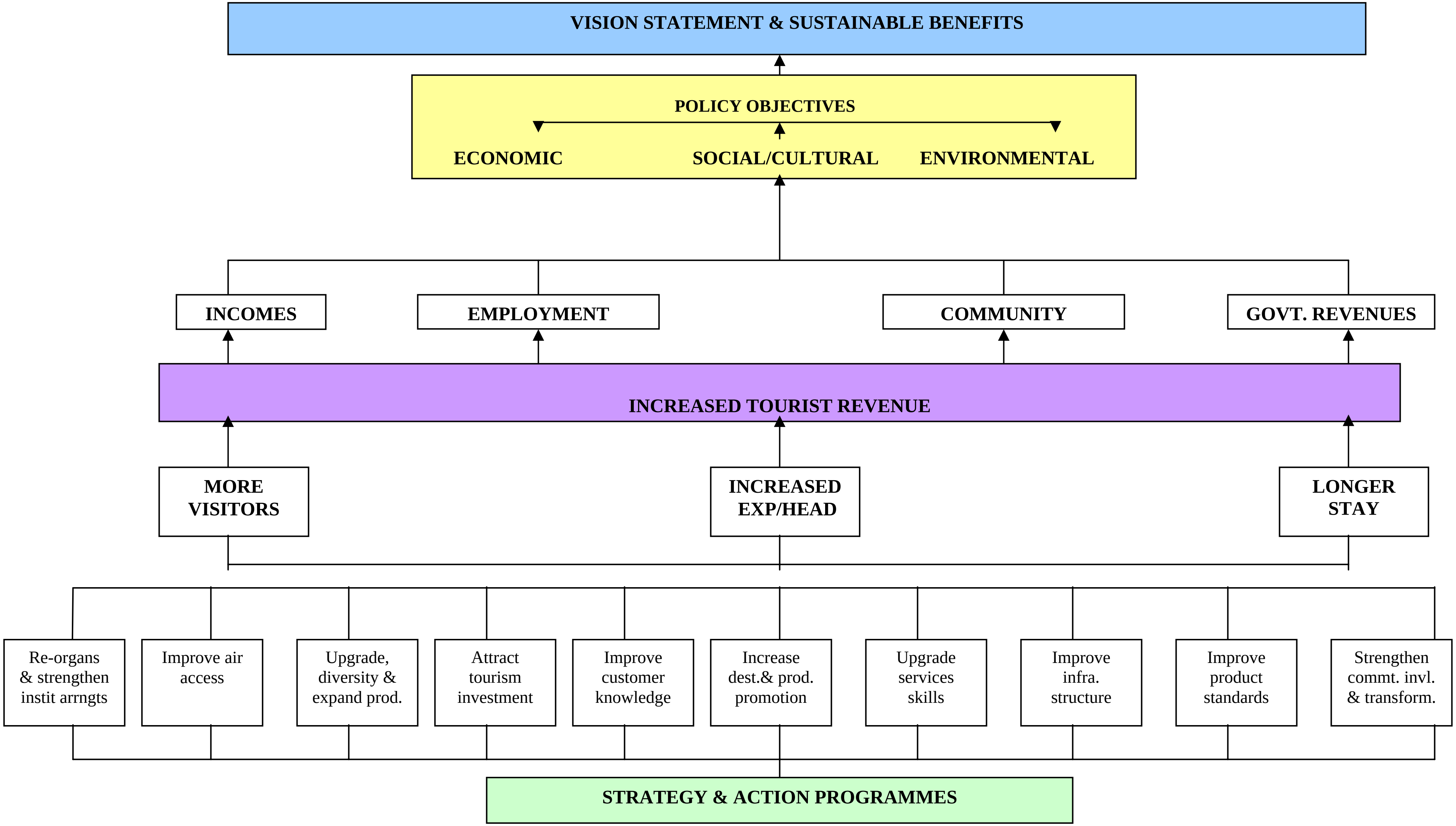
The process of securing these sustainable benefits from tourism revenue is shown on the following chart.

To get more visitors, persuade them to stay longer and spend more money requires the implementation of ten strategic initiatives to deal with the issues confronting Mpumalanga's tourism sector, viz:

- reorganise the institutional framework
- improve air access
- upgrade, diversify and expand the product
- attract tourism investment
- improve customer research and 'know how'
- increase destination and product promotion
- upgrade service skills
- improve economic infrastructure
- strengthen transformation and empowerment
- improve product standards

Implementation of the initiatives set out in this strategy document will increase spending in the Province from international and domestic tourists from an estimated R3.8 billion in 2006 to just over R10 billion in 2016, in terms of constant money values; create between 30,000 and 40,000 new job opportunities in the Mpumalanga tourism sector and generate a substantial increase in tourism related tax and other revenues for the Provincial Government

CHART 2.1 ACHIEVING SUSTAINABLE BENEFITS



2.7 ACTION PLAN IMPLEMENTATION

We see the implementation of the growth strategy in three distinct but related phases.

Phase / Actions	Phase I: 2007 – 2008 Organising for Growth	Phase II: 2008 – 2011 Growth 'take off' Phase	Phase III: 2011 – 2016 'Rapid Growth Phase	Agencies Responsible
A. Arrangements for Strategy Implementation	➢ Provincial Govt. approval of strategy ➢ 'buy in' by stakeholders ➢ publication of strategy document ➢ adequate funding for MTPA ➢ PPP commercialisation for MTPA parks/reserves	➢ update of growth strategy ➢ increased funding for MTPA	➢ update of growth strategy ➢ increased funding for MTPA	Govt, MTPA Stakeholders
B. Institutional Framework	➢ staffing & strengthening of MTPA ➢ establish Tourism Forum ➢ rationalise RTO structure ➢ registration of tourism operators ➢ prepare MTPA corporate strategy & plan	➢ strengthening/training of MTPA staff ➢ update of MTPA corporate strategy and plan	➢ on-going strengthening/training of MTPA ➢ update of MTPA corporate strategy and plan	Govt, MTPA RTOs, LTOs, DMs, LMs
C. Destination and Product Marketing	➢ undertake low cost/high market profile initiatives to effect quick turnaround and generate momentums for growth ➢ production of collaterals ➢ improve web-site ➢ brand Mpumalanga Route ➢ formulate marketing plan ➢ establish reliable statistical data base and market research ➢ establish marketing groups and partnerships	➢ continuation of initiatives to maintain momentum ➢ increased destination & product marketing ➢ increased resources for branding/promoting Mpumalanga Route ➢ set-up e-commerce (reservations system etc) ➢ regularly update marketing plan ➢ increased range of collaterals ➢ emphasis on promoting MICE	➢ intensive destination & product marketing ➢ increased resources for branding/promoting Mpumalanga Route ➢ regularly update marketing plan ➢ joint campaigns with other SA provinces, Swaziland and Mozambique ➢ e-marketing/e-distribution	MTPA, RTOs, KNP, KMIA,
D. Upgrade, Diversity & Expand Product	➢ prepare outline feasibility assessments for flagship projects ➢ facilitate implementation of national classification and grading system ➢ establish data base of potential investors	➢ investment promotion ➢ excellence awards scheme ➢ establish 'one-stop' shop for investors ➢ update data base of potential investors	➢ on-going investment promotion campaign ➢ improve and extend excellence awards scheme	MTPA, MEGA, Treasury & other relevant Depts
E. Upgrade Service Skills	➢ survey of training needs ➢ set-up HRD Consultative Committee ➢ organise HRD Forum ➢ undertake tourism awareness programme ➢ training for MTPA, Provincial, District & Local tourism personnel	➢ train-the-trainer courses ➢ training programmes for new entrants & existing employees ➢ expansion of MRTT's training programmes ➢ Set-up in-house training programme	➢ train-the-trainer courses ➢ training programmes for new entrants & existing employees	MTPA, MRTT THETA

PART I: TOURISM TO MPUMALANGA TODAY

3. SOCIO-ECONOMIC STRUCTURE

Located in the north-eastern region of South Africa and occupying 6.5% of the surface area of the country, the Province is characterised by a wealth of natural resources and spectacular scenery.

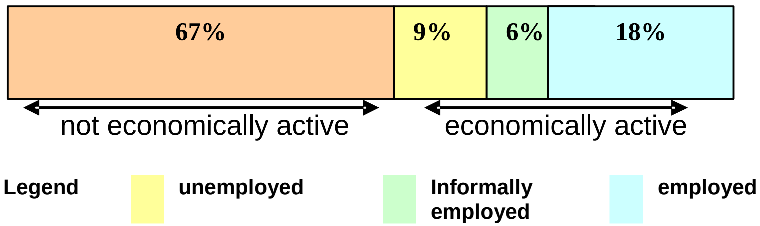
3.1 POPULATION, LABOUR FORCE AND EMPLOYMENT

The population of Mpumalanga is about 3.5 million people, representing almost 7.5% of the population of South Africa.

With some 40% of the population younger than 15 years of age and a further 27% of the population aged 16 and older not economically active, the Province has a very high dependency ratio (67%).

This high dependency ratio is made worse by the lack of job opportunities. The 33% of the population that is economically active amounted to just over 1.1 million in 2006 of which we estimate 55% (635,000) are formally employed, 18% (210,000) informally employed and 27% (310,000) unemployed. In summary, less than one quarter of the population has some form of employment.

Population, labour force and employment

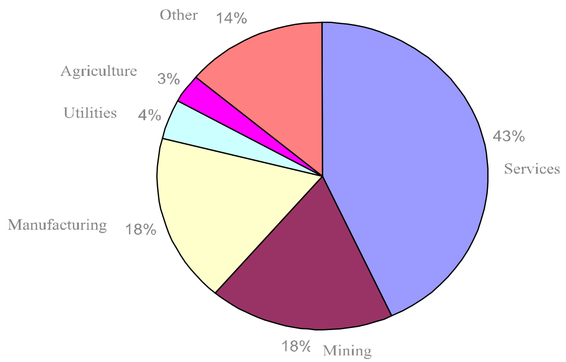


3.2 STRUCTURE OF THE PROVINCIAL ECONOMY

The output (GDRP) of Mpumalanga's economy in 2006 is estimated at about R114 billion, representing approximately 6.7% of total GDP of the South African economy. This proportion has been fairly consistent[3] over the last five years, indicating that the growth rate of the Provincial economy has matched that of the national economy.

Sectoral Breakdown of Provincial Output

As illustrated, the services sector accounts for just over 40% of the Provincial economy.



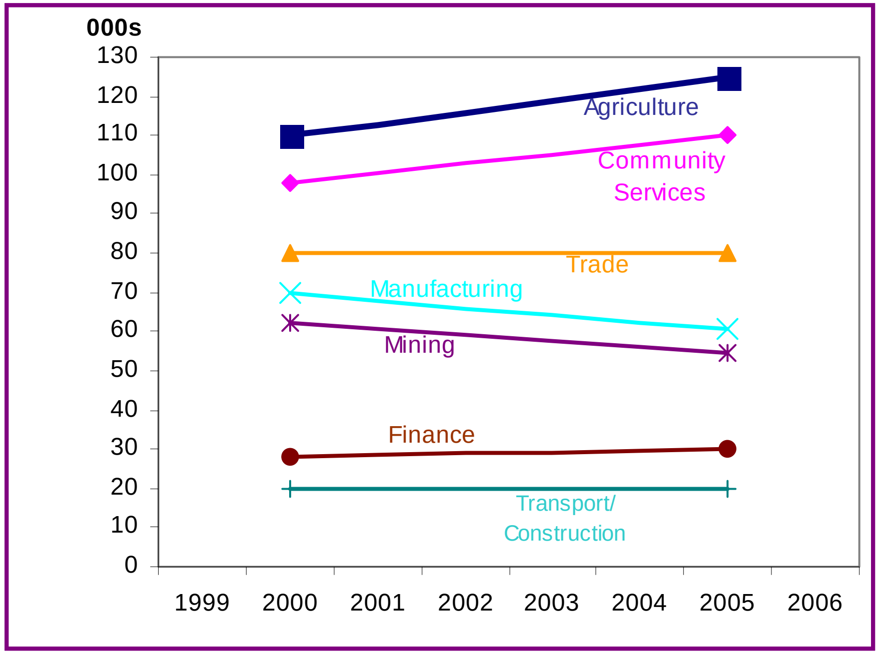
Within the services sector, community, social and general government services account for one third (33%) of output; transport & communications for almost a fifth (19%); finance & business services for just over a quarter (26%) and balance (22%) by trade and the hotel/restaurant sector. (Figures on tourism's contribution not available)

[3] Mpumalanga Economic Profile, Dept. of Economic Development & Planning, March, 2007

Sectoral Breakdown of Formal Employment

Although only contributing about 3% to the economy, agriculture is the largest employer, accounting for about 16% of formal employment in the Province.

Sectoral Breakdown of Formal Provincial Employment

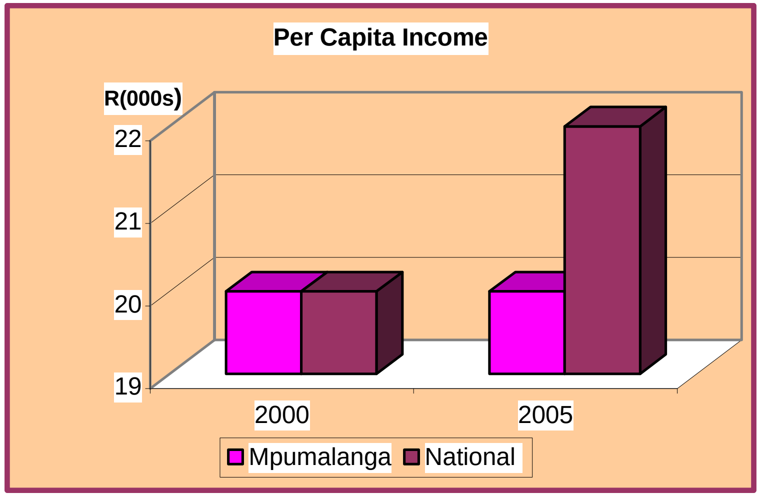


Community services (government, education, health etc) is the second largest employer in the Province and has generated increasing number of jobs over the last five years. Employment trends in the other sectors are either static or tending to decline.

Jobs in hotels & restaurants represent just under 2%[4] (12,000) of total formal employment. However, this significantly underestimates the wider tourism sector's contribution, since employment by tour operators, car rental companies, air transport etc are not included.

Income Gap

Although not a perfect measure of living standards, per capita income is a frequently used indicator of a country or region's economic well being. On the basis of published statistics[5] the per capita income of Mpumalanga is below the national average.



[4] Mpumalanga Provincial Outlook and Review, 2006
[5] Mpumalanga Provincial Economic Outlook and Review, 2006

3.3 ECONOMIC CHALLENGE

The challenges facing Mpumalanga have been identified in the Provincial Growth and Development Strategy 2004 - 2014. These include poverty, income disparities, HIV/AIDS, lack of skills etc.

Key to meeting these challenges are:

- job creation - increasing employment opportunities in the formal economy at a higher rate than the growth in the labour force
- closing the income and productivity gaps with the rest of the nation.
- economic transformation – helping historically disadvantaged communities and individuals

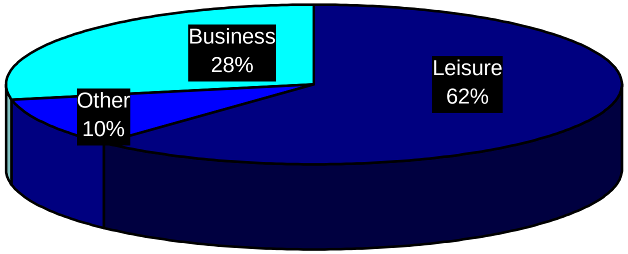
This can only be done by identifying and developing value added internationally traded products/services in agri-business, mining, manufacturing and in the services sector. However, the services sector's capacity to constitute a 'driver' of national economic activity is limited by the fact that much of the output is either non-traded (community/government services) or sheltered (utilities). Internationally traded services with significant growth potential are few, **tourism** being the main one.

4. TOURISM DEMAND

4.1 NATIONAL CONTEXT

4.1.1 International Tourist Arrivals & Spending

South Africa recorded some 8.4 million foreign tourist arrivals in 2006, representing a 14% increase over the corresponding figure for 2005. A breakdown by main purpose of visit indicates that the majority came for 'leisure' purposes which included general holiday, VFR and personal shopping.



Main Source Markets

The 14% growth in foreign tourist arrivals was primarily driven by growth from Africa and the Middle-East – particularly Mozambique, Lesotho and Zimbabwe.

Table 4.1: Foreign Tourist Arrivals by Source Market

Market	Arrivals (000s) 2005	Arrivals (000s) 2006	Diff +/- (000s)
Africa & Middle East	5,407	6,321	914
Botswana	795	762	-32
Lesotho	1,657	1,914	257
Mozambique	596	917	321
Swaziland	910	991	81
Zimbabwe	774	980	206
Americas	322	358	36
USA	233	255	22
Europe	1,309	1,382	73
UK	470	488	18
Germany	250	258	8

Source: SAT

Spending by foreign tourists fell by R16 billion in 2006 compared with the previous year.

Table 4.2: Tourist Foreign Direct Spending (excluding Capex)

Category	R billion 2005	R billion 2006	Diff +/-
Leisure	36.3	24.2	-12.1
Business	21.1	17.0	-4.1
Other	3.3	3.5	0.2
TOTAL	**60.7**	**44.7**	**-16.0**

Source: SAT

Although foreign direct spend decreased across the majority of spend categories in 2006, the biggest decline was in respect of ‘shopping’, which dropped from R32 billion to R12.5 billion. The decrease in ‘shopping’ spend (both personal and wholesale) arises from the major South African retailers increasing their footprints in the SADC region. The biggest loss was from Mozambique (R5 billion), followed by Botswana (R3.4 billion), Zimbabwe (R3 billion) and Swaziland (R1.2 billion).

4.1.2 Domestic Trips

According to SAT[6] ‘domestic travel increased by 2.6% in 2006 as 37 million domestic trips were undertaken. About 42% of the South African adult population travelled (i.e. 12 million domestic tourists), which means that fewer South Africans travelled more (i.e. took on average 3.1 domestic trips in 2006). This was down from 14 million people who took a domestic trip in 2005.

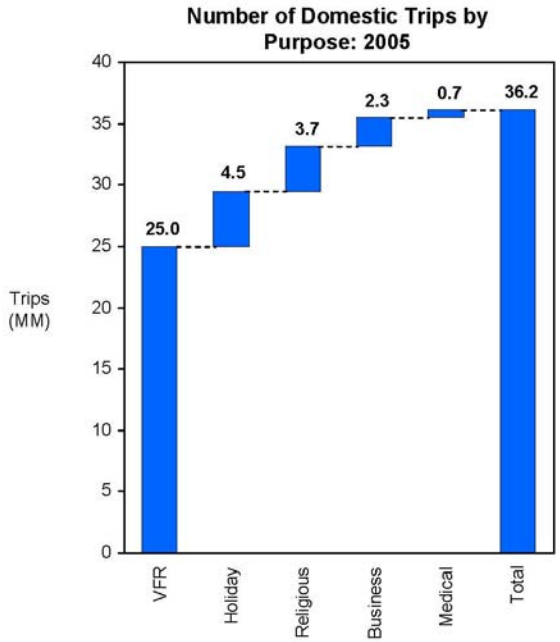
Revenue from domestic tourism was approximately R16.5 billion, with VFR travellers generating two thirds of all domestic tourism revenue (i.e. 66%). This was down from 2005 as the two highest revenue generating purposes of travel (holiday and business) declined in both incidents of travel and spend per trip.

While VFR travel increased from 69% to 78%, holiday travel declined from 12% in 2005 to 7% in 2006 (with revenue decreasing from R6.8 billion to R3 billion) and business travel dipped from 6% to 5% (with revenue decreasing by R1 billion). Average spend per day also declined for both while VFR went from R339 per trip to R375 per trip.

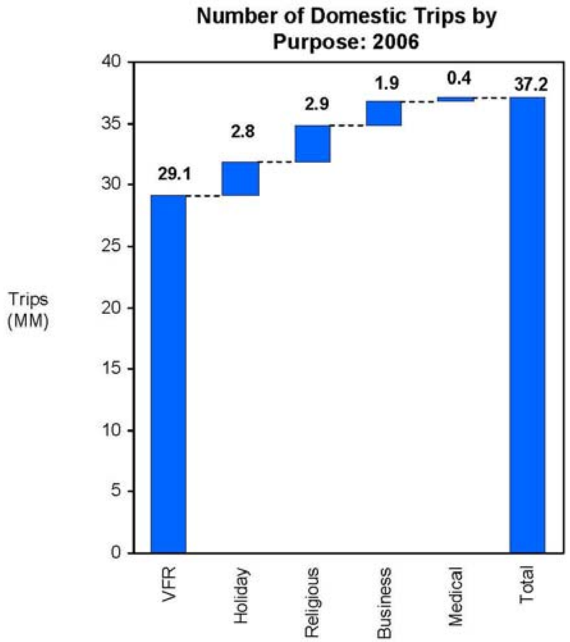
The major beneficiaries of domestic tourism in 2006 were KwaZulu Natal and Gauteng, with both provinces being the source and destination of the majority of domestic trips.

This is the second year of the domestic survey and it is still too early to detect trends in the market as the rise of low-cost airlines brought down the cost of travel for some but the fuel price made it more expensive for others. One of the challenges in growing the domestic market is making it a lifestyle choice and not just driven by the purpose of visiting friends or family’.

[6] INDABA 2007 Factsheet, South African Tourism

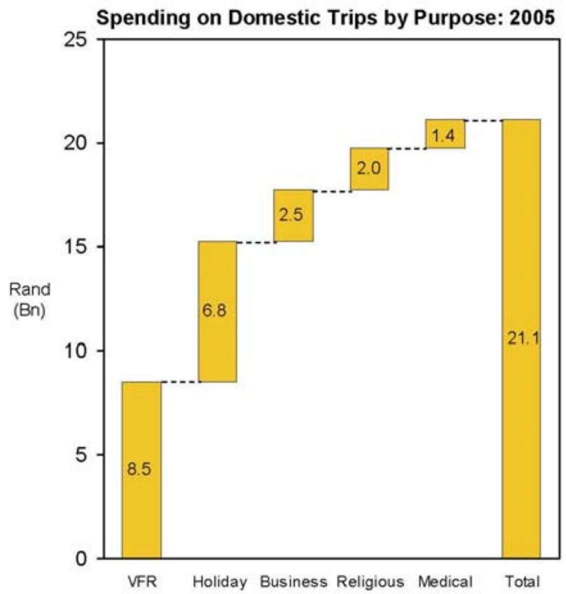


Share of Total Trips	69%	12%	10%	6%	2%	100%

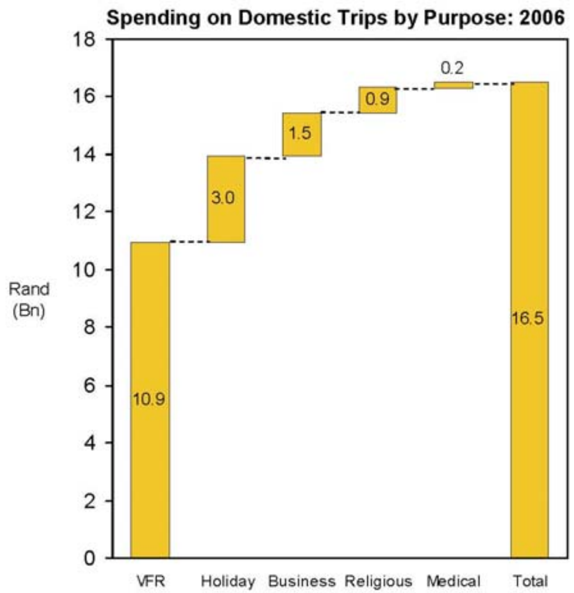


Share of Total Trips	78%	7%	8%	5%	1%	100%

Source: SAT Domestic Surveys for 2005, 2006



Share of Tot Spend	40%	32%	12%	9%	6%	100%



Share of Tot Spend	66%	18%	9%	5%	1%	100%

4.2 PROVINCIAL CONTEXT

4.2.1 International Tourist Arrivals

Mpumalanga received an estimated 1,200,000 foreign tourist arrivals in 2006, representing an increase of about 9% when compared with the corresponding figure for 2005.

Table 4.3: Foreign Tourist Arrivals and Bednights Spent in Sectoral Provinces, 2006

Province	2004		2005		2006	
	Arr	B'nite	Arr	B'nite	Arr	B'nite
Mpumalanga	1,000	4,030	1,100	4,220	1,200	4,600
KwaZulu Natal	2,380	8,640	1,600	9,640	1,600	9,385
Western Cape	1,530	16,120	1,600	16,875	1,750	20,665
TOTAL	**6,680**	**57,580**	**7,400**	**60,270**	**8,400**	**70,000**

Source: SAT and Consultants estimates

Although Mpumalanga is getting a declining share of foreign tourists arrivals – now about 14% compared with 21% in 2002, the proportion of bednights spent in the province has more or less held steady at about 7%.

Main Source Markets

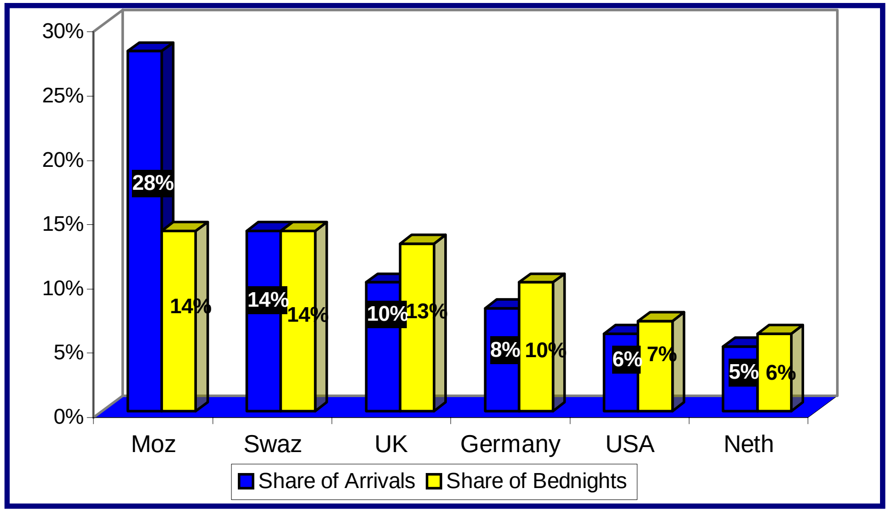
Mpumalanga's top 7 source markets are Mozambique, Swaziland, UK, Germany, USA, Netherlands and France, which together account for approximately 75% of arrivals and 70% of bednights spent in the province.

Table 4.4: Foreign Tourist Arrivals and Bednights Spent by Source Market, 2006

Market	000s		Market	000s	
	Arr	B'nite		Arr	B'nite
Mozambique	340	660	USA	70	340
Swaziland	165	640	Netherlands	60	290
UK	125	600	France	45	175
Germany	95	460	Other	300	1,435

Source: Consultants estimates

The share of arrivals and bednights accounted for by the different source markets is shown on following chart.



Purpose of Visit

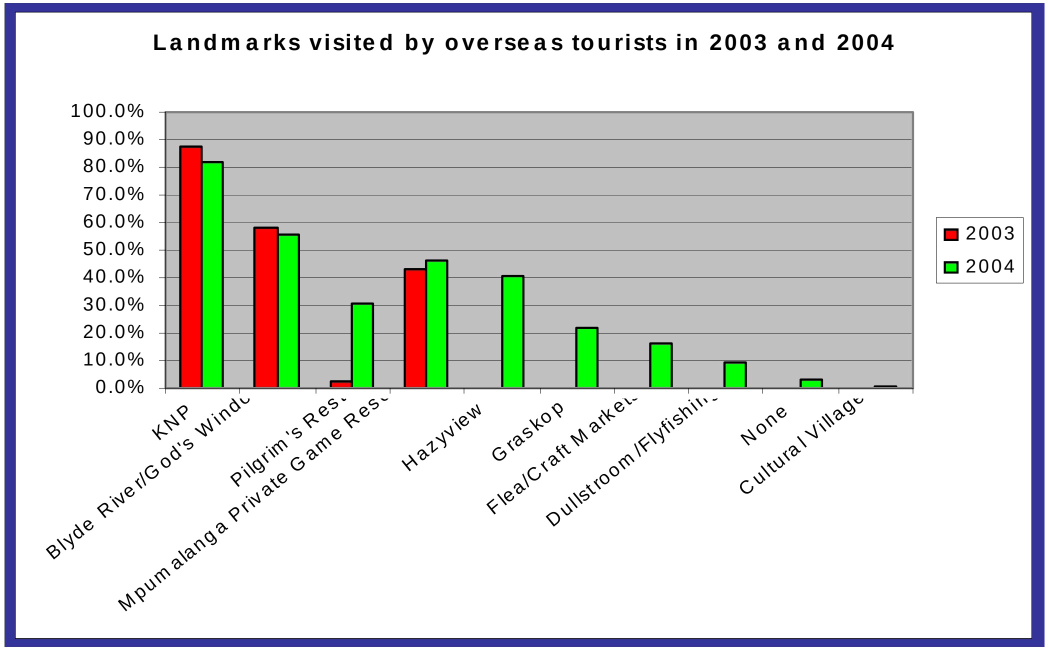
Holiday is the main purpose of visit for all markets except Mozambique and Swaziland where shopping and VFR is the main purpose of visit respectively.

Table 4.5: Purpose of Visit by Main Source Market, 2004

Market	Purpose of Visit %					
	Holiday	Shopping	VFR	Business	Other	Total
Mozambique	22	**70**	3	2	3	100
Swaziland	24	7	**42**	9	18	100
UK	**86**	-	9	4	1	100
Germany	**90**	-	3	4	3	100
USA	**75**	-	6	13	6	100
Netherlands	**90**	-	3	3	4	100

Source: Consultants estimates

Places Visited



Kruger National Park and Blyde River/ God's Window are the two more popular attractions visited.

Source: SAT Mpumalanga Provincial Reports (Q1-Q4) 2004

4.2.2 Domestic Trips

In 2006, Mpumalanga received 1.8 million domestic trips, a decline of 5% when compared with the previous year. The Province's share of all domestic trips also declined.

Table 4.6: Domestic Trips to Mpumalanga

Variable	No. of Trips (000s) 2005	2006
To Mpumalanga	1,900	1,800
To all Provinces	36,200	37,100
Share (%)	5.2	4.8

Source: SAT Domestic Surveys for 2005, 2006

Source Markets

Some 60% of domestic trips to Mpumalanga are generated by residents of other provinces, primarily Gauteng. The findings of the SAT Domestic Survey suggest that the number of trips taken by Mpumalanga residents within their own province declined in 2006 and there was no growth in the number of trips taken by residents of other provinces to Mpumalanga.

Table 4.7: Mpumalanga's Source Markets

Market	No. of Trips (000s) 2005	2006
Mpumalanga	800	700
Other Provinces	1,100	1,100
TOTAL	**1,900**	**1,800**

Source: SAT Domestic Surveys for 2005, 2006

Excluding trips taken by Mpumalanga residents (whether within or outside the province), the province receives about 3% of the domestic market.

PART II: TOURISM SECTOR REVIEW

5. STRUCTURE OF TOURISM SECTOR

As illustrated on the following diagram, Mpumalanga's tourism sector is composed of environment based natural attractions, facilities, amenities, services and supporting economic infrastructure. In looking at the Province's tourism sector it is important to distinguish between:

- the primary tourism attractions – natural environment, cultural heritage etc
- the economic infrastructure – airports, roads, utilities, telecommunications
- the tourism facilities and services – accommodation, restaurants, transport
- the enabling environment – institutional arrangements, regulations, human resource development etc
- sector management – destinations marketing, investment promotion, research & statistics etc.

The primary tourism attractions, economic infrastructure, supporting facilities & services, enabling environment and sector management are interdependent in several ways:

(i) if the primary attractions are or become severely impaired by environmental damage or overuse etc – the raison d'etre for tourism facilities disappears

(ii) conversely, the primary attractions can effectively attract tourism only if there is adequate supporting facilities and services available

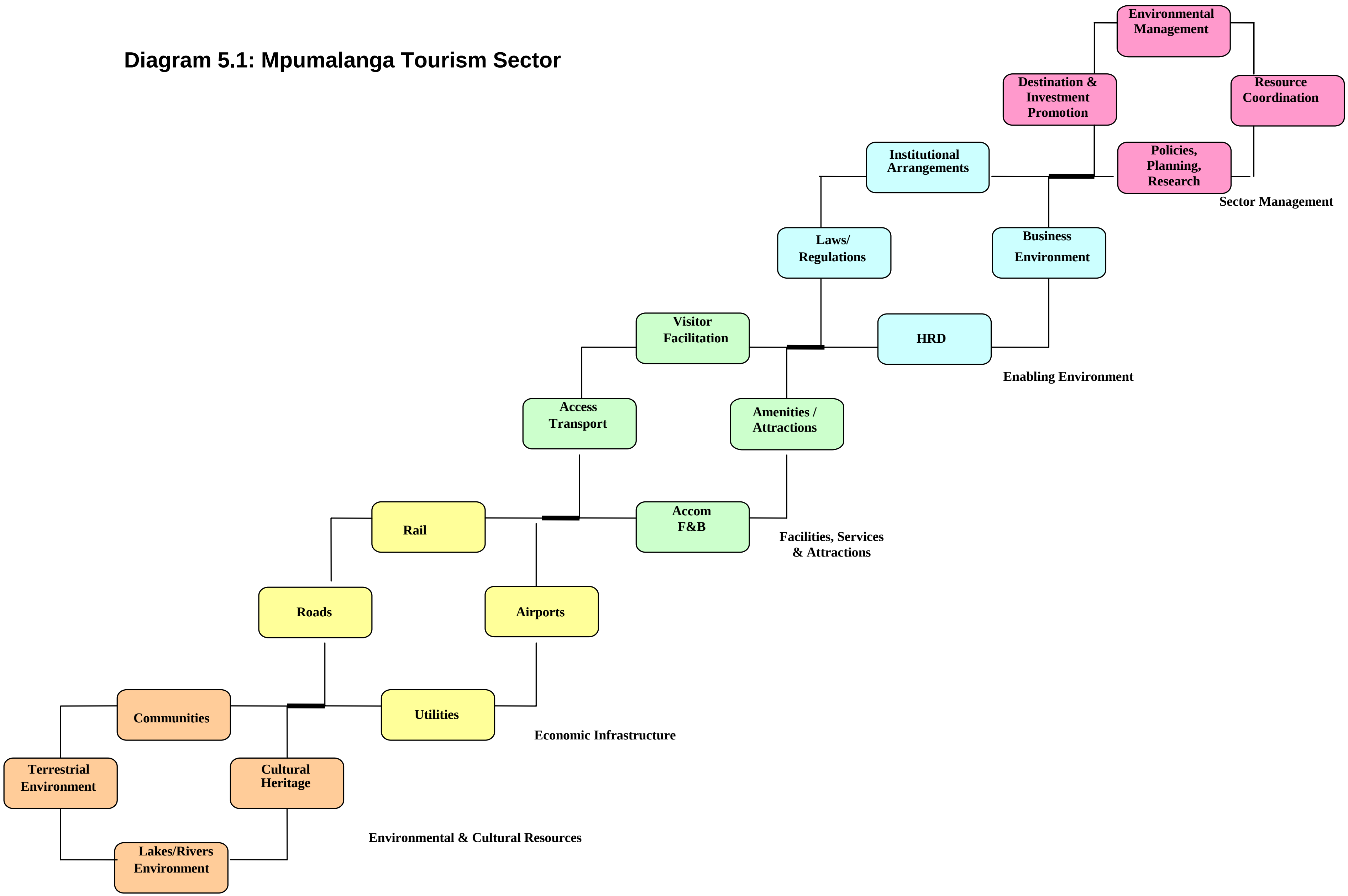
(iii) underpinning the tourism facilities, it is necessary to have:

- the economic infrastructure of roads, airports, telecommunications etc
- the enabling environment of appropriate institutions, regulations etc
- effective sector management covering policies & planning, destination marketing etc.

Successful tourism requires many different components to be in place before there is a 'complete' product on offer in the marketplace. The implication is that a deficiency in any one component will undermine the capacity of Mpumalanga to meet the expectations of tourists.

The various components of the tourism product are reviewed in Chapters 6 through 15 following. Only very limited attention could be given to certain aspects – particularly the development potential of the parks and protected areas managed by MTPA, research & statistics, environmental management, access transport and the economic infrastructure – as these were outside the scope of work and budgetary resources for this study.

Diagram 5.1: Mpumalanga Tourism Sector



6. NATURAL RESOURCES AND CULTURAL HERITAGE

6.1 ENVIRONMENTAL SETTING

The Drakensberg Escarpment divides Mpumalanga into a western half consisting mainly of high-altitude grassland Highveld and an eastern half consisting of the low altitude, subtropical Lowveld. The central part of the Province is very mountainous, with heights exceeding 2000m in most places. The Lowveld has a subtropical climate, due to its latitude and proximity to the warm waters of the Indian Ocean, with maximum temperatures reaching over 40^{o}C in summer. The Highveld is comparatively much cooler. The Drakensberg Escarpment receives the most rainfall, with all other areas being moderately well-watered by mostly summer thunderstorms. Winter rainfall is rare. The Highveld often experiences severe frost, whilst the Lowveld is mostly frost-free.

6.2 TERRESTRIAL

The Province's terrestrial assets include forests, mountains, waterfalls, special flora and wildlife. The Province is host to some unique attractions such as the world famous Kruger National Park (KNP) and Blyde River Canyon, the world's 3rd largest canyon.

Flora

Mpumalanga's rich flora includes over 130 species of indigenous wild flowers which bloom for up to three months every spring. (Many of the rarer species are exhibited at the Lowveld Botanic Gardens in Nelspruit, which is considered South Africa's second most important botanical garden, despite its relative small size). The plant species diversity is second only to Cape Fynbos in the Western Cape. With over 2,100 different species found at the Makhonjwa Mountains (near Barberton) and the Blyde Mariepskop Complex, the area has been nominated as a World Heritage Site.

Caves

The Sudwala Caves are the world's oldest dolomite caves. Speleologists have charted some 2,500m of the cave system and believe that it extends for several kilometres more. The caves have also been nominated as a World Heritage Site. The more modest Echo Caves further north in the Molopong Valley continue to protect some of the Province's ancient San rock engravings. Hundreds of other smaller caves honeycomb the Mpumalanga escarpment, but the only other accessible site of historical significance is the Mapogo Caves in the Cultural Heartland which served as a stronghold of last resort for local tribes for hundreds of years. The Ndebele nation still gathers at the caves every year to honour fallen freedom fighters.


MPUMALANGA
Nature Reserves
Place of Interest
Caves
Cultural Village
LIMPOPO
GAUTENG
SWAZILAND
KWAZULU-NATAL
Echo Caves
Bushbuckridge N.R.
Ohrigstad
Blyde River Canyon N.R.
Pilgrims Rest
Graskop
Ohrigstad Dam N.R.
Gods Window
Lydenburg
Hazyview
Sabie
Kiepersol
Kruger National Park
Mkhombo N.R
SS Skosana N.R.
Verloren Valei N.R.
Sterkspruit N.R.
Sudwala Caves
Mdala N.R.
Mabusa N.R.
Dullstroom
NELSPRUIT
Malelane
Machadodorp
Loskop Dam N.R.
Belfast
Barberton N.R
Barberton
Mahushe Shongwe N.R.
Nooitgedacht Dam N.R.
Cradle of Life Site
N11
N4
Witbank
Middelburg
Songimvelo N.R.
N12
Carolina
N17
Chrissiesmeer
Ermelo
Secunda
Bethal
N2
N3
Standerton
Piet Retief
Wakkerstroom
Volksrust

6.3 LAKES & WETLANDS

The Gert Sibande District of Mpumalanga has southern Africa's largest natural freshwater lake district. The village of Chrissiesmeer in the Province's grasslands is surrounded by 270 lakes and pans, which attract over 20,000 flamingo each year. The sprawling wetland is home to 82 water birds and 170 other bird species, many of which are endemic to the region, and an abundance of frog species.

The marshy region known as the Grass & Wetlands has become an important bird watching destination, particularly in the Wakkerstroom area and around Chrissiesmeer.

6.4 CULTURAL HERITAGE

Archaeological, Historical Attractions

A comprehensive account of Mpumalanga's history and heritage is contained in the publication Mpumalanga – History and heritage, edited by Prof. Peter Deluis, 2007.

The Province has a wide range of attractions which include:

- The Cradle of Life site near Barberton where the first form of life on earth was discovered and has been nominated as a World Heritage Site;
- The earliest recorded evidence of humanoid settlement and large-scale mining of red ochre at Lion Cavern and Dumaneni in the Ngwenya Mountains;
- San and Khoisan cave paintings; one of the more accessible sites is at the Botshabelo Mission Station, near Middelburg;
- Stone ruins, dating between 1500BC and colonial times, at places such as Legoya, near Ermelo, whose origins remain unclear;
- Fort Merensky and Botshabelo Mission Station, near Middleburg;
- The ruins the 19th century capital of the Ndzundza Ndebele kingdom at Erholweni (near Roossenekal);
- Historic towns and Anglo-Boer War sites including Waterval Boven, Dullstroom, Machadodorp, Lydenburg, Chrissiesmeer, Long Tom Pass, Bergendal, Witbank;
- Former gold rush towns such as Barberton, Kaapsehoop, Eureka and Pilgrim's Rest (which has been declared a national monument in its entirety);
- Historic churches, such as St. Peter's Church in Sabie;
- The ruins of Rebel Pedi Prince Kgalema Dinkwanyane's African Christian utopia;
- Mafolofolo situated at the confluence of the Waterval and Speckbook Rivers;
- Struggle for Freedom sites: in the 1980s the region was at the forefront of resistance movement. Machadodorp has an old 'apartheid bridge' over the railway line where it is planned to build an Apartheid Museum, while three cenotaphs, acknowledging the names of the victims of the liberation struggle, have been (or are being) built in each District Municipality;
- The Samora Machel memorial and interpretative centre at the Mbuzini crash site, south of Komatipoort; and
- Modern buildings such as Provincial Government and Legislative building in Nelspruit; the KMIA terminal building and the new international sports stadium being constructed for, initially, the 2010 World Cup.

Under the Heritage component of the Heritage, Greening Mpumalanga and Tourism Flagship Programme

(Programme Implementation Plan, Version 3), heritage sites will be assessed and graded by the Department of Culture, Sport and Recreation with the aim of having well conserved and managed heritage sites.

Cultural Attractions

There are many aspects of Mpumalanga's culture which, if adequately promoted, can be interesting attractions for visitors. These include traditional cultural patterns of the various ethnic groups in the Province (such as life styles, customs, ceremonies, festivals, dress, dance, music, handicrafts, cuisine, economic activities and architectural styles). However, indigenous culture is not necessarily traditional. Mpumalanga also offers some of the region's best music, photography, art, theatre and cinema.

Cultural tourism (as promoted under the Cultural Heartland motif) focuses on the culture of the Ndebele people who are famous for their vibrant house painting, bead work and crafts. The Province already boasts a number of Ndebele museums and cultural villages, including the Kghodwana Cultural Village, near Loopspruit (about 50 miles northwest of Pretoria); the Ndzundza Mabhoko Royal Draal, near Marble Hall; the Botshebelo Historical Village, near Middelburg; and the Little Elephant/Ndlovu Encane Art & Craft Market in Middelburg.

Elsewhere, one of the best is the Shangana Cultural Village, located some 5km from Hazyview, which has been created and built by local Shangaan people and incorporates a bustling African market village where local craftspeople make and trade their craft. However, despite this rich heritage, usage of these products shows an underutilization by international tourists and particularly by domestic tourists. The cultural product needs to be more targeted, more authentic and more sophisticated. The key challenge is to showcase it with dignity and authenticity. Some people like to witness the real life; others prefer to see a reconstruction.

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7. ECONOMIC INFRASTRUCTURE

The provision of adequate infrastructure is one of the key conditions for the development of a thriving vibrant tourism industry in the Province. The multiple use of infrastructure by both tourists and the local population means that tourism can help to pay for infrastructure developments in which the local population can share.

In 1998, DEAT undertook a review of infrastructure in support of domestic and international tourism development in South Africa. The subsequent report identified 19 priority areas for tourism infrastructure investment, including two areas - Barberton and Malelane - in Mpumalanga. A Tourism Infrastructure Investment Framework (TIIF) identified a series of projects (to be put into national and provincial capital expenditure programmes) and actions to enhance the tourism infrastructure. The TIIF (like the Spatial Development Initiatives and the Transfrontier Parks) is also being used to guide income enhancement projects for the rural communities, including tourism and tourism-related projects, and for the allocation of poverty relief funding. Progress has been relatively slow, and many community-based tourism projects have fallen short of expectations.

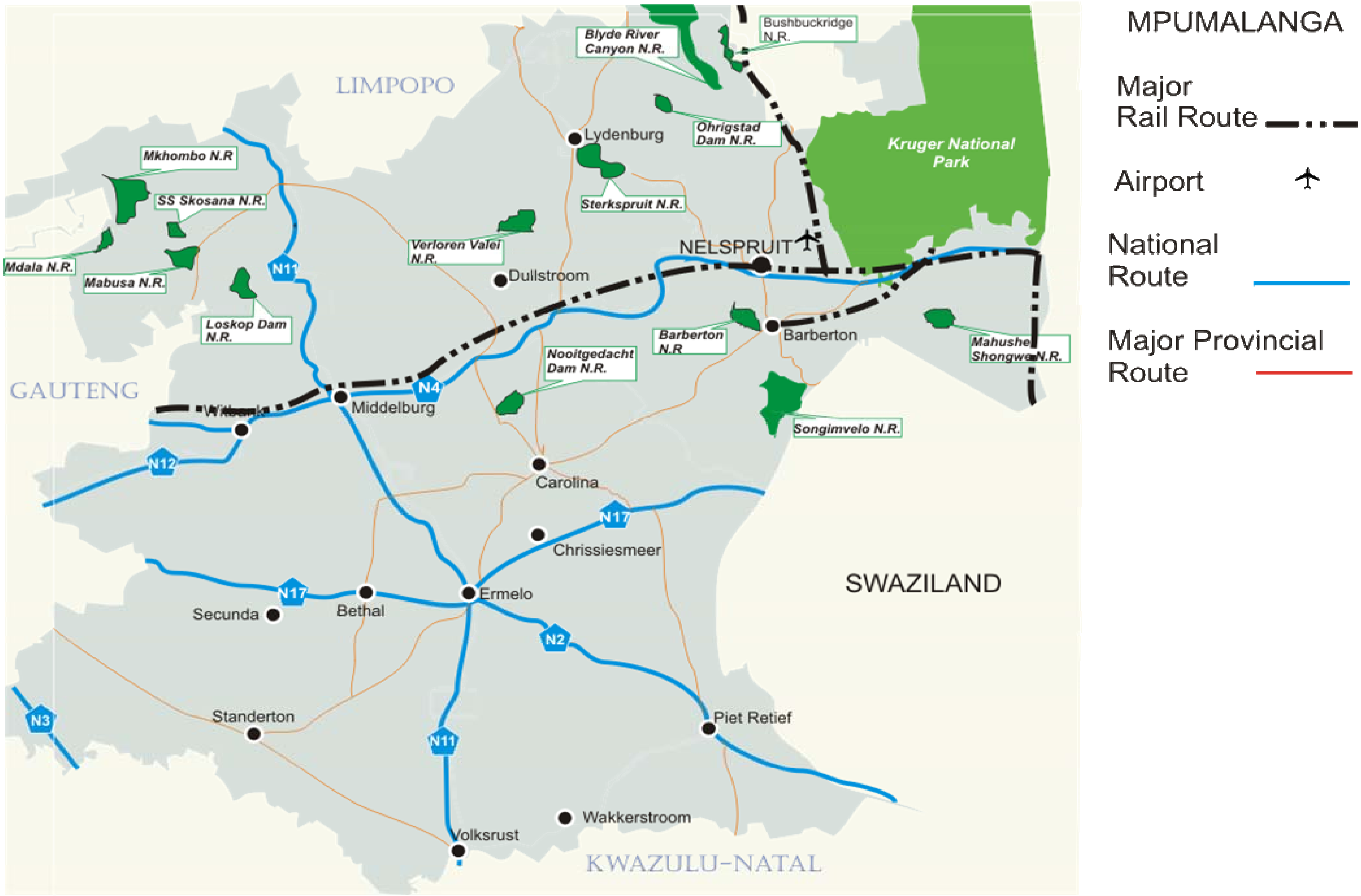
7.1 ROADS

Mpumalanga has a relatively well-developed main road network. Good arterial and through roads exist throughout the Province. However, the roads in rural areas are in poor condition and are mostly gravel.

The main road network comprises a total of approximately 23,968km, of which 700km are Primary or National roads (maintained by National Government) and 15,885km are Secondary or Provincial roads (maintained by Provincial Government). The Province also has 7,383km of tertiary or unproclaimed gravel roads.

The Province is characterized by an east-west axis centred on the N4 road between Pretoria and Maputo which forms the core of the Maputo Development Corridor (a project that also includes the Maputo Port, the Lebombo Border Post, and the rail network and energy supplies in addition to the N4 toll road). The N4 is the responsibility of the South African National Roads Agency which has awarded a contract to the Trans Africa Concessions (TRAC) Consortium to maintain it over a 30-year period. Three of the toll plazas are situated in within the boundaries of the Province.

Provincial road maintenance and new projects fall under the Provincial Department of Roads. There is a considerable backlog. The lack of good surfaced roads into many of the rural nodes could seriously hamper the future tourism development of these areas. Provision of adequate local access roads to specific sites and attractions is essential (although for some tourists the use of 4-wheel drive vehicles over bumpy roads may be acceptable).



MPUMALANGA
Major Rail Route
Airport
National Route
Major Provincial Route
LIMPOPO
GAUTENG
SWAZILAND
KWAZULU-NATAL
Blyde River Canyon N.R.
Bushbuckridge N.R.
Kruger National Park
Ohrigstad Dam N.R.
Lydenburg
Mkhombo N.R
SS Skosana N.R.
Sterkspruit N.R.
Verloren Valei N.R.
Mdala N.R.
Mabusa N.R.
Dullstroom
NELSPRUIT
Loskop Dam N.R.
Barberton N.R
Barberton
Nooitgedacht Dam N.R.
Mahushe Shongwe N.R.
Middelburg
Songimvelo N.R.
Carolina
Chrissiesmeer
Ermelo
Secunda
Bethal
Piet Retief
Standerton
Wakkerstroom
Volksrust
N11
N4
N12
N17
N2
N3

Tourist Routes

In addition to the N4 and other national roads providing access to the KNP and other major attractions, a number of tourist routes were identified and promoted by the former Mpumalanga Tourism Authority, including the Highland Meander (passing through Dullstroom) and The Panorama (passing through Lydenburg, Ohrigstad, Pilgrim's Rest, Graskop, Sabie, Hazyview and White River), taking in such sites as God's Window, the Blyde River Canyon, Bourke's Luck Potholes, etc. These routes are generally well signposted and in good condition. Elsewhere, the signage to touristic sites is variable, and sometimes inadequate.

A number of important roads need upgrading, viz:

- Barberton to the border with Swaziland – gravel road needs to be upgraded to a tarred surface road as it passes through one of the more outstanding areas of scenic beauty in the Province
- Sections of R36 from Ohrigstad to Lydenburg and Pilgrim's Rest need to be repaired/improved.
- Sections of the N17 in the Gert Sibande District need to be improved.

7.2 RAIL NETWORK

The railway network in Mpumalanga covers approximately 2,083km. The most important lines are the Pretoria-Maputo and the Johannesburg-Durban lines (of which portions run through the Province). The remainder of the Province is generally well served in terms of rail infrastructure which serves most of the urban nodes. However, at present, the rail network is not significantly used by tourists (whether international or domestic) in South Africa, apart from some luxury services and steam trains.

The recently announced Moloto Rail Development Corridor project will lessen travel time and reduce the number of accidents on the Moloto corridor in the Nkangala District by providing a multi modal integrated system consisting of rail (main line) and road based (feeder) services.

7.3 AIRPORTS

In total, there are 15 licensed aerodromes or landing strips in the Province, of which eight are public licensed airports/landing strips, while the remaining seven are private licensed aerodromes/landing strips.

KMIA is Mpumalanga's only international airport, but there are few international services at present.

KMIA is owned and operated by Primkop Airport Management (Pty) Ltd. which is presently 90 percent-owned by ABB (of Switzerland), with the local community (on whose land the airport is built) owning the remaining 10 percent. The community receives R5 per passenger.

The airport can handle all types of aircraft up to B747-400F, but not the new Airbus A380. Although the runway is 3.1 km long and 60m wide, its present length limits the takeoff payload for a B747-400F to 79 percent of the total payload for a long haul flight to (say) LHR/London.

Development Plans

At times KMIA is operating close to its capacity constraints. In preparation for the future (and especially for 2010), there are plans to add more parking bays; improve the radar system; extend the terminal building; provide a dedicated international terminal; provide night landing facilities; provide dedicated bus and taxi terminals; widening of the entrance road and new cargo terminal. The expansion plans for 2010 will be funded from the National Infrastructure Fund.

As a result of the planned improvements, the capacity of the airport will be substantially increased. In 2010, KMIA will be able to handle 12 aircraft per hour compared with 8 at present.

7.4 UTILITIES

Water, Sanitation, Electricity

While certain areas still suffer from the backlog in installation of basic services, on the whole, areas of current tourism activity are reasonably serviced. However, the lack of such services in certain areas may hamper future tourism growth. District and local municipality planning frameworks need to be adapted to include the areas identified for future growth in this strategy and plan.

Waste Management

Around 43 percent of all households have refuse collection services or access to a communal refuse dump. Under the Greening Mpumalanga component of the Heritage, Greening Mpumalanga and Tourism Flagship Programme, integrated and sustainable waste management service will be provided to as wide a range of communities as possible, including the provision of central waste disposal sites, with implementation planned for the period 2007-2010. Periodic waste clean-ups and a cleanest town competition will also contribute to a clean and healthy environment. This is particularly important for tourism development.

Telecommunications

Overall, the Province is well provided with telecommunications services. However, internet access can be variable and slow.

7.5 OR TAMBO INTERNATIONAL AIRPORT

OTIA serves as the primary airport for international and domestic travel to and within South Africa. It is Africa's busiest airport, handling over 16 million passengers in 2005. There are expected to be over 21 million passengers per year by 2010. The airport is the hub of South Africa's largest international and domestic carrier, South African Airways (SAA), and a number of smaller local airlines.

Development Plans

Major new development is taking place at the airport in preparation for the 2010 FIFA World Cup. The development includes the expansion of the international terminal, with a new international pier capable of facilitating the Airbus 380, a new central terminal building, an additional multi-storey car park, upgrading of the existing Terminal A (which presently suffers from congestion at international check-in points) and realignment of the associated roadways to accommodate more space for international departures. The airport is likely to see the arrival of the new Airbus A380 in its first years of service, as Airbus has already listed OTIA as one of the few destinations worldwide capable of handling this aircraft. Thus, there should be few concerns about future passenger capacity constraints.

The station for the new Gautrain Rapid Rail Link (which will connect central Johannesburg, Sandton, the airport and Pretoria) will be housed above the new Central Terminal, the aim being to have the first link between the airport and Sandton in place in time for the Football World Cup, and the remainder completed by March 2011. This will provide direct rail travel from OTIA to the Province.

8. FACILITIES AND SERVICES

Tourist facilities and services consist of accommodation, restaurants, banking/bureau de change, medical services, security and so on. Based on the former MTA database, the following represents a pen-picture of the tourism sector.

Table 8.1: Tourist Facilities and Services, 2004

Facility/Service	No.	Facility/Service	No.
Hotels	69	Taverns	18
Guesthouses	116	Tour Operators	42
B & Bs	90	Car Operators	64
Lodges	134	Conference Venues	38
Caravan/Camps	36	Info. Offices	32

Source: Mpumalanga Tourism Authority, Tourism Fact Sheet, 2005 second edition (reproduced in Mpumalanga Provincial Economic Outlook and Review, 2006)

Under the Mpumalanga Tourism and Parks Agency Act, 2005), all tourism facilities and services now must be registered and licensed by the MTPA. At present, this is not the case.

8.1 TOURIST ACCOMMODATION

There are approximately 24,000 bed places (roughly 8,500 rooms) in the Province. Not all of the listed accommodation has been graded by the South African Grading Council, which makes it difficult to ascertain the proportion that conforms to 'export ready' international standards. The statistics indicate that over half of the total tourist accommodation capacity is concentrated in the Ehlanzeni District, especially Hazyview, Nelspruit, White River and Sabie, with a further 2,725 beds in the southern part of the KNP. Nkangala District and Gert Sibande District each have fewer than 4,000 bed places.

Table 8.2: Distribution of Tourist Accommodation

Area	Beds
Kruger National Park*	2,500
Sabi Sands	225
Ehlanzeni District	10,815
Nkangala District	3,670
Gert Sibande District	3,820
Other	2,970
Total	**24,000**

** Marula and Kkayeni regions only*
Source: MTPA Research Department and Consultant's Estimates

Table 8.3: Number of Rooms by Type and Grade of Accommodation (excl. KNP)

Grade	Self Catering	Guesthouse	Hotel	Lodge	Pack*	Car Van**	B & B
1*	322	15	68				3
2*	118	62	137		273	287	3
3*	659	206	663	305	115	607	76
4*	702	269	844	512	19		328
5*	40	26	72	350			14
Total	1,841	578	1,784	1,167	407	894	424

Source: MTA Annual Report, 2004/5
** beds **sites*

As shown on Table 8.3, there are 1,784 rooms in hotels; 1,167 in lodges, 578 in guesthouses and 424 in bed & breakfast establishments.

As foreign tourists tend to stay in 3* and higher graded serviced accommodation, the number of rooms available is about 3,700, a figure which has changed little in recent years.

Unlike the retail sector, there has been comparatively little investment in the tourist accommodation sector in recent years, with the main emphasis on development of new B&B establishments in converted homes.

8.2 CONFERENCE FACILITIES

Offering a wide variety of facilities for smaller conferences and meetings, MICE is Mpumalanga's fastest growing hospitality product, Among the larger conference and casino facilities are

- the Arena at the Emnotweni Casino Complex and Riverside Mall in Nelspruit, which offers 720 m^2 of open floor space capable of accommodating from 25 to over 850 people. It can seat close to 900 people cinema style or 700 classroom style; and
- the Graceland Hotel Casino and Country Club's Liberty Hall Convention Centre (a 333 m^2 convention room offering a maximum capacity of 400 cocktail style) and the Graceland Arena (a large multi-purpose 1,200 m^2 venue capable of seating 1,100 people for boxing, musical and other special events) in Secunda.

Smaller hotels and lodges also generate significant revenue from local meetings and workshops. However, the Province lacks a major facility comparable to the International Convention Centres in Cape Town, Durban and Johannesburg which can accommodate up to 5,000 delegates.

8.3 CAR HIRE

Car hire is readily available at KMIA and other locations in the Province and relatively inexpensive, although for insurance reasons most companies do not permit their vehicles to be taken into Mozambique.

8.4 TOURIST INFORMATION

Tourist information offices (TIOs) are located at some 35 locations in the major towns and tourist centres in the Province. Only one (at KMIA) is operated by MTPA, but this is currently out-of-service. The others are operated mostly by local tourism associations or (in the case of those at Nelspruit, White River and Sabie) by the Lowveld Chamber of Business and Tourism (LCBT) which also has an information office in Cape Town.

8.5 TRAVEL FACILITATION

Travel facilitation refers to immigration and customs requirements and services at the points of entry and departure to and from Mpumalanga, including KMIA and the border posts with Mozambique and Swaziland. Such services are generally administered efficiently.

8.6 POLICING, SAFETY AND SECURITY

While reasonably adequate policing exists in the Province, the perception of crime in South Africa generally remains high and a deterrent for some potential visitors, even though the great majority of tourists are not directly affected by crime. Moreover, the Crime and Victimisation Mapping Tool (launched by the Centre for Justice and Crime Prevention in April 2007) indicates that Mpumalanga was amongst the safest areas in South Africa for crimes such as murder, house robbery and sexual assault of children, with relatively few high-risk areas.

8.7 HEALTH AND EMERGENCY SERVICES

Excellent medical facilities exist in the main urban centres, particularly Nelspruit. These are already used by visitors from Mozambique. More can be made of the advantages of such facilities, which have a price advantage while offering recuperation opportunities in nearby tourism facilities, for promotion in the growing medical tourism market.

Visitors to some parts of the Province are advised to take anti-malaria precautions (even though the number of cases affecting tourists in any year is very small). Of major concern is the incidence of HIV/AIDS in the Province which is one of the highest in the country.

9. ACCESS TRANSPORT

There is no available information on the mode of transport used by visitors to the Province. However, in a sample survey[7] of visitors to Mbombela Local Municipality, it was found that 65 percent of the respondents had used their own car to come to the area; 10 percent rented cars; 10 percent taxis; 9 percent came by tour bus/coach; 4 percent by aeroplane; and only 1 percent each by train or motorbike.

International Tourism

In 2006, Mpumalanga received an estimated 14% of all visits by foreign visitors to the various provinces of South Africa. This is equivalent to a total of 1,200,000 foreign visitors, of which an estimated 340,000 were from Mozambique and 165,000 from Swaziland (both of which might be presumed to have entered the Province by road or rail). Overseas visitors (from Europe, North America, Asia and Australasia) amounted to an estimated 480,000 tourists. The bulk of these are presumed to have first entered South Africa by air – the great majority via the OR Tambo International Airport (OTIA) which is located some 22km east of Johannesburg. Most would probably have proceeded to visit Mpumalanga by road from this airport. A much smaller number (probably less than 100,000) may have used the Kruger Mpumalanga International Airport (KMIA) as their first point of entry into the Province. Others may have entered the Province by road from neighbouring provinces such as KwaZulu-Natal, the Free State or Limpopo.

Domestic Tourism

In 2006, domestic tourists made a total of 1.8 million trips to or within Mpumalanga, of which 700,000 were intra-provincial trips made by residents of the Province and 1,100,000 were inter-provincial trips made by residents of other provinces.

Within South Africa as a whole, nearly half of all domestic trips (including both intra-provincial and inter-provincial trips) were made in a minibus taxi, while personal vehicles were used in over a third of all trips. Planes, buses and trains remain infrequently used modes of transport for domestic tourism (SA Tourism Domestic Tourism Survey for 2005).

9.2 AIR ACCESS

Scheduled Services

At present (May 2007), air services are provided by the following operators:

- South African Airlink (Cape Town, Durban, Johannesburg)
- South African Express (Johannesburg)
- Nationwide(Cape Town via Johannesburg)
- Interlink Airlines (Johannesburg)

[7] Mbombela Tourism Sector Plan: Responsible Tourism Plan for Mbombela Local Municipality, Final, March, 2006 (Tshwane University of Technology)

- Pelican Air Services (Vilanculos, which is located some 700km north of Maputo in Mozambique, and the departure point for the Bazaruto archipelago)

who, between them provide services to Johannesburg (10 flights per day with a total of 380 seats) and, less frequently, with Cape Town (10 flights per week, including two via Johannesburg) and Durban (9 flights per week), as well as Vilanculos in Mozambique (two flights per week).

Planned new destinations include Pemba and Maputo (both in Mozambique) which are awaiting approval.

Total passengers handled by KMIA last year (2006) amounted to 215,000 (both arriving and departing), of which approximately 70 percent are considered to be tourist and 30 percent business visitors. Traffic has been growing steadily in recent years: up 27 percent in 2005; 21 percent in 2006 and 18 percent in the first two months of 2007. The busiest months tend to be August/September/October, and the slowest January and February.

Air fares to /from the Province are comparatively high due to the lack of competition.

Charter Flights

The fact that travel by air to the Province for overseas tourists presently involves transfers at OTIA is undoubtedly a deterrent to attracting more tourists to Mpumalanga. More direct flights are needed if tourism is to develop. The strategy being pursued by the management is to try to get a low cost airline to operate charter flights to/from UK to KMIA. Charters would probably operate from November to April which is said to be the best period for visiting KNP. The service might operate Victoria Falls-KMIA-Cape Town as no other airline has taken up that route, but this depends on civil aviation agreements with Zimbabwe.

Introduction of charter services could result in a substantial increase in the number of international tourists to Mpumalanga , but most would probably want to stay at or around KNP unless efforts are made to develop and promote the Province’s other tourist attractions.

Other Air Services

Mpumalanga's smaller cities and larger game reserves have domestic airports or landing strips which facilitate charter flights. Additionally, there are private airlines operating light aircraft to Skukuza, Malelane and other wild life areas. For example, Federal Air charter flights depart 3 times daily from OTIA to Skukuza Airport. From there, access to the private reserves is by vehicle or via a short flight.

9.3 ROAD ACCESS

9.3.1 <u>Main roads</u>

The principal points of entry to the Province by road are the N4 from Mozambique; the N12 from OTIA connecting with the N4 from Pretoria at Witbank; the N17 from Johannesburg to Secunda and Ermelo; the N2 and N11 from KwaZulu-Natal; the N3 from Free State and southern KZN including Durban; and the N11 and R40 from Limpopo. The main crossing points from Swaziland are Jeppe’s Reef (for KNP), Bulembu (for Barberton and Nelspruit) and Oshoek (for the N17). The N4 Maputo Corridor is the main through road for the Province. It by-passes Witbank, Middelburg and other towns with the result that these towns attract very little tourism business from passing traffic on the way to KNP or the coast (not even for petrol which can now be obtained at filling stations on the N4).

The road distance from Johannesburg to Nelspruit is approximately 300km and some 420 km to the nearest gate (Numbi) to the KNP, and 480 km to the main camp, Skukuza. With an early start, motorists can generally reach the southern camps by early afternoon, Roads to the park are tarred, and multilane highways run at least two thirds of the distance. Durban, the most accessible coastal resort, is a eight hour drive, all of it along a multilane highway, while the Eastern Cape can be reached in a long all-day journey: Port St Johns (850 km), Grahamstown and East London (both 990 km) and Port Elizabeth (1,060 km).

Toll Fees

All national roads are tolled but most have an alternative route, signposted 'A', which are not tolled. These roads are usually slower, have fewer service, fuel and rescue facilities but are often far more scenic and interesting. Toll fees on the tolled routes between Johannesburg and Cape Town are R100, to Durban R95, to Messina (Zimbabwe border) R75 and to Komatipoort (Mozambique border) R88.50. A recent survey[8] indicated that tollgate fees had either a big influence (35 percent of respondents) or some influence (25 percent) on respondents' decision to come to Mbombela. The remainder (40 percent) said that tollgate fees had no influence.

[8] Mbombela Tourism Sector Plan, op. cit.

9.3.2 Internal Roads

The R38 north provides acts as a conduit to and from the big game areas, including the KNP and the adjacent private game reserves. In addition, a number of tourist routes – including the Highland Meander and the Panorama Route – have been designated and signposted for visiting motorists. However, in other parts of the Province, road access to touristic sites is less good.

9.4 RAIL ACCESS

The Province is served by a mainline service which operates daily between Johannesburg, Pretoria and Komatipoort on the Mozambique border and from Komatipoort to Maputo. Branch lines connect with Burgersfort; Dullstroom, Lydenburg and Ohrigstad; Sabie, Grasskop and through Limpopo to the border with Zimbabwe; White River; and to Phalaborwa in Limpopo Province. This line is joined by the mainline from Johannesburg at Witbank. There are also rail links to Secunda, Ermelo and other urban centres. The new Gautrain at OTIA will provide additional rail links to the Province. However, a former rail link to Skukuza in KNP and beyond is no longer operational as the tracks have been lifted.

Luxury tourist trains also travel to Mpumalanga (especially to the game reserves) from Gauteng, the Cape, KwaZulu-Natal, Mozambique and Swaziland, including the Blue Train and Rovos Rail. The Blue Train (operated by Spoornet) can be chartered for journeys from Pretoria to Nelspruit and Malelane on the border of KNP, while Rovos offers charters from Pretoria to Dullstroom (for trout fishing and walking) and from Pretoria to Malelane (for game viewing). There are also regular golf safaris.

Rovos Rail also operates steam trains tours from Pretoria to KNP and on to Swaziland and St. Lucia on the Coast, while the Oosterlijn Steam Company (based at Waterval Boven) operates shorter day trips to Waterval Onder, Machadodorp, Hazyview, etc.

9.5 OTHER PUBLIC TRANSPORT

Long Distance Buses

There are daily scheduled coach services from Gauteng, Mozambique and Swaziland to Nelspruit, as well as other major cities such as Witbank, Middelburg, Machadodorp, Hazyview, Malelane, Komatipoort and Ermelo. Charter coach services operate to the Kruger National Park and nearby private game reserves, while South Africa's only backpacker bus, the BazBus, also stops in Nelspruit, Witbank/Middelburg and other main cities as part of its regular service.

Minibus Taxis

Minibus taxis are South Africa's cheapest, fastest and most popular form of public transport, but vehicles are often old. The small commuter buses, which are licensed for 18 passengers each, link every town and village in the Province, regardless of their remoteness.

Metered Taxis

Most major cities in Mpumalanga have metered taxi services. They are significantly more expensive than other means of public transport, and often difficult for the visitor to find. There are no taxi ranks at KMIA or outside the main hotels. The practice of charging per passenger, rather than per cab, makes them relatively expensive for travel groups, while standards of cleanliness and customer care do not meet international standards. There is need for training of taxi drivers and adherence to a dress code.

10. AMENITIES AND ATTRACTIONS

10.1 NATIONAL PARKS AND RESERVES

10.1.1 Kruger National Park

Kruger National Park (which is managed by South African National Parks) now forms part of the Great Limpopo Transfrontier Park. The total surface area of the Transfrontier Park is approximately 35,000 km^2 and straddles three countries, South Africa, Mozambique and Zimbabwe. This international game park brings together some of the best and most established wildlife areas in southern Africa.

Visitor accommodation within KNP comprises a total of 4,165 beds in 1,379 units (including 22 tented camps and rondavels operated by SANParks; 7 lodges outsourced/concessioned, to private operators plus a number of 'put-up-your-own' camping sites. Some 2,500 beds (875 units) are located in the Marula and Nkayeni regions that fall within Mpumalanga Province and the remaining 1,663 beds (504 units) in Limpopo Province. In addition, there are 225 beds in the various lodges in the Sabi Sands Game Reserve which is also part of Mpumalanga, although located within KNP.

In 2006/7, KNP (both parts) received a total of 1.2 million guests (compared with 1.3 million in the previous year). The visitor numbers include both day visitors (the majority staying in accommodation outside or adjacent to the Park) and overnight visitors staying at camps or lodges located within the Park.

KNP is approaching its estimated capacity of approximately 1.5 million visitors per year. At peak periods (particularly Christmas and Easter) there can be long delays to get in, with quotas at each gate. Some visitors may even be turned away. However, with improved distribution of visitors throughout the year, KNP could accommodate somewhat more than 1.5 million. Otherwise, policy would be to limit the day visitors in favour of the stayover visitors who spend more with an average length of stay of approximately three nights. KNP runs its own safaris for people staying at the tented camps, while the private lodges run their own game drives in special reserves within KNP. Private tour operators pay an annual licence to take clients into the Park. KNP is looking at the possibility of opening more gates; e.g. one for the northern part and one for the southern part (perhaps near KMIA).

KNP is currently undertaking a review of its tourism objectives and strategic approach in respect of visitor management, infrastructure upgrading, links with cultural heritage based opportunities, pricing and sustainable revenue growth, marketing, and transformation and empowerment.

There is a strong desire on the part of KNP management to work closely with the MTPA in the realisation of these objectives.

10.1.2 MTPA Game and Nature Reserves

MTPA manages the following Game and Nature Reserves:

- Blyde River Canyon Nature Reserve (recently designated a National Park – the first in the country to be managed by a provincial agency)
- Barberton Mountainlands and Nature Reserves
- Barberton Nature Reserve
- Loskop Dam Nature Reserve
- Mabusa Nature Reserve
- Mahushe Shongwe Game Reserve
- Mdala Nature Reserve
- Mkhombo Nature Reserve
- Mthethomusha Game Reserve
- Nooitgedacht Dam Nature Reserve
- Ohrigstad Dam Nature Reserve
- S.S. Skosana Nature Reserve
- Songimvelo Nature Reserve
- Sterkspruit Nature Reserve
- Verloren Valei Nature Reserve

In addition, MTPA has recently taken over responsibility for Bushbuckridge Nature Reserve, Manyeleti Game Reserve and Andover Game Reserve.

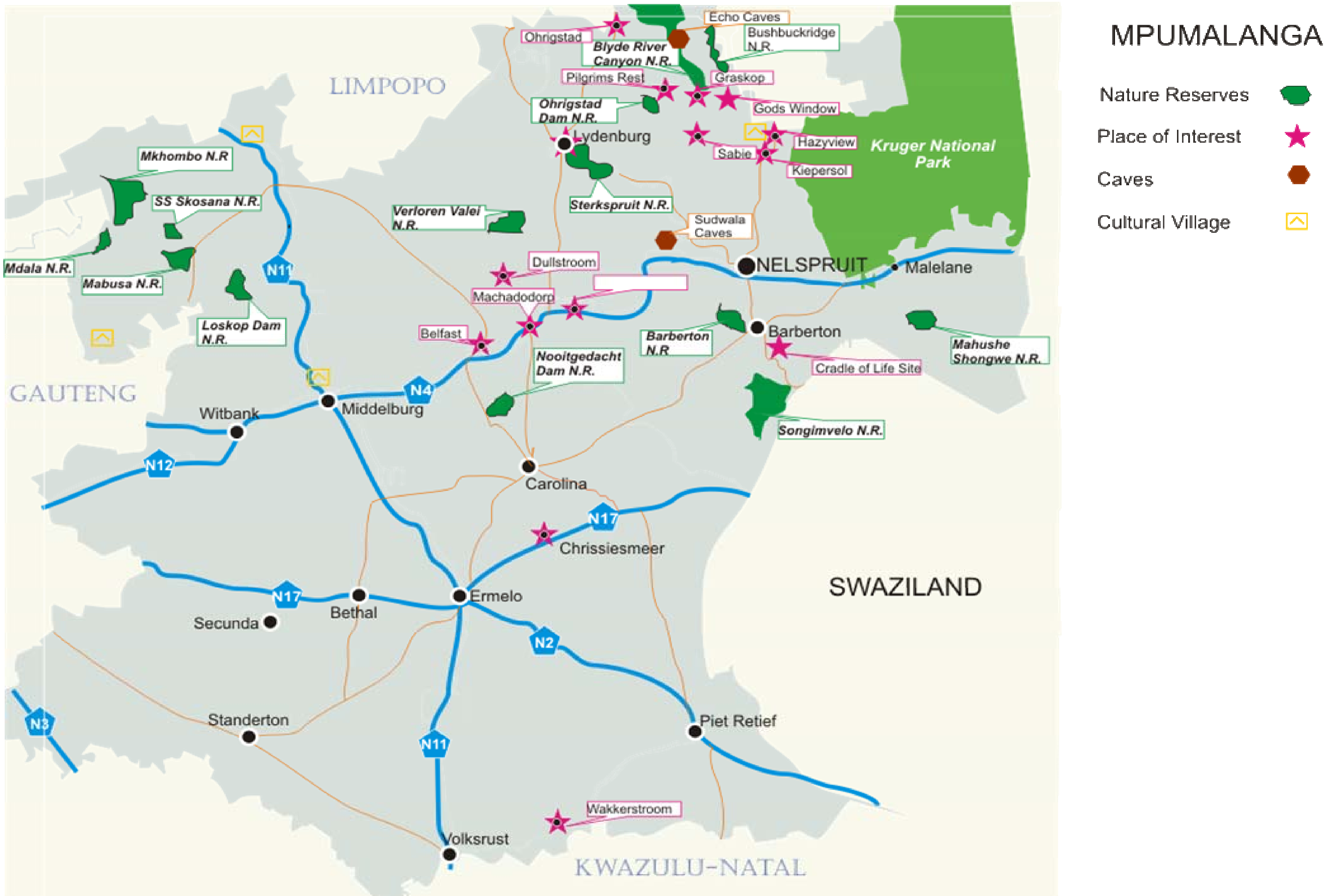
Blyde River Canyon is by far the most-visited of the MTPA reserves (with approximately 250,000 admissions per year, of which an estimated 70 percent are international visitors). The next two in order of popularity are Loskop Dam Nature Reserve and Songimvelo Nature Reserve (which is linked to Malolotja Nature Reserve in Swaziland.

Blyde River Canyon

Blyde River Canyon is Mpumalanga's second most popular natural attraction after KNP. The 25km-long chasm is the world's largest green canyon, while its 700m cliffs making it the third largest canyon of any sort on Earth. The views from the canyon rim have inspired names such as God's Window, Bourke's Luck Potholes, the Pinnacle and the Three Rondavels. The Blyde River is open to white-water rafter's part of the year. A dozen or so waterfalls lie within easy reach of both Blyde River Canyon and the Potholes, including Lone Creek Falls, Kadashi Waterfall, Mac Falls. The Blyde Mariepskop Complex contains well over 2,000 plant species and has been nominated as a World Heritage Site.

10.1.3 Private reserves

Bordering or in KNP are some of the world's most exclusive private lodges, camps and reserves. These include the Sabi Sands Game Reserve, which includes a number of separate game reserves and game lodges. Although these game reserves border Kruger National Park, there are no fences between them and KNP. This means the animals can wander as they please across vast stretches of grazing land. However, not all private lodges are exclusive. A growing number offer more affordable opportunities to those wishing to experience the African bush and wildlife. In addition to those in and around KNP, there are other private reserves and game lodges in other parts of the Province.


MPUMALANGA
Nature Reserves
Place of Interest
Caves
Cultural Village
LIMPOPO
GAUTENG
SWAZILAND
KWAZULU-NATAL
Echo Caves
Ohrigstad
Blyde River Canyon N.R.
Bushbuckridge N.R.
Pilgrims Rest
Graskop
Ohrigstad Dam N.R.
Gods Window
Lydenburg
Hazyview
Sabie
Kiepersol
Kruger National Park
Mkhombo N.R
SS Skosana N.R.
Verloren Valei N.R.
Sterkspruit N.R.
Sudwala Caves
Mdala N.R.
Mabusa N.R.
Dullstroom
NELSPRUIT
Malelane
Machadodorp
Loskop Dam N.R.
Belfast
Barberton N.R
Barberton
Mahushe Shongwe N.R.
Nooitgedacht Dam N.R.
Cradle of Life Site
N11
N4
Witbank
Middelburg
Songimvelo N.R.
N12
Carolina
N17
Chrissiesmeer
Ermelo
Bethal
Secunda
N2
N3
Standerton
Piet Retief
N11
Wakkerstroom
Volksrust

10.2 LOWVELD NATIONAL BOTANICAL GARDEN

The Lowveld National Botanical Garden is one of eight gardens run by the South African National Biodiversity Institute (SANBI), formerly the National Botanical Institute (NBI). It is situated off the R40 to White River, about three kilometres from the centre of Nelspruit. The Crocodile and Nels rivers flow through the gardens.

As with most of South Africa's botanical gardens, the Lowveld NBG consists of a cultivated garden area (about 25 ha) surrounded by a larger area of natural vegetation (about 134ha). In addition to approximately 600 plant species occurring naturally in the Garden, more than 2,000 additional species have been planted. A number of trails wind through the Garden, which is at its best in the summer months.

The park-like ambience make the Garden a popular retreat for local citizens while overseas visitors are attracted by the wide diversity of plants including South Africa's best collection of indigenous ferns, 650 tree species and the rare cycads for which the garden is particularly well-known. A new visitor centre, completed in June 2004, allows access to a part of the garden that was previously unreachable. It houses a fully licensed restaurant; art, décor and book shop, as well as a small information centre.

In 2005/6, combined visitor numbers at SANBI's eight natural botanical gardens reached a record of 1.25 million, the most visited garden being the Western Cape's Kirstenbosch NBG with 750,000 visitors. Although there are no statistics available on visitor numbers to the Lowveld NBG, anecdotal evidence suggests that admissions are not much more than 50,000 yearly.

10.3 SPORTING ACTIVITIES

10.3.1 <u>Fishing, Hunting and Shooting</u>

Mpumalanga's mountainous trout streams attract fishing enthusiasts from all over South Africa and abroad. The rainbow and brown trout fishing industry has encouraged the growth of highland towns, such as Dullstroom, and scores of lodges.

Hunting is available on both privately-owned game ranches, as well as in controlled hunting areas on state land. This includes both non-lethal 'green' hunts with scientists, and lethal hunting safaris featuring all of Africa's Big Five. Hunts can only be conducted by properly licensed Hunting Outfitters, with hunters guided by licensed Professional Hunters to ensure that international ethical and wildlife standards are maintained.

Mpumalanga also offers excellent bird shooting opportunities, including duck, geese, guinea fowl, pigeons, doves and quail, but needs to be restricted to designated areas.

10.3.2 <u>Adventure Trails and Hiking</u>

Mpumalanga brands itself as the adventure sports capital of Africa. The products, which are mainly targeted at the domestic South African market, include:

- Hang gliding and para gliding at the Blyde River Canyon, Barberton and Ngodwana;
- Hot air ballooning at Hazyview;
- Mountain biking at Sabie (which hosts the South African National Mountain Biking Championships every September);
- 4x4 courses, motorcycle rallies, veteran car safaris; and other motor sports (including the country's largest car rallies, such as the Sasol Rally);
- White water rafting and abseiling at Blyde River Canyon, Sabie River and Oliphants River;
- Canoeing and kayaking on the Provinces many rivers, lakes and public dams;
- Other water sports (such as canoeing, yachting and rafting, power and motor boating, skiing, etc.) on Mpumalanga's network of large public dams, including the Kruger Dam near Middelburg, and the nearby Loskop Dam Game Reserve;
- Road running, including the annual Skukuza Half Marathon, the Columbus/ Loskop Marathon and the gruelling Long Tom Marathon;
- Gold panning at Pilgrim’s Rest (which hosted the International Gold Panning Championships in 2005).

10.3.3 <u>Golf</u>

Mpumalanga has 25 golf courses, many of which are renowned for their scenic beauty and excellent winter conditions. Well known courses include Leopard Creek (situated near Malelane, on the southern border of the KNP); Badplaas Golf Course; Graceland Golf Club; Nelspruit Golf Club; Sabie River Golf Club; White River Golf Club; and Skukuza Golf Club (which is situated in the middle of the Kruger National Park). The Jock of the Bushveld amateur championships attracts 1,400 entrants from around the world every May. Recent golf course developments (for example, White River and Leopard Creek) incorporate major real estate components.

However, it should be noted that water shortages in some parts of the Province may constrain future developments.

10.3.4 <u>Sports Facilities</u>

The construction of a R300 million stadium in preparation for the 2010 FIFA World Cup will provide the Province with a major sporting venue, while the planned Bob Woolmer Cricket Academy will serve both as a free coaching facility for young cricketers from all over South Africa and a commercial training facility for regional and international cricketers wishing to hone their skills. Mpumalanga also offers southern Africa's premier high altitude training conditions that draw sportsmen from as far as Europe, the Americas and Asia. The Provincial government has allocated R2 million towards the completion of a feasibility study for a high altitude training centre earmarked for the Dullstroom area.

10.4 OTHER TOURISM PRODUCTS AND ATTRACTIONS

Other types of products and attractions that are actually or potentially important for attracting both international and domestic tourists include:

10.4.1 <u>Agricultural Tourism</u>

Specialist tours are available to farms in each of the Province's four distinct agricultural regions, including farms run by women farmers, who are competing globally in the essential oil, medicinal plant and sugar markets; sunflower and maize farms; a community owned trout farm; beekeeping and forestry projects. The larger fruit, nut and sugar estates also offer tours of their fields and factories on request. In addition, the region's commercial forests are being opened to hikers and other outdoor adventurers. The Province is also home to a citrus wine estate, nut factories, alternative medicine farms run by traditional healers, Africa's most northern vineyard and the southern hemisphere's largest integrated paper mill at Ngodwana.

10.4.2 Industrial Tourism

The Province's coal mines (located mainly in Nkangala District) produce 80 percent of South Africa's total coal production. The country's only black-owned coal mine, Kuyasa Mining, is near Witbank. The mines and quarries welcome package tours, while local mine worker unions are also eager to take tourists into the rural villages to show how ordinary miners live. The massive coal-fired power stations in Gert Sibande District generate about 70% percent of southern Africa's electricity. Secunda is home to SASOL'S world's largest coal-to-petrol plant. These installations are only open to special package tours.

10.4.3 Events and Festivals

Major sporting events include the Sasol Rally, the Jock of the Bushveld Amateur Golf Championships, the annual Skukuza Half Marathon, the Columbus/ Loskop Marathon and the gruelling Long Tom Marathon. Festivals include the National Potato Festival, Secunda; Kosmos Karnival, Secunda; Sejacufe Jazz Festival; and the increasingly popular Mpumalanga Arts & Culture Festival (MACFEST).

10.4.4 Casinos and Other Entertainment Facilities

Mpumalanga has three modern casinos: the Emnotweni Casino at Nelspruit; the Graceland Hotel Casino & Country Club at Secunda; and the Champions Casino at Witbank. These also provide live shows and mainly attract local visitors. While the Province may lack sophisticated nightlife, there are active local theatres (e.g. at White River) and ample live entertainment. The larger townships offer visitors a selection of jazz, kwaito and kwaza clubs in informal settings. Mpumalanga also offers secluded health hydros and yoga retreats, especially in and around Badplaas.

10.4.5 Shopping

Nelspruit's shopping malls are favourite destinations for visitors from both Mozambique and Swaziland, especially for apparel, electronics, computers, cameras, apparel and household appliances.

Shopping is a significant boost to the Nelspruit economy. According to data derived from tax receipts at the Lebombo border post, tourists from Mozambique spend approximately R30 million at retail outlets in Nelspruit every month (PGDS 2004 – 2014).

10.4.6 Meetings and Conference Facilities

The Province has a wide range of facilities for meetings and smaller conferences, but lacks the capability to host large regional or international conferences.

10.4.7 Other Attractions

The Oosterlijn Steam Company (based at Waterval Boven) runs a collection of restored locomotives and vintage carriages on steam safaris to a variety of destinations, including Waterval Onder, Machadodorp and Hazyview. Mpumalanga is home to southern Africa's only dinosaur park at the Sudwala Caves. The Province also offers go-cart racing, paint-ball expeditions, or even a 'green hunt' to dart wild lion, elephant and rhino.

10.5 TOURISM REGIONS

The former Mpumalanga Tourism Authority (MTA) created seven tourism regions with specially designated tourist routes, named Highlands Meander; The Panorama; Cultural Heartland; Wild Frontier; Grass and Wetlands; Cosmos Country; and Lowveld Legogote. Each of the regions is identified with different aspects of the Province's tourism product.

10.5.1 Highlands Meander

The Highlands Meander is South Africa's foremost trout fishing destination. There is excellent accommodation along with a variety of other attractions including hiking trails, nature reserves, rock climbing, spectacular wild flower displays and scenic drives. The region's scenic beauty, diversity and string of historic towns (such as Dullstroom, Lydenburg, Machadodorp, Ohrigstad, Belfast and Waterval Boven) and hideaways have made it a popular weekend getaway for city dwellers from Gauteng.

10.5.2 The Panorama

This spectacular region contains some of country's most beautiful scenery including the Blyde River Canyon, God's Window and Bourke's Potholes. Other attractions include the historic mining village of Pilgrim's Rest (now a national monument) and the villages of Sabie, Graskop, Ohrigstad and Hazyview (gateway to KNP and the private game reserves). Visitors can also enjoy abseiling, bungee jumping, rock climbing, caving, white water rafting, 4x4 trails, hot air ballooning, walking trails and gold panning.

10.5.3 Cultural Heartland

Home of the Ndebele people (noted for their artistic talents), this region offers a variety of tourist attractions, including cultural villages, the Loskop Dam Nature Reserve (which is popular weekend destination) and other nature reserves, and the Botshabelo Cultural Village. Further south are the important mining towns of Middelburg and Witbank. Hunting is available at lodges in the Globlersdal and Marble Hall areas.

10.5.4 Wild Frontier

This region is a gateway to Mozambique, Swaziland and the KNP (with entrance gates at Malelane and Komatipoort). The Makhonjwa mountains, known as the *Cradle of Life*, have some of the world's oldest forms of life. Other attractions include the former mining town of Barberton; the region's hiking and 4x4 trails; the hydro spas at Badplaas; the Samora Machel monument; the Barberton Game Reserve; and the Songimvelo Nature Reserve. The outstanding scenic Bulembu Pass leads over the mountains into Swaziland.

10.5.5 Grass and Wetlands

The highland grasslands are of international significance as birding sites, where a number of rare and endangered species, endemic to the region, attract visitors from all over the world. Wakkerstroom, in the extreme south of the region, is a haven for bird lovers and wild flower enthusiasts, while, in the north around Chrissiesmeer, hundreds of water pans attract flamingo and other water bird species. The region's dams are well known for angling.

10.5.6 Cosmos Country

This important industrial, agricultural and mining region is located to the south-east of Gauteng, offering easy weekend access for visitors. The Grootdraai Dam is a popular watersports destination. Secunda is known for the Sasol fuel-from-coal plant and underground coal mining complex, each amongst the largest in the world. Events include the National Potato Festival; Kosmos Karnival; and the Sejacufe Jazz Festival.

10.5.7 Lowveld Legogote

The southern Kruger Park, and the private reserves on its border, are the major features of this otherwise important tropical fruit and vegetable growing region. The main city, Nelspruit, is the seat of the provincial administration, a major shopping destination and the main departure point for visits to the attractions of the Lowveld. White River, known for its art galleries and lodges, is another base for excursions to both the KNP (via the Numbi Gate) and the scenic attractions of the Panorama route. Other attractions include the Sudwala Caves and the Lowveld National Botanical Garden.

11. SKILLS, TRAINING NEEDS AND HRD

11.1 INTRODUCTION

One of the key objectives of provincial development policy is the development of Mpumalanga's human resources. To this end, priority is being given to investment in human capital formation and the reshaping of the secondary school curriculum to include greater emphasis on vocational training. A shortage of skilled manpower severely constrains growth and competitiveness in the tourism as well as in other industries. The challenge is how to transform the present labour force, which is characterized by a narrow skills base, poor levels of productivity and high levels of illiteracy, into a labour force which meets the requirements of the modern economy.

The Nelspruit Declaration (May 2004) identified human resource development as one of the critical conditions for growing tourism in the Province. This was again highlighted at the Mpumalanga Provincial Growth and Development Summit in February 2005. In addition the Mbombela Tourism Sector Plan[9] identified lack of service ethic and customer care as a major weakness.

The legislative framework for HRD and training in the tourism industry is set by the Qualifications Authority Act; the Skills Development Act; the Skills Development Levies Act; and the National Qualifications Framework.

Under the Skills Development Act, a Sector Education and Training Authority (SETA) has been established in each major industry to assist with the raising of skills. The Tourism, Hospitality and Sport Education and Training Authority (THETA) was established in May 2000 as the tourism SETA.

THETA is responsible for ensuring that training programmes and qualifications are of a high standard throughout the country by accrediting education and training providers, monitoring provision and registering assessors.

11.2 TRAINING DEMAND

Currently, there is very little meaningful national or provincial labour market data for the tourism sector. Accordingly, information on the actual number of employees, their skills levels and employer requirements is not available.

For South Africa as a whole, THETA has estimated that a total of 600,000 persons were employed in the tourism industry in 2000, of which 477,000 were employed in the hospitality sector. More recent calculations by the SAT give a figure of 425,930 for direct employment in the travel and tourism industry and a total of 947,530 jobs, when indirect employment impacts are included.

[9] Mbombela Tourism Sector Plan: Responsible Tourism Plan for Mbombela Local Municipality, Final, March 2006 (Tshwane University of Technology)

In a report[10] prepared for the former Mpumalanga Tourism Authority, it was estimated that approximately 33,000 persons were permanently employed at tourism facilities in Mpumalanga in 2002, with a further 3,600 temporary workers. This excluded employees in the Kruger National Park, estimated at a further 2,100 persons. The greatest number of people permanently employed were in operations (47%), followed by administration (15%), food and beverage (15%) and then general management (12%). A relatively high proportion of jobs were part-time or casual.

It is likely that the bulk of the direct permanent jobs are in the accommodation sector. It is estimated that more than 80 percent of all businesses in the sector are SMMES, the majority of which have limited capacity to provide training to employees who have extensive skills development needs.

11.3 TRAINING DELIVERY – EDUCATION AND TRAINING SUPPLY

Nationally, some 97 government institutions and private training colleges and 276 other private training institutions are registered with THETA. However, this list is known to be incomplete as most enterprise-based training providers are not accredited with THETA.

[10] Report f& Database for the Mpumalanga Tourism Authority (developed by the Institute for Tourism and Leisure Studies at the Potchefstroom University for CHE, 2002)

11.3.1 Formal Training

(i) Degree or Diploma Level

Tourism training on a NQF level 5 and above is lacking in the Province. Currently, Tshwane University of Technology (TUT) is one of the few tertiary institutions seeking to address this problem. Other institutions engaged in the field of tourism education and training are located outside Mpumalanga, including the University of Johannesburg's School of Hospitality and Tourism (which incorporates the former Technikon Witwatersrand Hotel School); the former Swiss-supported North West Hotel School (with campuses at Mafikeng and Ga-Rankuwa) which offers one-year certificates, two-year diplomas, three-year advanced diplomas, and various skills programmes (short courses registered by THETA); and industry schools (such as Three Cities Hotel School, International Hotel School, Protea Hotels In Service Training).

It is planned to establish a National Institute for Higher Education in Mpumalanga, but course details are not yet available.

(ii) Certificate Level

Established in 1993, the Mpumalanga Regional Training Trust (MRTT) is a specialized training institution that equips individuals with skills across a wide range of fields. Registered as a THETA service provider, it operates the Hospitality & Tourism Academy (and 4-star MRTT hotel and conference centre) located between Ka-Nyamazane and Nelspruit. It was officially opened March 2005. It provides THETA-approved skills and certificate programmes in hospitality and tourism-related programmes. Prior to certification, learners are placed in hospitality and tourism-related operations for experiential training programmes. There is Marketing and Placements Officer whose responsibility is to find suitable employment for the school's graduates.

The programmes currently offered are two certificate and two skills programmes:

Programme	Level	Duration	No. of Students
Assistant Chef's	NQF Level 02	3 Months	20
Receptionist	NQF Level 02	3 Months	20
Prof. Cooking	NQF Level 04	1 Year	20
Food & Bev. Ser.	NQF Level 04	1 Year	20

Envisaged new programmes include diploma level courses in hotel management; professional cookery; front office; etc. Immediate priorities are for a new certificate programme in housekeeping; training programmes for tour guides; and in-house short training courses for operators of guest houses and lodges.

(iii) FET Colleges

The Province is developing three Further Education and Training (FET) colleges - one each in the Gert Sibande, Ehlanzeni and Nkangala districts - which are intended become 'cutting edge' skills training centres for unemployed school leavers who did not go to college or university and for youths and adults who seek training opportunities. This follows the merger of former technical colleges as part of the FET transformation programme, and comes after concerns of the National Department of Education regarding the relevance and responsiveness of South African FET College curricula to the requirements of employers and the economy. Tourism is among the specific skills to be addressed by the new FET colleges.

(iv) In-House Training

Many major employers deliver significant skill development through their own in-house training establishments or operations. For most staff, particularly those employed in the larger chain hotel groups and tourism establishments in the parks and reserves, the only form of training they receive is in-house or on-the-job training, including refresher courses. Apart from those employed by the larger hotels (e.g. Southern Sun, Sun International, Protea, etc.), comparatively few receive structured in-company training. Certain enterprises do not offer employees any training at all.

In most cases, in-company training consists of ad hoc courses provided by the company's own staff (where a new employee works together with and under the supervision of a more skilled staff member) or by external consultants or agencies, but rarely forms part of a continuous or structured approach to enhance the quality of services offered.

A variant of the traditional on-the-job training approach is a learnership scheme in which graduates from secondary junior schools are systematically trained on-the-job in selected companies by a trained and certified mentor. THETA has been entrusted with project implementation and management of the Tourism Learnership Project (TLP) by the Business Trust and the Department of Labour - which is accelerating the provision of learnerships and skills programmes with a view to promoting better service. Training is combined with lessons for one day per week in a variety of subjects related to the trainee's specific profession. Although usually focusing on positions in food and beverage departments and housekeeping, the apprenticeship system is also applicable to front office, maintenance and other departments. In addition, THETA traineeships are offered to unemployed persons (two per hotel) who receive R1000 per month from the hotel which is later refunded by THETA.

In-house training is sometimes perceived as a solution to deeper problems affecting the output from the formal training institutions.

(v) Private Colleges

At national level, there has been a proliferation of private colleges offering various tourism courses. Private colleges, like their government sector counterparts, tend to concentrate more on full-time programmes, thereby making it difficult for many would-be trainees from SMMES and rural communities to participate. Moreover, the quality of training from some of the private colleges can be questionable.

(vi) Ad-hoc Training Courses

In addition to those offered through THETA, training courses are also provided by bodies such as the Grading Council (training of accommodation assessors); DEAT (support system for tour guiding); National Registrars and Provincial Registrars (tourist guide registration), while the Tourism Enterprise Programme (TEP) is a significant tourism SMME support programme funded by the private sector which includes training.

Although filling an important gap, such courses are too irregular and do not form part of a structured tourism training plan or programme, with little in-company follow-up.

The TLP incorporates a national customer services programme, called SA Host, which aims at building personal, professional and community pride while inspiring a greater commitment to giving excellent customer service. It focuses on training people in interpersonal communications, customer relations and service. The programme has nine regional trainers who conduct customer care courses throughout the country.

11.4 TOURISM EDUCATION

In schools, tourism has now been accredited as one of the Grade 12 level subjects. Over 55,000 South African high schools offer travel and tourism as a high school subject. This helps to inform schoolchildren about prospects for careers in the tourism industry. There is need to develop a supplementary career guidance and advisory database.

11.5 TOURISM AWARENESS

There is need to raise the awareness and understanding of the importance of tourism to the local economy among the public, local government officials, police departments, the media, stakeholders and opinion formers. Education of the local community and information sharing and cooperation among stakeholders, will generate a more cohesive awareness and a better appreciation of the industry as a whole. This can be achieved through development and implementation of a media campaign, networking and information exchange, research and advocacy. Other initiatives, such as a tourism mascot, school lecture tours, career fairs and essay competitions, can raise awareness among children and young people about the importance and benefits of tourism and help to build local pride. This might also lead to the curtailment of the present tendency in some sections of the industry to indulge in 'price gouging' of tourists.

11.6 KEY ISSUES AND CHALLENGES

The main challenge with human resource development in the tourism sector is to substantially increase the effectiveness of the HRD support system. In this regard, a number of challenges have to be addressed:

(i) Training gaps

At national level[11], stakeholders believe a skills shortage is constraining growth and that this is likely to intensify as tourism demand grows. The weak linkages between industry and the training institutions are seen as a major contributory factor.

The skills gap in the industry is centred around managerial capability. Preliminary findings from ongoing DEAT research show that the main skills shortages in the sector are in the intermediary and high-skills level band. It appears to be particularly difficult to recruit skilled *black* professional and managers. Vacancies of operational staff are more easily filled as minimal training is required. On the other hand, a surplus of skills in some generic areas has been identified. The recruiting process is heavily weighted towards previous experience, as the industry attaches little value to formal qualifications. There are high rates of turnover among junior and supervisory staff, some to better-paid overseas jobs. As a result, South Africa's tourism competitiveness is being hampered by a failure to fill key gaps and to systematically upgrade skills. The impacts of the skills gap are sub-standard levels of service provision; declining skills levels (due to inappropriate qualifications); and delay in meeting national transformation goals for the industry.

These findings are equally applicable at provincial level in Mpumalanga.

(ii) Current Training Modalities Inadequate

Current training efforts only address a relatively small proportion of the overall demand for skills development and capacity building. Present approaches to filling the gaps include in-house training programmes and a proliferation of externally provided educational and training courses. These have only moderate success as they are often equipping students with the wrong skills. Many formal training courses, including some of those at MRTT, are not in line with industry needs.

None of the existing methods of delivering tourism training is satisfactory. The type of courses, number of trainees and the level of training is not meeting the needs of the industry. To meet the projected training needs, the MRTT

[11] Based on findings of the joint THETA/SA Tourism Skills Review Project Phase 2 (February 2005)

will have to greatly expand its current programmes. Additional manpower will also be needed. The MRTT training needs to be supplemented by a network of effective in-house training and a province-wide system of mobile accelerated training for small tourism enterprises delivered by a cadre of professional trainers.

(iii) Sector Skills Plan

There is need for an in-depth HRD assessment to inform the preparation and implementation of a sector skills plan that addresses real needs at provincial level. Under existing conditions of supply shortfalls and scarce resources, it is essential that efforts be targeted at areas with the highest potential for leveraging excellence in tourism service. A major challenge is to accelerate training for historically disadvantaged people and to develop a BEE strategy for HRD in the tourism sector**.** Training is also needed for public officials, taxi drivers, street vendors, etc.

In addition, there is need for a body to monitor the delivery of tourism training in the Province on a regular basis, as well as for a tourism ‘watchdog’ to carry out random checks on service levels and to monitor pricing and health standards.

12. DESTINATION MARKETING

One of the main functions of the MTPA is destination marketing, achieved through a combination of activities such as advertising, production and distribution of collaterals, public relations and through its web-site.

The MTPA undertakes all of these activities, the main constraint being lack of funds. In this regard the MTPA is severely under-resourced.

Currently, the MTPA's total budget is in the region of R145 million. However, when the expenditures associated with the operations and management of the parks/reserves are excluded, the MTPA's operational budget for marketing, product development, HRD, research etc., is only about R30 million, of which approximately R8 million is spent on direct marketing activities (i.e. excluding salaries, overheads and expenses). By contrast, the KwaZulu Natal Tourism Authority's budget is about R58 million, half of which (almost R30 million) is spent on direct marketing activities

12.1 MARKETING STRATEGY

As outlined in the MTA's Annual Report 2004/5, the marketing strategy to date has been to:

- network with strategic partners in order to promote partnerships
- create a platform for the Province's tourism producers/supplies to promote their products to travel trade buyers
- develop strategic opportunities to increase Mpumalanga's exposure in domestic, regional and international markets.

12.2 REGIONAL BRANDING

An element of the strategy was to promote Mpumalanga on a regional/branded basis – the Panorama, Cultural Heartland etc., in an attempt to give more 'depth' to the Province's attractions and at same time get a better spatial spread of tourism. In principle, the concept makes sense. In practice it hasn't worked for the most part and has in fact resulted in a diffused image and fragmented approach to marketing Mpumalanga. For example, although there are brochures/maps on the different regions, they are of variable quality. Moreover, there is no touring map/brochure on the Province which integrates the various regions.

The reason why this regional branding approach hasn't worked is fourfold. Firstly, Mpumalanga does not have a strong image in the market place – the Province is not known abroad and lacks a clear identity within the country. Secondly, not enough was spent on marketing. Thirdly, there is a lack of critical mass of attractions and facilities in most of the regions. Fourthly, individually, the attractions are not strong enough to be major draws. That this is the case was illustrated in an article on 'Selling South Africa to the World' in the Star newspaper (8^{th} May) which highlighted the country's outstanding sites of scenic, historical and cultural significance. Sites in seven provinces were described; Mpumalanga was not among them.

We are not suggesting that the regional branding concept should be abandoned entirely – just that the Province's approach to destination marketing in the foreseeable future should not be founded on a regional branding strategy. In the long run, with the development of product in the regions, the concept could be revisited.

12.3 MARKETING ACTIVITIES

The main marketing activities undertaken include:

(i) participation at major exhibitions and workshops

- WTM-London, ITB-Berlin, Indaba-Durban
- Getaway shows in Johannesburg and Cape Town
- Workshops in Pretoria, Sun City, Stellenbosch and other cities

(ii) print and broadcasting media

- generic advertising and editorials in various publications such as
  - Update magazine (Southern Sun Hotels)
  - Sawubana (SAA in-flight magazine)
  - South Afrika magazines, Germany
  - Fact filer, UK

(iii) collaterals

- 'Sunrise', MTPA's official publication
- Game & nature reserves brochure
- Maps of province

(iv) publicity and PR

- video on Mpumalanga shown on the plasma screens at OTIA
- journalists familiarisation trips.

(v) web-site

Increasingly, tourist destinations are using their web-sites not only to provide information to potential tourists, but also to actively sell holidays (through links to product suppliers) and customer relations management (CRM).

The MTPA's web-site (www.mpumalanga.com) was launched in May 2007 at INDABA. Although there are particular elements of the site still under construction, there are a number of shortcomings which need to be addressed, viz:

- no overall map of Mpumalanga – the site assumes that the viewer is familiar with the geography of the Province. But this is patently not the situation, particularly where foreign tourists are concerned

- although the main tourism source markets for Mpumalanga are international and regional, the site is geared almost exclusively to the domestic tourist market. Although the domestic tourist would most likely know where the Province is in South Africa and how to get there, few (if any) foreign tourists know the location of the

Province and how to get there. Moreover, there is only an English language version of the site.

- some links to operators and local tourism associations etc, do not work – for example the link to Forever Resorts doesn't work, or indeed, the link to associations, tourism services etc

- search engine sub-optimization

  – using Google to access *South African Tourism*, Mpumalanga does not feature on any of the pages. Cape Town, North West Province, Eastern Cape, the Garden Route all feature on the first five pages

In fact, the South African Explored Mpumalanga site (www.sa-venues.com) is considerably better. This site has maps, photo gallery and links to accommodation, tours, allowing bookings to be made on line. It also has a German language version.

12.4 TOURIST INFORMATION OFFICES

The tourist information offices (TIOs) fulfil a very important servicing function for tourists by providing information on places of interest, events,etc., in their respective localities. The TIOs also have another important function – disseminating information on the attractions, things to-see-and-do in the neighbouring localities. In this regard their role has been constrained by inadequate supplies of tourist information literature from neighbouring localities and regions, inadequate display facilities and lack of knowledge of tourism in other areas.

13. INSTITUTIONAL ARRANGEMENTS

13.1 PROVINCIAL GOVERNMENT

Because of the diverse nature of tourism, there are many departments, state owned enterprises (SOEs) and NGOs which have important roles in relation to tourism.

The Provincial Government Department with responsibility for tourism is the Department of Economic Development & Planning. The MTPA is legislatively delegated the responsibility for tourism promotion and development in Mpumalanga.

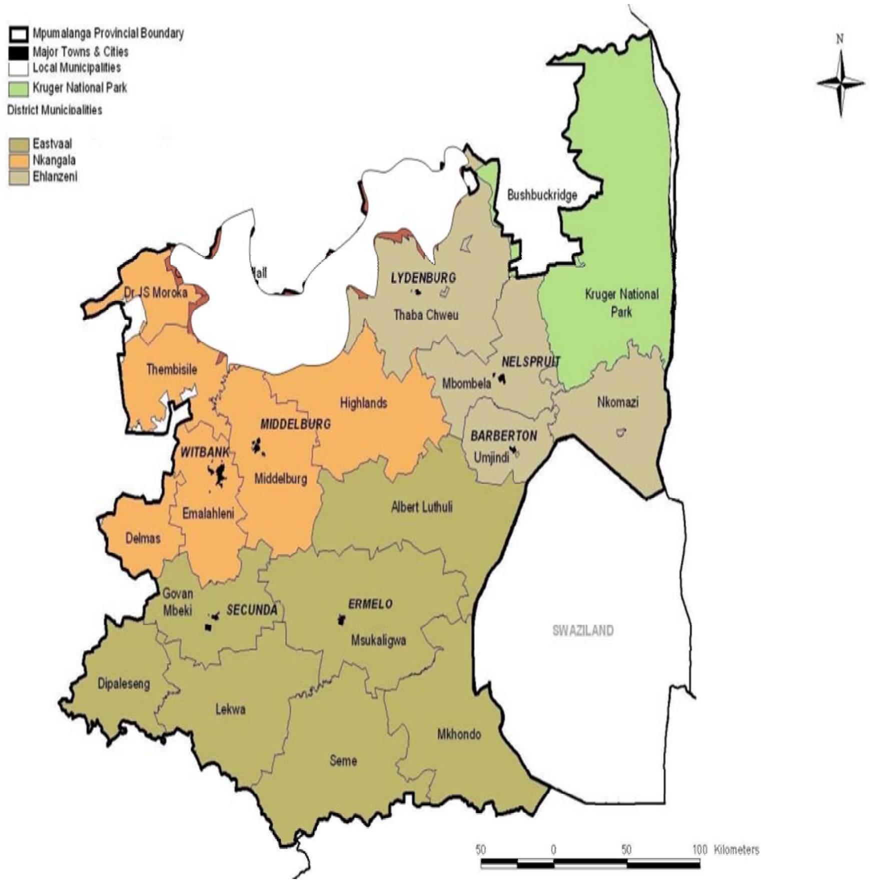
13.2 DISTRICT AND LOCAL MUNICIPALITIES

The Province is divided into three district municipalities, which are further subdivided into 18 local municipalities. There are responsible for the preparation and implementation of Integrated Development Plans (IDPs) at district and local level, which can have a major bearing on economic, including tourism, development.

Table 13.1: District and Local Municipalities

District	Local
Gert Sibande	Albert Luthuli, Msukaligwa, Mkhondo, Pixley kaSeme, Lekwa, Dipaleseng, Govan Mbeki
Ehlanzeni	Thaba Chweu, Mbombela, Umjindi, Nkomazi, Bushbuckridge
Nkangala	Delmas, Emalahleni, Steve Tshwete, Highlands Emakhazeni, Thembisile, Dr. J. S. Moroka

Figure 13.1: District and Local Municipalities



13.3 REGIONAL TOURISM ORGANISATIONS

The seven tourism regions created by the former Mpumalanga Tourism Authority (MTA) were formalised as Regional Tourism Organisations (RTOs) and established as Section 21 companies. Funding was seen as coming from a number of sources – membership, District Municipalities, activities.

Operating guidelines were formulated covering structures, roles and responsibilities, operational procedures and administration. As outlined, the roles and responsibilities of the RTOs are extensive, covering

- broading the tourism base in the region
- providing holistic tourism planning and marketing
- developing linkages and cooperatives
- establishing accredited information centres
- creating institutional arrangements to support growth

Membership of the RTOs is open to all stakeholders, including the Local Tourism Organisations (LTOs). The Chairpersons of the RTOs form an RTO Chairpersons Forum.

13.4 LOCAL TOURISM ORGANISATIONS

There are an estimated 35 Local Tourism Organisations (LTOs) in the Province. These local organisations and associations are generally very active in promoting and developing tourism to their respective areas. These activities include production of collaterals, organisation of events, operation of tourism information offices etc. In all, the LTOs in the Province have some 2,500 members.

13.5 PRIVATE SECTOR

The private sector is well structured both sectorally (through FEDHASA, SATSA, MISA etc) and regionally (through the 35 LTOs and 7 RTOs).

13.6 MPUMALANGA TOURISM & PARKS AGENCY

13.6.1 Role and Functions

The MTPA was established under the Mpumalanga Tourism & Parks Agency Act 2005, with the objectives to:

a) ‘provide for effective management and conservation of bio-diversity and eco-systems within the Province;

b) develop and ensure effective management of protected areas

c) foster, promote and sustainably develop and market tourism; and

d) promote and create socio-economic growth and transformation within the tourism and conservation industry, thereby creating economic and employment opportunities for previously disadvantaged individuals and local communities in the Province.’

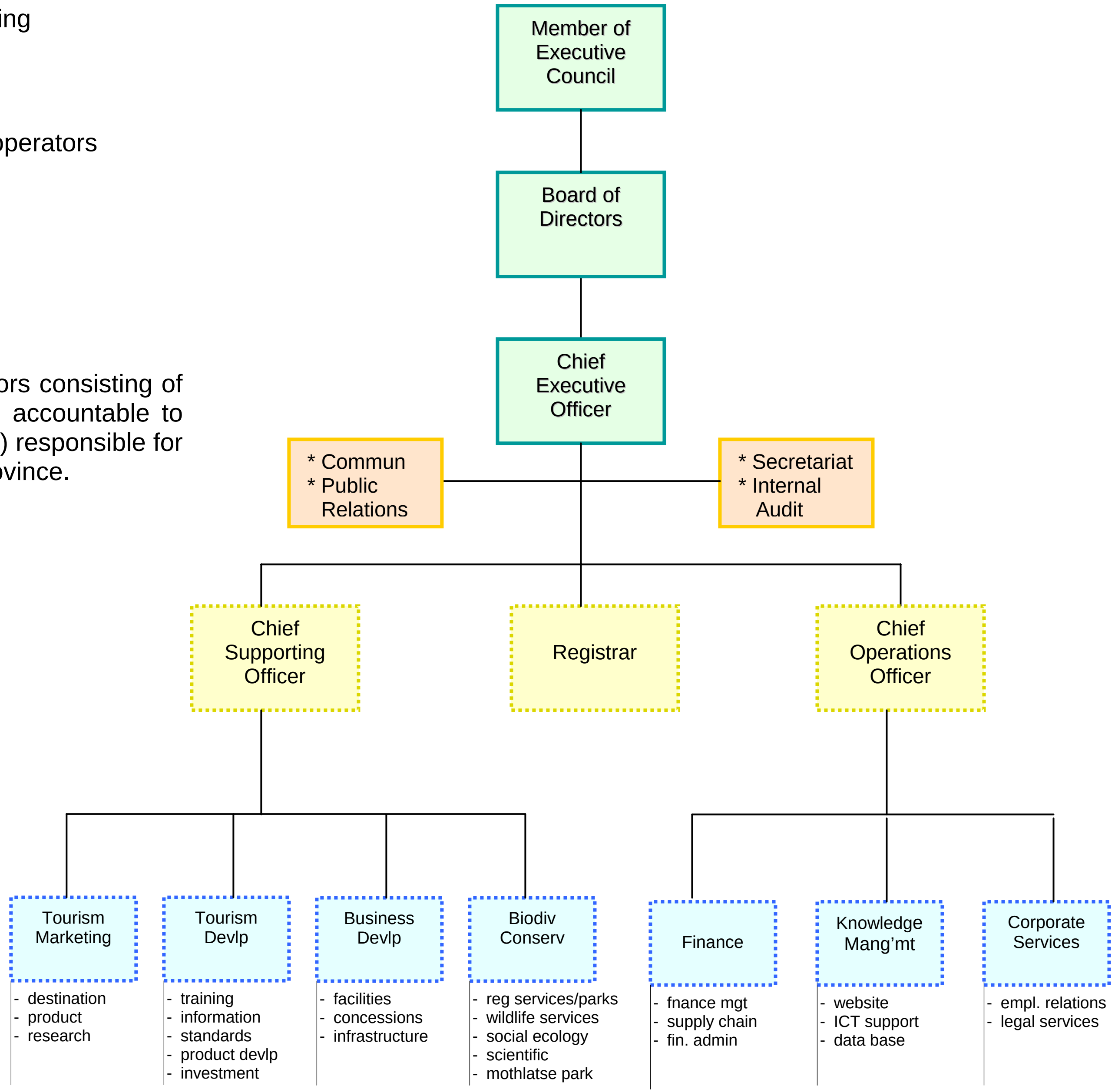
In achieving these objectives, the MTPA has a wide range of powers which gives the organisation the statutory responsibilities for:

- destination marketing
- product development
- training

- product standards, classification & grading
- research and information
- dissemination of tourist information
- public relations and communications
- registration and certification of tourism operators
- conservation management
- public awareness and education
- managing designated protected areas
- promoting economic transformation

13.6.2 Organisational Structure and Funding

The MTPA is directed by a board of directors consisting of a chairperson and up to eleven directors, accountable to the Member of the Executive Council (MEC) responsible for tourism and conservation matters in the Province.



MTPA activities are funded by the Provincial Government. Excluding operational an capital expenditures associated with management of the parks and reserves, the MTPA's annual budget for marketing, HRD, product development, research, etc., is estimated to be about R30m, of which about R8m is spent on marketing.

Table 13.2: Breakdown of MTPA's Budget*, 2006/7

Budget Heading	R (000s)	Details
Tourism Devlpmt	22,000	Training, product devlpt, standards etc
Tourism Marketing	8,000	trade shows, collaterals, website, advertising , research

* excluding park management costs

13.7 INSTITUTIONAL RELATIONSHIPS AND ISSUES

The institutional relationships between the main stakeholders in the Province is illustrated on Figure 13.2. Based on a review of the institutional arrangements and the deliberations of the stakeholders at the Tourism Planning Workshops convened in April 2007 in connection with the preparation of this growth strategy, the following issues were identified.

- <u>Arrangements unnecessarily elaborate and complicated</u>

The institutional arrangements as outlined on Fig. 13.2 are more appropriate for a large tourism sector. For Mpumalanga, with about 250 small size tourism establishments, the structures are unnecessarily elaborate, complicated and expensive (in terms of executive time) to operate. As a result, the arrangement hasn't been effective.

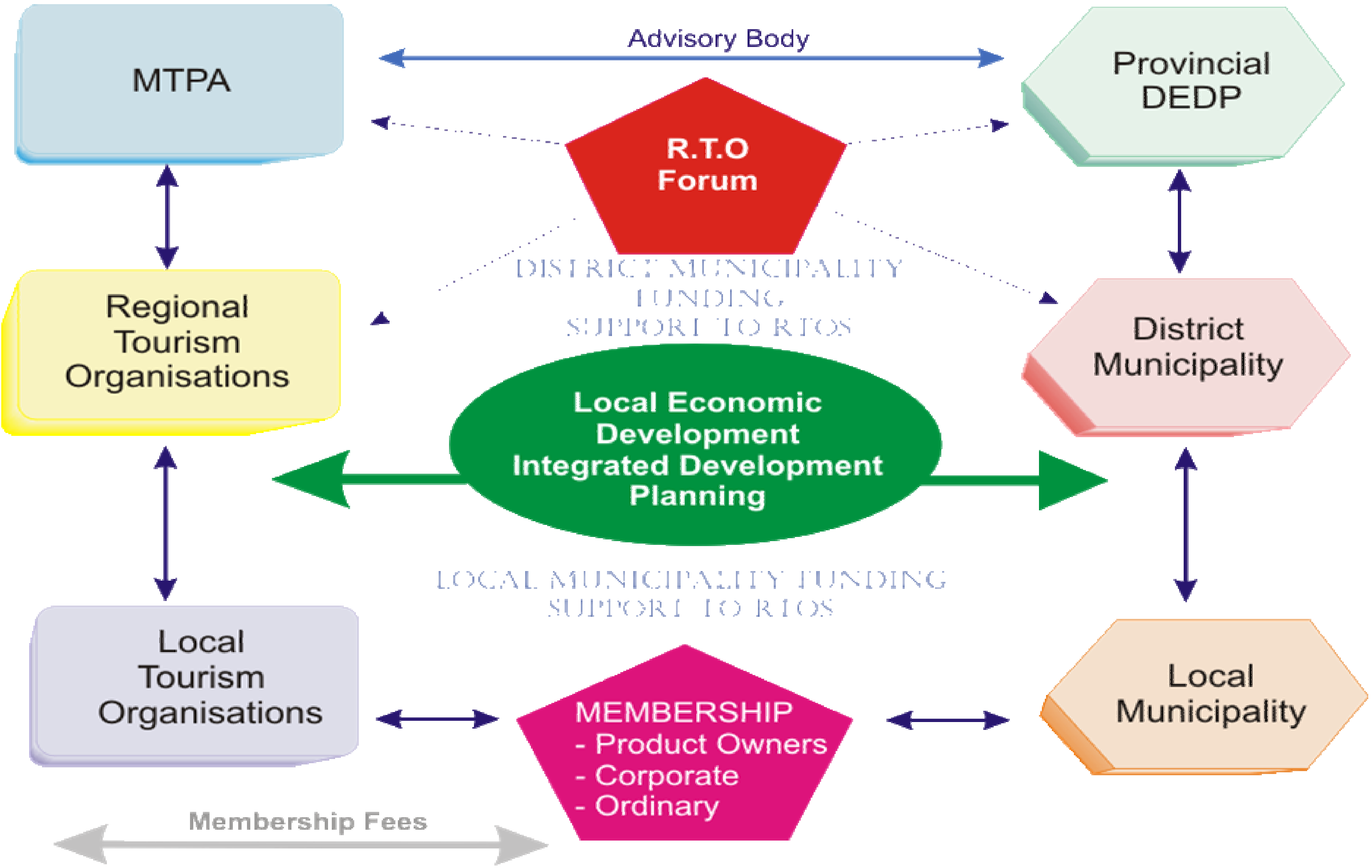
- <u>Poor communications with and between stakeholders</u>

According to the Tourism White Paper, tourism should be 'government-led, private sector-driven and community-based'. However, for this approach to be effective there must be good communications and coordination of activities between all stakeholders. This is lacking in the Province. Equally important, the modalities or mechanisms for effective communications are lacking.

- <u>Status and role of RTOs unclear</u>

Because of lack of funding, it is questionable whether the RTOs have ever been able to discharge their designated functions effectively. Indeed, it could be argued that their goals and functions were too ambitious, given the small scale of the tourism sector within the various regions and the inadequacy of resources. These issues have been compounded by the abolition of the MTA, leaving the present status and role of the RTOs unclear.

Figure 13.2: Organigram of Provincial Relationships Between Government Structures and Private Sector in Mpumalanga



- <u>RTO areas do not accord with administrative boundaries</u>

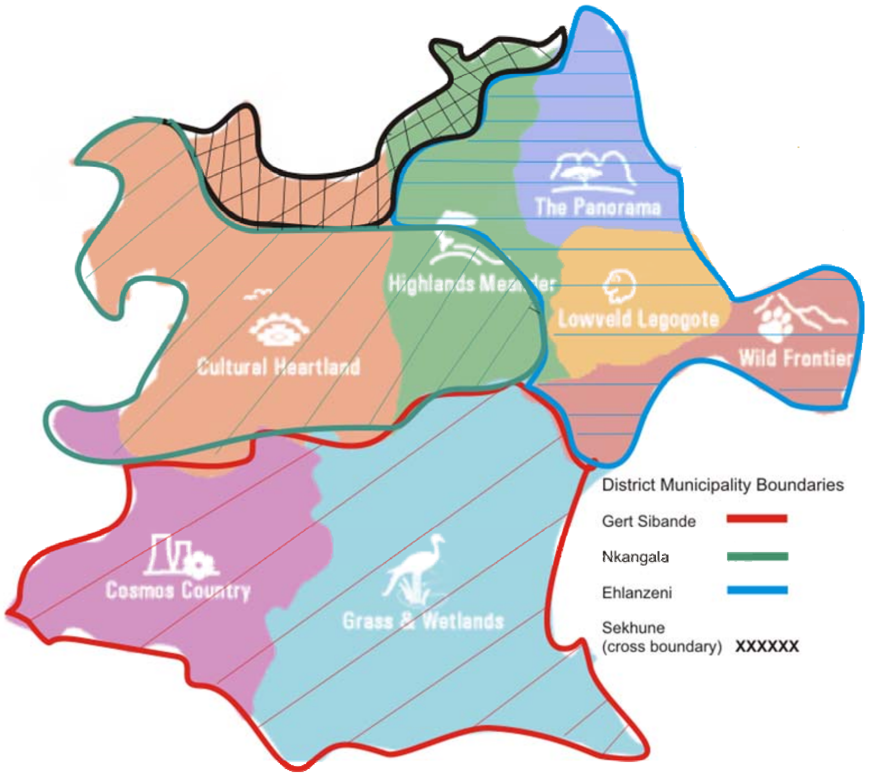
The RTO areas are not aligned with the district municipalities' boundaries. If the RTO areas are considered as 'tourist routes' this is not a problem. If, on the other hand, the RTOs are considered as 'tourist development areas', then this would constitute a problem as the District Municipalities and the Local Municipalities have the responsibility for the implementation of the integrated development plans.

- <u>RTOs and LTOs deemed not to be fully inclusive</u>.

The introduction of RTOs (at district municipality level) and LTOs (at local municipality level) have been welcomed by district municipalities in the Province. They are seen to be good vehicles to support the growth of the tourism sector and to encourage involvement of all South Africans in the sector.

It must be noted that the RTOs and LTOs are predominantly driven by the private sector practitioners. Whilst this in its own right has tremendous benefits for the tourism sector as it benefits from the experiences of the private sector, it also poses challenges in that it continues to sustain the exclusion of the black majority of South Africa.

At district level, RTOs are being encouraged to transform their representatively as well as their programmes. The district municipalities are considering financial support to some of the operational programmes of RTOs, once transformation has been achieved.



Some local municipalities have begun a process of outsourcing the marketing of tourism to their LTOs and they have put in place memoranda of understanding to support these relationships.

- Inadequate engagement by MTPA with District Municipalities

The relationship between the MTPA and district municipalities requires serious effort. The Districts feel that the MTPA needs more than just a reshuffle of a Board and a name change. The MTPA needs to align its programmes with those of the Districts and to consider the planning platforms that Districts have put in place and to support these when developing interventions in local economic development.

The Districts also feel that there is no coherent strategy in place to market the province that will in turn benefit the planning programmes at district level. The visits to the Indaba in Durban and other international arenas have been helpful in their own right in exposing the offerings of the Province holistically but there is a real need for the Province to develop its own exhibition event(s) with a dual role of bringing tourists to the Province and to expose the communities in tourism development and facilitation.

There is a need to co-ordinate programmes at provincial and district level. There has been no visible input from the MTPA on the Integrated Development Plans (IDPs) that districts have been finalizing in the past couple of months. This is an area of concern for Districts as they feel that the lack of integration of programmes will continue to undermine development of the Province.

The footprints for the products managed by MTPA are in the Districts and yet there is no relationship between MTPA and the Districts on the development and management of these assets. Some of the nature reserves are in an unappealing state and this is a matter of concern for Districts. But with limited dialogue between MTPA and the Districts, the situation is not likely to improve.

There has been little or limited discussion between the Provincial Government and Districts on the preparations for the World Cup 2010 and its opportunities for the tourism sector as a whole.

The relationship between line departments at provincial and national government with Districts is also quite problematic and requires attention.

- Involvement of Traditional Authorities

At District Municipality level, there has been a concerted effort to establish good relations with traditional authorities. In some instances, the Tourism Working Groups at local and district level have invited representatives of the traditional authorities to be part of their structures and this had yielded some positive results.

In certain districts of the Province, communal land is still available for development and this land is managed by traditional authorities. Some prominent tracts of the land in the Province are under land claims and traditional authorities are at the centre of managing these processes.

Good relations would be helpful in ensuring that land could be made available for development of the sector and where the land under dispute is used for tourism, good relations could be supportive of continued use of the lands for the intended purpose under good management arrangements.

PART III: STRATEGIC FRAMEWORK

14. TOURISM'S VALUE AND GROWTH OBJECTIVES

Tourism's value to the economy is measured in terms of:

- boosting GDP growth
- employment generation
- tax revenues to government
- income generation at community level
- foreign exchange earnings, and
- linkages with other sectors of the economy.

The economic impact derives from the spending by tourists.

14.1 NATIONAL ECONOMIC IMPACT

Preliminary statistics[12] for 2006 indicate that spending by foreign tourist arrivals and from domestic trips amounted to R61.2 billion.

National Value of Tourism, 2006

Variable	Arrivals (000s)	Spend R (Million)	Avg. Nights
Foreign Tourist	8,400	44,700	8.2
Domestic Trips	37,100	16,500	n/a
Total	**45,500**	**61,200**	**-**

Source: South African Tourism

[12] Indaba 2007 Factsheet, South African Tourism, May 2007

Although domestic travel accounted for four fifths (82%) of tourist volume, foreign visitors contributed the bulk (73%) of tourism spending.

Contribution to GDP

Tourism's direct contribution to GDP in 2006 was estimated at R57.3 billion, representing about 3.4% of national output. However, when the indirect impacts of tourist spending are also taken into account, tourism's overall contribution to GDP is estimated at 8.3%.

Contribution to Employment

The number of jobs directly dependent on tourism was estimated at 425,930 for 2006. When the indirect impacts of tourist spending are also taken into account, the total number of jobs directly and indirectly dependent on tourism in 2006 was estimated at 947,530 – about 7.5% of total national employment.

14.2 PROVINCIAL ECONOMIC IMPACT

As statistics are not available on tourist spending in the various provinces, we have made a number of simplifying assumptions[13] when calculating the value of tourism to Mpumalanga's economy.

[13] Main assumptions are that a) average daily expenditure by foreign tourists in Mpumalanga is the same as in the rest of the country and b) that spending patterns of domestic tourists per trip in Mpumalanga is the same as in the rest of the country.

Value of Tourism to Mpumalanga, 2006

Variable	Arrivals (000s)	Spend R (Billion)	Avg. Nights
Foreign Tourist	1,200	3.0	4.0
Domestic Trips	1,800	0.8	n/a
Total	**3,000**	**3.8**	**-**

Source: South African Tourism, Consultants estimates

Contribution to GDRP

When allowances are made for leakages etc we estimate that tourism's direct contribution to the Mpumalanga economy was about R3.5 billion, representing 3.0% of the Province's output (GDRP) in 2006. When the indirect impacts of tourist spending are also taken into account, tourism's overall contribution to GDRP is likely to have been between 7 and 8%.

Contribution to Employment

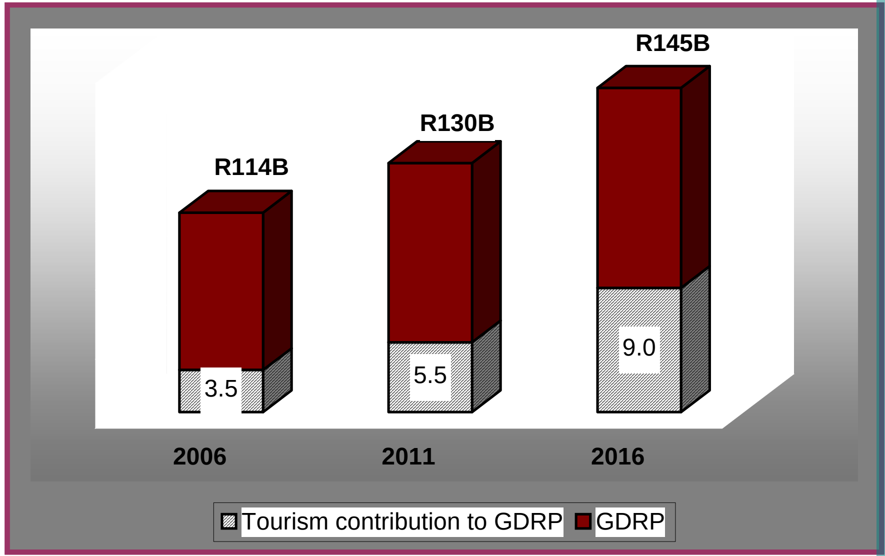
In the absence of employment statistics for the tourism sector we have use the very simplifying assumption that the relationship between tourism's contribution to GDP and direct employment at national level holds true at provincial level for 2006. On this basis, we estimate the number of jobs directly dependent on tourism to be about 30,000.

14.3 GROWTH OBJECTIVES FOR TOURISM

The Provincial Government wishes to develop the tourism sector as a driver of economic activity and diversification. The Mpumalanga Provincial Growth & Development Strategy (PGDS) has established tourism as a priority sector as the Province has the natural and cultural resource base upon which to develop a sustainable industry on the one hand and on the other, take advantage of the expanding markets for international and domestic travel.

The PGDS has set goals and targets to improve the economic performance of the Province.[14] GDP is targeted to increase by 2.5% annually. For tourism, the target is to increase by 10% per annum its contribution to GDP.

This is a formidable challenge. It means that tourism must grow consistently by 10.0% yearly, significantly outperforming not only the Mpumalanga economy generally, but also the national tourism industry.



[14] Mpumalanga Sector Studies Integrated Strategic Document, January 2007

With the achievement of this growth over the next decade, tourism's direct contribution to the provincial economy will represent about 6% of GDRP in 2016. When the indirect impacts of tourist spending are also taken into account, tourism's overall contribution to Mpumalanga GDRP could be as high as 15%.

For the Province the target is to increase tourist spending from international and domestic tourism from the estimated R3.8 billion in 2006 to just over R10 billion in 2016, in terms of constant money values.

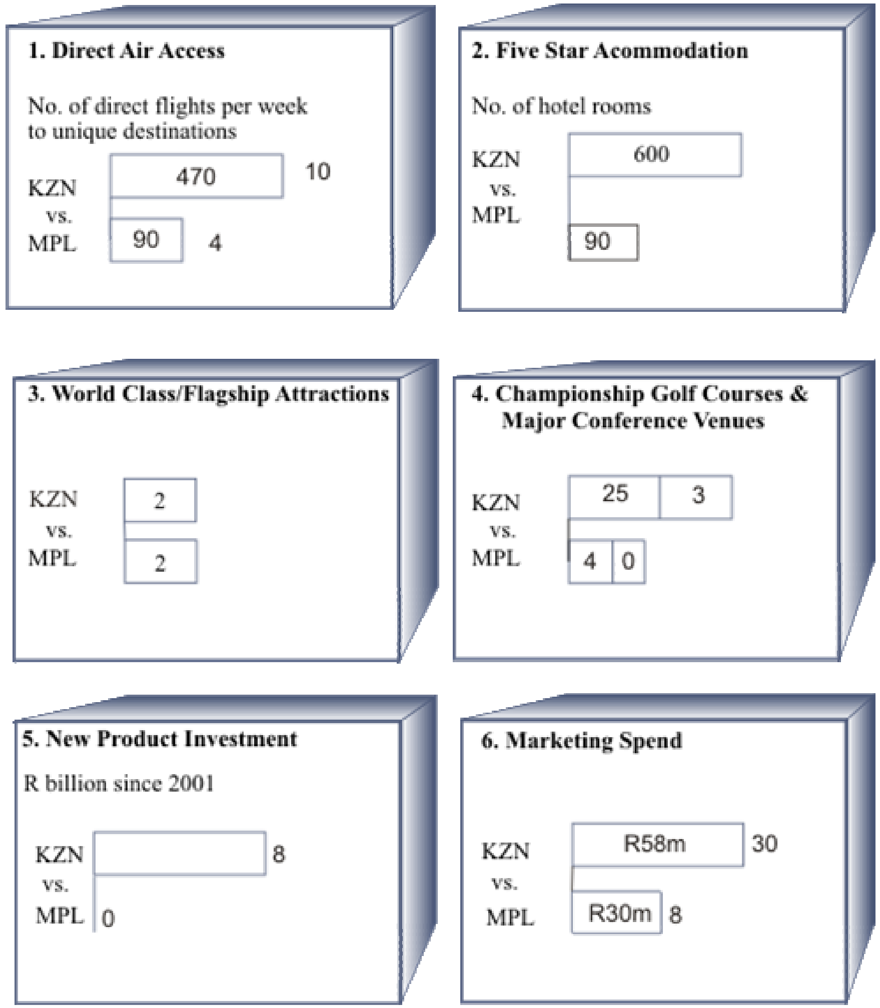
15. DEVELOPING A COMPETITIVE TOURISM PRODUCT

A number of elements go to make up a competitive tourism product – the key ones being:

- direct and frequent access
- range of good accommodation and high standards
- variety of attractions, things-to-see-and-do
- new product investment
- destination marketing spend

Mpumalanga is targeting a direct tourism spend of R10 billion by 2016 in terms of constant money values. As KZN currently earns about R14 billion in tourism revenue, a comparison with Mpumalanga's tourism product on these key elements illustrates what needs to be put in place to achieve this target.

- KZN has 470 direct flights per week from 10 unique destinations compared with Mpumalanga's 90 flights from 4 destinations
  - the difference in airlift is even greater when the size of aircraft is also taken into account. For the most part Airbus/B737s (110 seats) are used on flights to Durban whereas 20 seater planes are used on flights to KMIA



- In terms of 5* hotel accommodation, KZN has some 7 properties with about 600 rooms. Mpumalanga has about 90 hotel rooms in this category.

- In terms of 4* hotel accommodation, KZN has some 18 properties with about 1,800 rooms. Mpumalanga has 8 properties and about 600 rooms.

- The KZN Tourist Authority has a budget of R58 million, of which just under R30 million is spent on direct marketing activities. Excluding operational and capital expenditures associated with park and reserves management, the MTPA has a budget of about R30 million, of which about R8 million is spent on direct marketing activities.

- KZN has three 5* conference venues. The Durban International Convention Centre plenary hall can seat 1,800 delegates with the Sun Coast Conference Centre and Royal Durban each having a seating capacity of 500 persons in their respective main auditoriums. Mpumalanga doesn't have anything equivalent.

- KZN has some 25 18 hole championship golf courses. Mpumalanga has four (Graceland, Leopard Creek, Sabie River and White River).

- KZN's two world class/flagship attractions (Greater St. Lucia Wetlands Park and Ukhaklambe – Drakensberg Park) are more than matched by Mpumalanga's Kruger National Park and Blyde River Canyon.

- During the past five years, there has been no significant new investment in the tourism product in Mpumalanga, whereas in Durban in 2003 alone, new investment exceeded R 2.5 billion,
  - Zimbali Lodge R650 million
  - 200 bedroom hotel R300 million
  - R1.4 billion Sun Coast Casino & Entertainment World.

16. POTENTIAL FOR PRODUCT EXPANSION AND DIVERSIFICATION

A major issue is the extent to which the supply of the Province's tourism product can be expanded and diversified.

An assessment of what the market wants, linked to Mpumalanga's ability to supply the required tourism products is shown on the following matrix. Correlating what the market wants with what Mpumalanga can realistically supply indicates how Mpumalanga's tourism product can be expanded and diversified and what is necessary to achieve this in terms of product development – the basis of the Province's sustainable tourism vision.

The assessment outlined on Table 16.1 following is based on the product/site inspection trips undertaken during the course of the fieldwork; a review of the district and local development plans and other relevant documents; and the deliberations by stakeholders during the tourism planning workshops convened (April 2007) as part of the process of this tourism strategy formulation.

Table 16.1: Matrix of Product – Market Potential for Expansion and Diversification

MARKET SEGMENT	CHARACTERISTICS	REQUIREMENTS	DEVELOPMENT POTENTIAL ISSUES
A. Nature Tourism			
• wildlife safaris • birding • botanical • natural history	• high use of tourism plant • high spend • seasonal • moderate growth rate	• nature reserves/parks • guides & ground tour arrangements • range of accommodation – self catering to luxury lodges • good interpretation	• KNP well known and operational, but nearing carrying capacity limits • MTPA game and nature reserves have considerable potential • potential for development of Nelspruit Botanical Gardens • better road access infrastructure required • improved interpretation needed
B. Activity Tourism			
• fly-fishing • hiking • mountain biking • sailing/kayaking • horse riding	• moderate use of tourism plant • moderate spend • seasonal • moderate growth rate	• nature reserves/parks • marked trails • range of accommodation – cabin/huts to lodges/small hotels	• MTPA nature reserves have considerable potential • additional trekking and biking trails needs to be developed • trained guides required
C. Soft and Hard Adventure			
• climbing • rafting • 4 x 4 • abseiling	• moderate use of tourism plant • moderate spend • seasonal	• nature reserves/parks • mountains/rough terrain • rivers/lakes • good information • range of accommodation – cabins/huts to lodge/small hotels	• MTPA nature reserves have considerable potential

MARKET SEGMENT	CHARACTERISTICS	REQUIREMENTS	DEVELOPMENT POTENTIAL ISSUES
D. Golf			
	• high use of tourism plant • high spend • seasonal • high growth	• 18 hole championship courses • hotels/villas/lodges • high quality facilities • quality good restaurants • entertainment	• number of sites with potential (e.g. Pilgrim's Rest) • must be real estate development – resort, villas • supply of water • seamless access to resorts
E. Eco-Resorts			
• mountain • wellness/spas	• high spend • high use of tourist plant • all year demand • high growth	• small scale hotels (approx. 30 to 50 rooms) • high quality facilities (infinity pool) • secluded settings • nature walks, trails, things-to-see-and-do • professional therapists, dieticians • medical support facilities	• number of potential locations available • small hotels and lodges of appropriate scale • range of things-to-see-and-do needs to be developed - trails developed - points of interest to be developed • wellness treatment by professionals - high quality clinical equipment
F. Residential/ (long stay)			
• villa/town houses, condos (ownership, rentals)	• retirees • holiday homes • long, frequent visits • high spend • Dec/April & holidays • high growth	• seamless access • reassurance about safety and services • things-to-do (golf, fishing etc) • tax incentives • regulatory framework • medical support facilities	• number of potential locations (White River, Sabie) • associated with golf estates
G. Sports			
• sports meets • events	• comprise 3 groupings participants, fans and passive spectators • high use of tourist plant • short 2 – 4 days • high growth	• good and appropriate sporting facilities • range of accommodation • things-to-see-and-do • good local food • entertainment/local ambiance	• stadium to be constructed in Nelspruit • Woolmer Cricket Academy to be established • lack of ground transport • limited supply of budget hotel and other appropriate accommodation
H. Shopping			
	• high spend • short stay • high use of tourism plant • limited growth potential	• range of accommodation • things-to-see-and-do • range of restaurants • entertainment • safety and security	• limited opportunities for future as retail complexes developed in Mozambique • potential is in identifying retail products not available in Mozambique and packaging with hotels stays

MARKET SEGMENT	CHARACTERISTICS	REQUIREMENTS	DEVELOPMENT POTENTIAL ISSUES
I. Conference & Incentive Meetings			
	• businesses/groups/clubs and associations • short 2 – 4 days • highly profitable • high use of tourist plant • large expanding market	• top quality meeting facilities • high standard accommodation • range of restaurants • entertainment • things-to-see-and-do • safety and security • spouse/partner/family programmes and attractions	• no large convention facilities • limited airlift to Province
J. Special Interest			
• culture/heritage • history • archaeology • townships	• moderate spend • high use of tourist plant • all year demand	• number of unique cultural, heritage, historical, archaeological sites • knowledgeable guides & ground tour arrangements • facility to ‘experience’ and learn culture	• interpretative centres and museums required
K. Festivals/Events			
• music • arts	• high spend • short stay • high use of tourist plant • all year demand	• unique festival and events • particular timing to avoid clashing with events in other provinces • things-to-see-and-do • good local food • entertainment/local ambiance • safety and security	• festivals need to be further developed (e.g. Potato Festival, MACFEST) • limited airlift to Province • limited supply of budget hotel and other accommodation • cultural performances need to be more widely promoted and developed
L. Go-as-you-please Touring			
• Self drive	• long stay • high use of tourism plant • high spend • seasonal • high growth	• range of scenic attractions • museums, interpretative centres • good road network • good sign posting • good local tourist information • range of quality accommodation • good quality restaurants	• need to open up new scenic routes • improved sign posting in places • road improvements required • touring guide/map to integrate region (cosmos, panorama etc) within Province
M. Leisure/Entertainment			
	• short-stay 2 – 4 days • high use of tourist plant • high spend • all year round	• major theme park resort, such as a Disney World • good access transport network • range of mid price accommodation • moderate climate	• large populations within 2 to 3 hours drive • land availability

17. SWOT ANALYSIS

A SWOT analysis is a useful tool in helping identify the direction for the development of Mpumalanga tourism industry.

17.1 STRENGTHS

- KNP and Blyde River Canyon – flagship and world class natural assets
- Wetlands with its diverse species of birdlife
- the biodiversity
- the outstanding scenic beauty of Bulembu Mountains
- nominated world heritage sites Barberton, Sudwala caves
- distinct Ndebele culture
- good road network to all areas
- international airport capable of accommodating large aircraft
- diversity of attractions – golf, fishing, etc
- diversity of interests – history, archaeology, etc
- number of good restaurants
- good medical facilities
- shopping opportunities
- sports stadium (2010)
- Woolmer Cricket Academy (to be developed)

7.2 WEAKNESSES

- narrow base – few 'drivers' of demand, other than KNP and to a lesser extent Blyde River Canyon
- inadequate investment in the tourism product – no anchor resorts, no conference centre
- failure to capitalise on niche markets
- complicated, non functioning institutional relationships
- fragmented approach to everything
    - stakeholders do their 'own thing'
    - no integration of the regional attractions
    - no linkages with similar products in other destinations
    - fragmented marketing
- poor merchandising
    - web-site inadequate and poorly constructed
    - no touring guides/maps
- insufficient airlift
- limited quantity and quality of accommodation
- poor quality of service generally
- diffused and weak image of Mpumalanga
- poor road access to scenic areas, nature sites
- no classification and grading of tourism operations
- poor road signage in places.

17.3 OPPORTUNITIES

- large and increasing affluent market in Gauteng for leisure holidays/short trips
- MTPA game and nature reserves, whose potential not yet realised
- proximity to major international hub – OR Tambo
- large and high spend market for conventions and business meetings
- large number of niche markets, international, regional and domestic
- buoyant international and domestic demand for quality tourism real estate.
- 2010 FIFA World Cup

17.4 THREATS

- safety and security
- inadequate funding for tourism by government
- health concerns (malaria, HIV/AIDS)

PART IV: THE WAY FORWARD – VISION, STRATEGY AND ACTION PLANS

18. MPUMALANGA TOURISM VISION 2016

The foundations of Mpumalanga's diversified tourism product – wildlife & nature tourism, activity & adventure tourism, resort tourism, sports tourism, residential tourism, conference & meetings, leisure/entertainment, industrial & township tourism, coupled with the increasing interest in the Province's cultural heritage – were initiated in 2007 with a ten year tourism growth strategy and plan.

The implementation of this plan put in place the appropriate institutional framework, destination and product marketing campaigns, HRD programmes and investment promotion which combined to create the enabling environment for the development of the industry. The plan has also been instrumental in further protecting the Province's natural resources – Mpumalanga now has some of the best managed nature & game reserves and heritage sites in Africa.

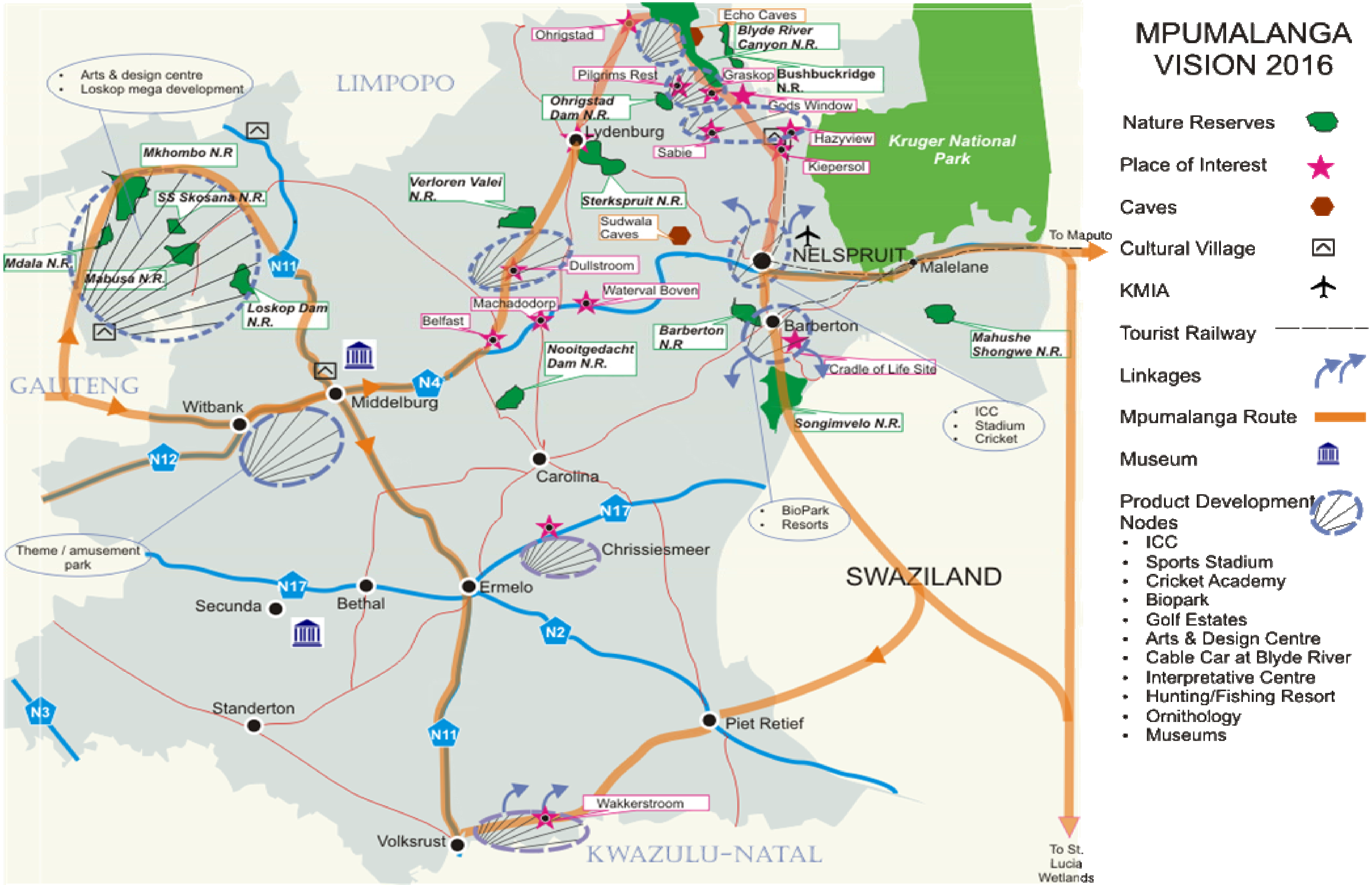
With foresight the Provincial Government and District Municipalities encouraged the upgrading, diversification and expansion of the tourism product. This has resulted in a more balanced spatial spread of tourism development and associated benefits throughout the Province.

Areas which have attracted major developments are:

- Kruger National Park & adjacent private reserves
- Blyde River Canyon & other reserves managed by MTPA
- Nelspruit/White River
- Barberton
- Sabie/Hazyview
- Pilgrim's Rest/Graskop
- Dullstroom
- Witbank
- Wakkerstrom
- Loskop

Kruger National Park continues to be a major tourism draw - its status further enhanced by the development of the Great Limpopo Transfrontier Park. This has attracted significant new investment – one of the early developments being a R1.2 billion Le Meridien Kruger Park Golf Resort & Spa, which opened in 2009.

Blyde River Canyon and the other Reserves managed by MTPA have benefited from a significant Public Private Partnership investment programme. This PPP investment programme has not only enhanced the attractiveness of the parks, through better management, but also increased the capacity of the parks to cater for more tourists through the development of visitor attractions such as the cable car and visitor heritage centre at Blyde River Canyon and resorts/accommodation facilities.



MPUMALANGA VISION 2016
Nature Reserves
Place of Interest
Caves
Cultural Village
KMIA
Tourist Railway
Linkages
Mpumalanga Route
Museum
Product Development Nodes
• ICC
• Sports Stadium
• Cricket Academy
• Biopark
• Golf Estates
• Arts & Design Centre
• Cable Car at Blyde River
• Interpretative Centre
• Hunting/Fishing Resort
• Ornithology
• Museums
LIMPOPO
GAUTENG
SWAZILAND
KWAZULU-NATAL
Kruger National Park
Arts & design centre
Loskop mega development
Mkhombo N.R
SS Skosana N.R.
Mdala N.R.
Mabusa N.R.
Loskop Dam N.R.
Verloren Valei N.R.
Ohrigstad
Pilgrims Rest
Ohrigstad Dam N.R.
Lydenburg
Echo Caves
Blyde River Canyon N.R.
Graskop
Bushbuckridge N.R.
Gods Window
Hazyview
Kiepersol
Sabie
Sterkspruit N.R.
Sudwala Caves
Dullstroom
Waterval Boven
Machadodorp
Belfast
Nooitgedacht Dam N.R.
Barberton N.R
NELSPRUIT
To Maputo
Malelane
Barberton
Mahushe Shongwe N.R.
Cradle of Life Site
Songimvelo N.R.
ICC
Stadium
Cricket
Witbank
Middelburg
Carolina
BioPark
Resorts
Chrissiesmeer
Theme / amusement park
Secunda
Bethal
Ermelo
Standerton
Piet Retief
Wakkerstroom
Volksrust
To St. Lucia Wetlands
N11
N4
N12
N17
N2
N3

In the **Nelspruit/White River Area** the development of the Sports Stadium, the Woolmer Cricket Academy and the International Conference Centre have transformed Nelspruit/White River which has become an 'in destination' attracting visitors from Gauteng, KZN, Mozambique, Swaziland and further afield for short breaks, conferences, sports meetings, festivals and events. In addition to various festivals and events, the Nelspruit Flower Show, organised by the Lowveld National Botanical Gardens, has become a major event. There is now a wide range of accommodation to suit all pockets from 5* flagship hotels to B&Bs, supported by excellent restaurants and lively night life entertainment.

The designation of the 'Cradle of Life' site as a World Heritage Site gave impetus to the development of **Barberton** as a tourism centre. Capitalising on the plant species diversity in the area, a BioPark has been developed which is a major attraction for tourists, both international and domestic. Barberton is the centre for sightseeing in the Bulembo Mountains, the Songimvelo Nature Reserve and Lubombo Transfrontier Conservation Area.

Increased investment has been attracted to **Sabie** and **Hazyview** with residential tourism and a 5* golf resort complex. Sabie's slow pace and old world ambience has been maintained. Hazyview has further developed as a centre for touring to KNP and Blyde River Canyon.

Pilgrim's Rest's national monument status has been enhanced by the development of a world class living museum with re-enactment of period events, complete with costumes etc. New investment has been attracted – hotel and golf resort, restaurants.

Dullstroom has developed as a major hunting and angling centre with associated resorts. A major impetus to the development of Dullstroom was the development of a polo estate, with residential properties, horse riding, hiking, fly-fishing. A high altitude training facility is also located in the area. The **Wakkerstroom** and **Chrissiesmeer** areas have become identified as two of Africa's major ornithological sites.

By far the largest new investment has been a world class theme/amusement park near Witbank on the borders of the Nkangala and Gert Sibande districts. The park attracts some two million visitors annually, about 60% of which are South Africans and the balance from neighbouring SADC countries. With the associated hotels, restaurants and other services, some 10,000 of new jobs have been created.

Under the Heritage, Greening Mpumalanga and Tourism Flagship programme a 'mega tourism' destination has been created by consolidating the nature reserves in the Nkangala District, centred on **Loskop**.

In addition, the Ndebele cultural village has been re-modelled and now incorporates an Ndebele Arts & Design Centre. Artists and designers are located there, selling their products and designs domestically and internationally.

Integrating the various products is the **Mpumalanga Route** which is now a major magnet for foreign visitors and rivals the Western Cape's Garden Route. The Mpumalanga Route has two major branches, one to Maputo and down the Mozambique coastline to KZN; the other through Swaziland to KZN. Other branches include the Panorama, Highland Meander, and loops through Gert Sibande District and Piet Retief.

The increased importance given to the tourism sector by the Provincial Government has paid off through increased investment in tourism and leisure facilities. Many properties have expanded and upgraded their facilities.

An added impetus was given to investor interest in the tourism sector by the construction of a new stadium for the FIFA World Cup, 2010 (which now attracts significant 'sports' tourism) and an international conference centre, which attracts an increasing number of business meetings.

Improved air access was a key factor in attracting increasing numbers of foreign tourists. There are now direct flights from the UK and Germany, along with flights to regional destinations in SADC.

The development of the tourism sector, creating between 30,000 and 40,000 new job opportunities, required an intensive skills training programme for persons wishing to enter the hospitality sector and on-going, on-the-job training for existing staff within the industry. A system of formal certified training is now in place providing a solid foundation for human resource development in tourism.

Reorganising the institutional relationships has brought about enhanced co-operation between stakeholders. The three Regional Tourism Organisations now work closely with and are supported by their respective District Municipalities. This co-operation is reflected at local level between the Local Tourism Organisations and the Local Municipalities. The Mpumalanga Tourism Forum is now well established and, being representative of all stakeholders, brings coherence to the sector in dealing with strategic issues.

The tourism sector is now better regulated. The mandatory tourism business licensing system ensures operators comply with health, safety and security regulations. The national classification and grading system has been implemented which ensures minimum standards for all types of accommodation and businesses.

Visitor security was recognised as a top priority. Increased police presence in tourist areas, an awareness campaign and a 'zero' tolerance attitude by police and residents alike have resulted in a safe environment in which visitors move freely about.

The promotional campaign established by the MTPA has put Mpumalanga on the international tourist 'map'. Tourist numbers have more than doubled, with the resulting benefits in terms of increased earnings and jobs for those involved and increased tax revenues to Government.

More than this, the growth of the tourism sector has effected significant economic transformation and empowerment, reflected in the increased number of historically disadvantaged communities and individuals now having a significant 'stake' in the industry. The tourism sector is now broader based in all aspects – product, ownership, empowerment and opportunities – making tourism a platform for wealth creation for all Mpumalanga citizens.

19. STRATEGY FOR GROWTH

19.1 FUTURE CHARACTER OF MPUMALANGA TOURISM

The factors that will determine the character of Mpumalanga's tourism are:

- type of tourism (product experience) to be developed
- the quality of development
- the scale and design of development
- the rate of growth to be pursued
- the extent to which tourism development is dispersed throughout the Province.

Based on our discussions with stakeholders (individually and collectively at the workshops), review of relevant reports and documents and our fieldwork research, the following guidelines are recommended to guide the development of the future character of Mpumalanga's tourism.

- Mpumalanga is endowed with a wealth of attractive tourism resources, (KNP, Blyde Canyon, Bulembu Mountains, Wetlands) which serve as 'honey pots' and provide the base for investment in complementary attractions and experiences. The specialness and authenticity of these attractions are not negotiable and must be protected at all costs

- Product quality must be upmarket – attracting high spend tourism

- Ideally, tourism development should be widely dispersed throughout the Province. In practice development has to take into account the location of tourist attractions, range of product possibilities, existing and planned level of infrastructure, particularly roads, utilities, etc

- Mpumalanga's natural, cultural and man-made attractions offer potential for the development niche products, viz

  - nature: birdwatching, botanical, safaris etc
  - culture: communities etc, festivals
  - heritage: archaeology, history
  - soft adventure: horse trekking, walking safaris
  - hard adventure: extreme sports

- There is need to broaden and diversify the primarily nature-based tourism product offerings of Mpumalanga into more main-stream segments of the market such as sports events, business/conference meetings, theme/amusement park.

19.2 INVESTMENT DRIVEN STRATEGY

To achieve the target of R10 billion in tourism spending over the next decade, Mpumalanga will have to

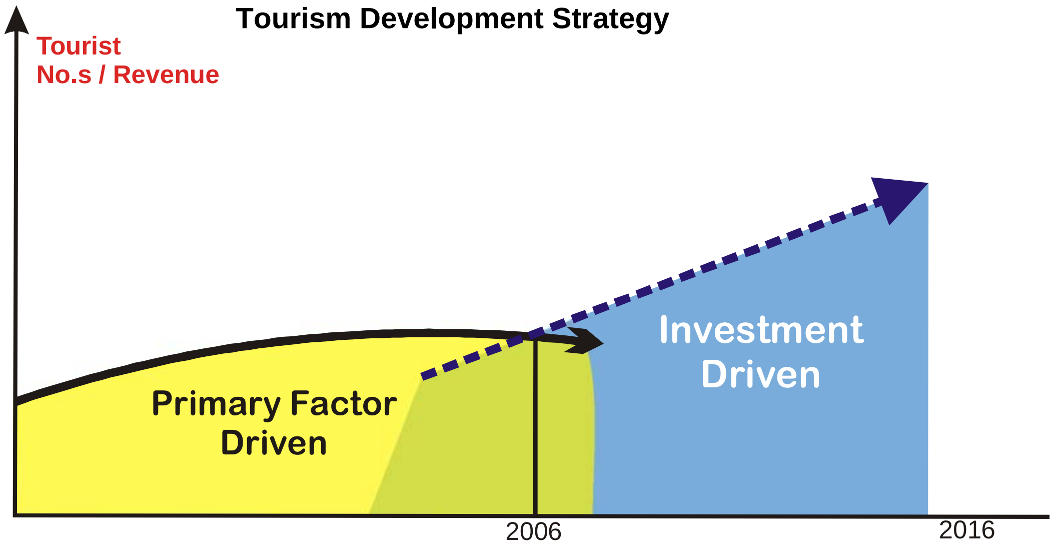
- **Move to an investment driven strategy**

Excluding parts of KNP and the private reserves, Mpumalanga is a short stay/low spend destination. This is because the tourism industry is totally dependent on its natural attractions as the motivation for tourists to visit. But the natural attractions, though unique in many ways, are not sufficiently strong in themselves to attract the numbers required to support a significant tourism sector. This is a **primary factor driven** strategy and characterized by limited investment, insufficient accommodation, medium to low quality product and inadequate airlift.

Mpumalanga is not alone in this regard. All destinations, where the core products are nature and culture based but are not considered world class (such as the Galapagos, Egypt, Greece) face this problem. The strategy that many destinations which do not have 'world class' nature and cultural attractions have pursued, is to invest heavily in related products – golf, health & wellness, theme parks, conference & incentive etc. These destinations have seen their tourism sectors prosper and grow.

To move on to the next stage of development requires an **investment driven strategy**, with sustained investment in all aspects of tourism – new products, destination marketing, human resource development etc.

Tourism Development Strategy



19.3 LINKING STRATEGY TO SUSTAINABLE BENEFITS

The wider objective of the growth strategy is to obtain sustainable benefits for the people of Mpumalanga by generating additional economic activity.

The fundamental mechanism to achieve this wider objective is by increasing tourism revenue. Without an increase in revenue there can be: no growth in income; no improvement in employment, or Government tax revenues; and no possibility of improving community benefits from tourism.

The process of securing these sustainable benefits from tourism revenue is shown on the following chart. To increase tourism revenue there must either be

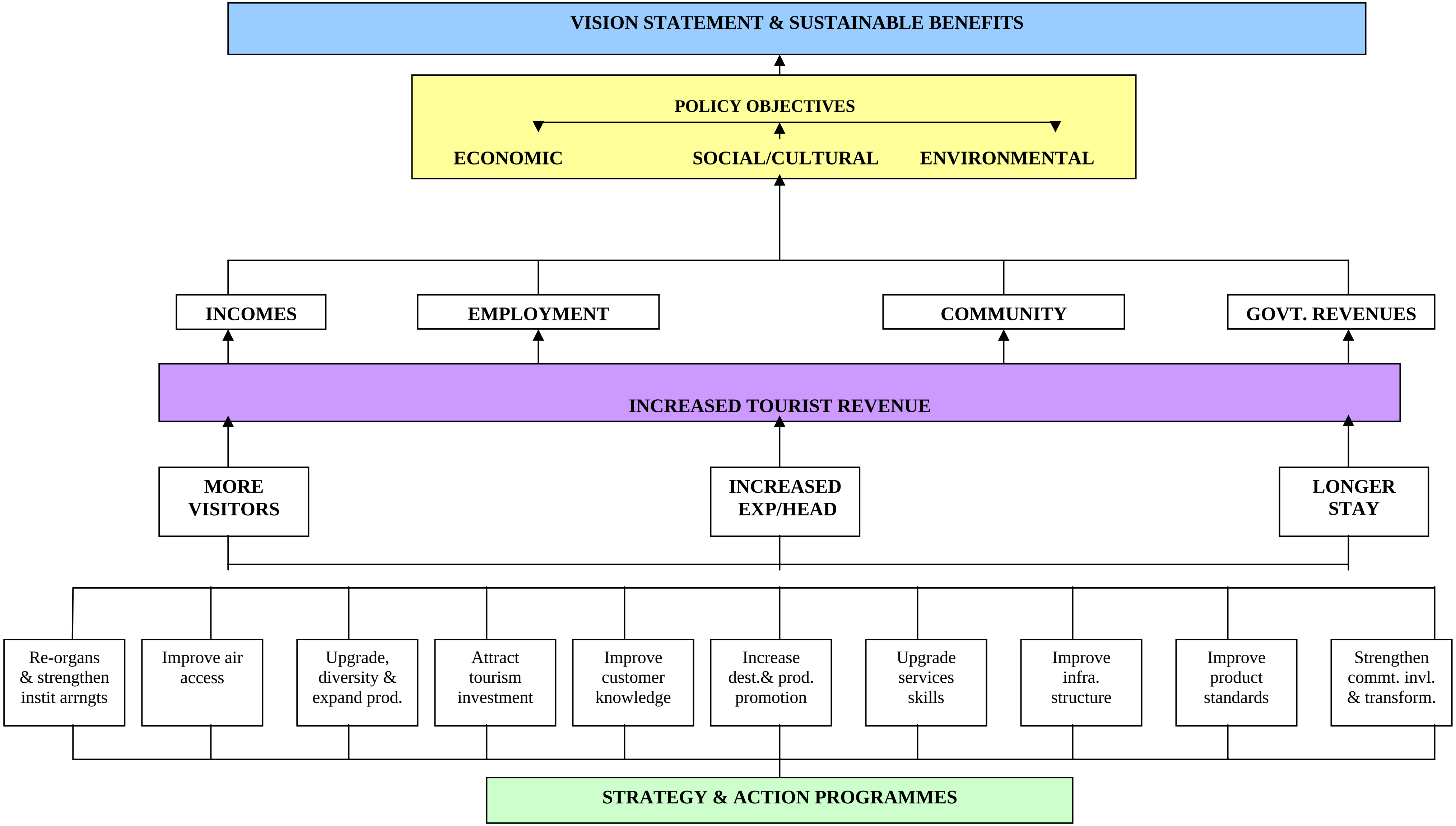
- more visitors,
- increased per capita spending by visitors, or
- longer stays,

or some combination of above.

To get more visitors, persuade them to stay longer and spend more money requires the implementation of ten strategic initiatives to deal with the issues confronting Mpumalanga's tourism sector, viz:

- reorganise the institutional framework
- improve air access
- upgrade, diversify and expand the product
- attract tourism investment
- improve customer research and 'know how'
- increase destination and product promotion
- upgrade service skills
- improve economic infrastructure

CHART 19.1 ACHIEVING SUSTAINABLE BENEFITS



- strengthen transformation and empowerment
- improve product standards.

Strategy and actions in respect of product development, HRD, marketing and institutional arrangements are elaborated in the following chapters. The elaboration of strategy and actions plans in respect of the other strategic initiatives - developing MTPA's game and nature reserves, customer knowledge & know-how, infrastructure development, air access improvement, strengthening transformation and empowerment are outside the scope of this study.

However, these initiatives are to be addressed separately by the MTPA as part of the implementation of the growth strategy. In this regard the MTPA has itself formulated an investment strategy for the parks and reserves under its control. This strategy paper is incorporated as an annex (Ch. 25) to this report.

20. PRODUCT DEVELOPMENT PLAN

20.1 STRATEGIC APPROACH

Reflecting the Vision for Mpumalanga Tourism, the following flagship projects are proposed:

- Development of a world class Theme/Amusement Park Resort that will attract large numbers of domestic and international visitors to the Province, thereby halting and eventually reversing its declining share in both of these markets;
- Development of an International Convention Centre (with associated new hotel development) that will attract large numbers of conference and business visitors to the Province (many of whom will be induced to visit the Province's tourist attractions through the promotion of pre- and post-conference packages;
- Further development of Nelspruit as tourism hub through sports, shopping and medical tourism;
- Flagship hotel and villa resort developments at Pilgrim's Rest, White River, Hazyview, Sabie, Barberton incorporating golf, spas/wellness, etc;
- Commercialisation of MTPA parks and reserves;
- Enhancement of existing products;
- Biopark development at Barberton;
- Ndebele Arts and Design Centre;
- Further development of events based tourism;
- Loskop Area Tourism Centre
- Luxury steam train from Sabie/Nelspruit/Barberton to Malelane and Maputo;
- New accommodation development (including budget accommodation) at Nelspruit;
- Industrial Museums;
- Casinos and other forms of entertainment
- Improve product standards.

Development would not be limited to these flagship projects. In most places they would constitute the nucleus around which many smaller (restaurant, arts/cultural studios, museums etc) would be clustered.

20.2 DEVELOPMENT PLAN

20.2.1 World Class Theme/Amusement Park Resort

Leisure spend will become an important and growing feature of the South African economy. Consumers will increasingly spending their leisure time and disposable income visiting theme parks, amusement parks or other leisure facilities. In addition, inbound tourism to South Africa is growing at record pace. In 2006, the leading theme park in South Africa (Sun City) had an attendance of some two million visitors, of which approximately one million overnight guests stayed at the resort's hotels. A significant proportion of the guests are regional and international visitors. A new world class theme park (such as Disney Amusement Park) in Mpumalanga is likely to be complementary to Sun City and other existing parks. The proposed project would play a very substantial role in enhancing the profile of Mpumalanga as a leisure destination and of the country as a whole.

A major world class theme/amusement park and its associated hotels would draw very large numbers of domestic, regional and foreign tourists every year, create thousands of new jobs; grow the service sector of the provincial economy, and enhance South Africa's prestige in the global community. Based on experience at Sun City and elsewhere, the project could attract up to two million admissions annually at full build out, of which around 60 percent would be local or domestic visitors and 40 percent regional (especially from neighbouring SADC countries). More than half would be overnight visitors staying at hotels and other forms of tourist accommodation, either within or adjacent to the theme park.

It is proposed that this project should be located in the Witbank area (on the borders of Nkangala and Gert Sibande District Municipalities) which has the advantage of being a relatively short distance - one and a half hours driving time from the OR Tembo International Airport. The area is also well served by public transport (both rail and bus) which would make the Park accessible to previously disadvantaged communities. It is estimated that some 60 percent of the nation's population resides within 200km of this area. The theme park can also capitalize on the area's moderate climate and location in the Ndebele cultural heartland.

The project would generate substantial economic benefits, tourism benefits, social benefits and fiscal benefits at national, provincial and district levels. The economic activity from this project (including an estimated 10,000 jobs upon full build out) would occur throughout the Province and be a catalyst for transforming Witbank into a more tourism oriented city. Furthermore, the Project would act as a stimulus for additional foreign direct investment in the tourism sector as well the broader economy. The tourism benefits would include the off-site spending by international and domestic visitors on off-site tourist accommodation; tours and other travel services provided by local travel agencies; and additional spending by international tourists on air passenger services provided by local airlines. Social benefits will arise from the Project's employee training, educational programmes, and other community development initiatives, while the fiscal benefits would derive from the tax revenues generated by the project.

20.2.2 <u>International Convention Centre</u>

At present, the Province lacks a major convention facility, comparable to the existing international convention centre's in Cape Town, Durban and Johannesburg, capable of handling large regional and international conventions and exhibitions. In Durban, the International Convention Centre' plenary hall can seat 1,800 delegates while Halls 1, 2 and 3 can be combined to create a venue which seats up to 5,000 delegates. The nearby Durban Exhibition Centre (DEC) is a world class multi-purpose exhibition, function and conference centre. Two large halls offer a combined space of 9600m m^2. The DEC also offers 20,000m^2 of plazas and gardens which are suitable for outdoor events and conference parking.

Provision of such a facility (plus associated visitor accommodation) in the Province would generate substantial economic benefits for the provincial (and national) economy. For example, an economic impact assessment of the Cape Town International Convention Centre (CTICC) conducted in 2001 indicated that the Centre would provide a cumulative contribution to Gross Domestic Product (GDP) of R25 billion over ten years, and sustain 47,000 new direct and indirect jobs over the same period. Given that Nelspruit is the business centre of the Province, and the seat of the provincial government, with good road, rail and air access, it is recommended that the Mpumalanga ICC should be located in the greater

Nelspruit area. The proposed ICC's location must be in reasonably close proximity to restaurants, entertainments etc. This project would also incorporate a conferencing service targeted at the business tourism incentives market.

Capital costs for the project have previously been estimated at R150 million. The implementing agencies would be the Mpumalanga Economic Growth Agency (MEGA), with strategic support from MTPA; the Department for Economic Development and Planning (DEDP); Mbombela Local Municipality; and private sector construction companies and operators.

20.2.3 Further Development of Nelspruit as Tourism Hub through Sports, Shopping, Medical and Research Tourism

The contribution of the sports stadium and Bob Woolmer Cricket Academy coupled with the ICC will establish Nelspruit as a tourism centre, which can be enhanced by the further development of shopping and medical tourism. In addition Nelspruit could become a centre for conservation and eco-tourism studies.

20.2.4 Development of Flagship Integrated Resorts

Capitalising on booming demand for international and domestic real estate by investors, retirees and families wanting holiday homes, flagship integrated resorts (with golf, polo, wellness/spas, etc) should be developed at Dullstroom, Pilgrim's Rest, White River, Hazyview, Sabie, Barberton.

20.2.5 Commercialisation of MTPA Parks and Reserves

The MTPA parks and reserves represent a major opportunity to expand and diversify the Province's nature and leisure tourism product. However, the parks and reserves require major investment and improved management. This can be achieved through a commercialisation strategy which could attract private sector investment.

20.2.6 Enhancement of Existing Products

Blyde River Cable Car and Visitor Heritage Centre

In order to transform the current Blyde River Canyon area into a major South African landmark tourist attraction that would attract increased numbers of domestic and foreign visitors, significant private sector investment is necessary to develop a cable car (modelled on that at Table Mountain) in the Blyde River Canyon providing two-way rides to visitors to/from the canyon and, secondly, the establishment of a Visitor Heritage Centre showcasing the region's natural, cultural and historical heritage (perhaps modelled along the lines of the University of Witwatersrand's Origins Centre). Potential environmental concerns would also need to be addressed.

Songimvelo Nature Reserve

With the implementation of the MTPA's commercialisation policy in respect of its parks and reserves, it is anticipated that private sector investment will be attracted to develop the reserve.

Bourke's Luck Tourism Centre

Under the Tourism component of the Heritage, Greening Mpumalanga and Tourism Flagship Programme (Programme Implementation Plan, Version 3), it is proposed to convert the former Bourke's Luck military base and hospital into a tourism centre, comprising a 120-bed lodge with tourist access to the potholes, together with provision of a number of tourism-related services and facilities (curio shops, a tourism training centre, bank services and various shops and businesses) and construction of hiking trails.

Pilgrim's Rest Historical Mining Town Rejuvenation

The national monument status of Pilgrim's Rest represents significant tourism potential. However, in its current form, this is not being sufficiently realised. The proposed project involves the transformation of the current product into a world class living museum with re-enactment of historical events, complete cast with period costumes, etc. The project could also incorporate the development of a tramline linking the lower and upper towns and a craft centre. Implementation would result in the retention of current, and growth of new, tourist volumes – both domestic and foreign. The project would also attract new investment in the accommodation sector. The estimated R4 million in capital investment could yield 800 or more direct jobs. The implementing agencies would be Thaba Chweu Local Municipality, Ehlanzeni District Municipality, MTPA, DCSR (Department of Culture, Sport and Recreation); private investors, with national DEAT in an oversight role.

Lowveld National Botanical Garden

Although the Botanical Garden in Nelspruit is one of the more significant gardens in South African, it needs to be made more appealing to the general public. Capitalising on Mpumalanga flora we recommend the organisation of an annual flower and garden show modelled to some extent on the world famous Chelsea Flower Show in London.

20.2.7 <u>BioPark Development at Barberton</u>

The Barberton (or Makhonjwa) Mountainlands forms the core of a proposed World Heritage Site in which some of the oldest rocks and first life forms on earth are found. The plant species diversity is second only to the Cape Fynbos in the Western Cape. The area has over 2,100 different species while more than 400 bird species have been recorded, along with 24 different amphibians and reptiles. Given this biodiversity significance (which is highlighted in the Mpumalanga Biodiversity Conservation Plan, 2006), we recommend development of a BioPark.

The proposed BioPark would showcase Mpumalanga and South Africa's biodiversity. It would offer an interactive experience with nature. The development concept, which would require a site of about 10 acres (4 hectares), would include:

- interpretative room – video presentation on what the BioPark contains
- exhibition areas with interlinking pathways to showcase South Africa's forests, plants, bird life, etc
- restaurants and retail outlets
- meeting rooms
- parking

The Barberton BioPark would complement both the existing Lowveld National Botanical Garden in Nelspruit and plans to upgrade the Songimvelo Game Reserve and link it to the adjacent Malolotja Nature Reserve in Swaziland as part of the Lubombo Transfrontier Initiative.

Hidden Green Rest Area
Butterfly Garden
Vegetable Garden
Bamboo (banana & sugar cane)
Sugar Cane Mill
Agricultural Centre Entrance
Medicinal Plants
Cocoa Trees
Bees
Picnic Area
Amphitheater
Wild Heliconias
Aquarium
Tree Grove
Gift Shop
Iguana Preservation
Ant Farm
Lagoon
Fruit Trees
Parking Lot
Flowers & Foliages
Fungi
Ferns
Rainforest Experience
Orchids
Look-out Point
Turtles Sanctuary
Humid Forest
Picnic & Rest Area
Frogs
N
W
E
S
Entrance to Trails
Biological Centre
Carib Cultural Centre
Dry Forest
Spiders
Snakes
Playground
Parking Lot
Park Entrance
1 Orientation Hall
2 Exhibition Hall
3 Exhibition Hall
4 Meeting Room
5 Meeting Room
6 Meeting Room
7 Meeting Room
8 Meeting Room
9 Meeting Room
10 Administrative Room
BIOPARK DOMINICA
*Modelled on INBioparque, Costa Rica
Restaurant
Gift shop
Coffee Shop
Information
First Aid
Public Telephone
Restrooms
Staff Only

20.2.8 <u>Ndebele Cultural Arts & Design Centre</u>

There are many aspects of Mpumalanga's culture which, if adequately promoted, can be interesting attractions for visitors. At present, cultural tourism in the Province tends to focus on the on the culture of the Ndebele people who are famous for their vibrant house painting, bead work and crafts. The Province already boasts a number of Ndebele and other cultural villages. However, despite this rich heritage, usage of these products shows an underutilization by international tourists and particularly domestic tourists.

The cultural product needs to become more sophisticated. The key challenge is to showcase it with dignity and authenticity. This applies equally to township tours. It is proposed that MTPA works closely with the Provincial Department of Culture, Sport and Recreation (DCSR) and local communities to draw up a development and marketing plan for a cultural design centre if necessary seeking external funding for this project.

The Cultural Arts & Design Centre would house a number of Ndebele designers, painters etc who would create/design more sophisticated products (for example indigenous silk products, hand blown glassware) than the traditional bead work and handicrafts. The designs will reflect the Ndebele and other community's cultural heritage, but at the same time they would compete with main stream consumer products. To encourage designers, artists and skilled crafts people to locate and run their businesses from the Design Centre, incentives should be available – exemption from income taxes, low rents etc.

20.2.9 <u>Further Development of Events Based Tourism</u>

The Province has a number of festivals and events (MACFEST, Potato festival, Sasol Rally etc) which should be further developed by adding on fringe events to attract wider audiences. The emergence of new festivals/events should be encouraged.

20.2.10 <u>Loskop Area Tourism Centre</u>

Under the Tourism Component of the Heritage, Greening Mpumalanga and Tourism Flagship Programme, it is proposed to consolidate all the different small parks (Loskop Dam Nature Reserve; Mabusa Nature Reserve (which includes the Zithabiseni Resort and Conference Centre); Mdala Nature Reserve; Mkhombo Nature Reserve; and S.S. Skosana Nature Reserve in the Nkangala district into a 'mega-tourism' destination aimed at capturing the Gauteng weekend market. This project (which is further endorsed here) would result in a more attractive and marketable tourist destination as compared with the smaller and more fragmented initiatives currently taking place. The project requires private sector investment to be initiated. There is need for development of a themed concept and a detailed feasibility study, including the identification of small scale projects that would be available to surrounding communities.

20.2.11 <u>Luxury Steam Train from Sabie to Maputo</u>

Using the existing rail network, a luxury steam train journey from Sabie/Machadorp/Barberton to Maputo could be developed. Limited rolling stock would be involved, - perhaps two carriages and a dining car. As the return journey could be completed in a day, the product would be of interest to day-excursionists as well as overnighters in both directions.

Associated with this would be the development of the Kruger – Malelane Junction. With remodelling the old station could become a centre for crafts of all kinds, along with café, gardens and retail outlets.

20.2.12 New Accommodation Development

There is need for additional tourist accommodation to cater not only for the anticipated influx of visitors for the 2010 FIFA World Cup but also for the expected growth in tourism to the Province following the adoption and implementation of this Strategy and Action Plan. Much of this will be provided as part of the major new projects proposed in the preceding paragraphs e.g. the Theme Park; the International Convention Centre; resort developments at Dullstroom, Pilgrim's Rest and other locations. However, there is need also for additional middle range and budget accommodation for the emerging domestic markets.

20.2.13 Industrial Museums

In order to capitalize on the region's importance as South Africa's main coal mining area, we recommend that at least two industrial museums/interpretative centres be established – one at Middelburg (based on coal mining) and one at Secunda (based on Sasol's fuel-from-coal plant and underground coal mining complex). These museums could be like the existing Kimberley Mine Museum, situated next to the Big Hole, the National Coal Mining Museum in England or the Atlas Coal Mine National Historic Site in Alberta, Canada. It is anticipated that the industrial museum at Secunda could be jointly developed by Sasol and the Gert Sibande District Municipality.

Museums are important to local communities for a number of reasons. The economic benefits are an obvious reason. Less obvious, but equally important are the sense of identity and pride in local heritage that they evoke in the local community.

20.2.14 Casinos and Other Forms of Entertainment

Contributing to the expansion of nightlife and entertainment in the Province, the Government plans to issue a fourth casino licence.

20.2.15 Improve Product Standards

The tourism sector is essentially an export sector. To be successful, it is very important that the tourism product is 'export ready'. It is useful to consider the experience of other economic sectors such as manufacturing and agriculture to provide insight on the development of export ready product. In these sectors, products that do not meet international standards cannot be marketed. Some programmes to develop export ready product classify enterprises use a tiered system with Tier 1 being, for example, export ready, Tier 2 being near export ready, and Tier 3 requiring significant upgrading and investment.

Export ready for the tourism sector includes not only product standards but also includes "requirements" for doing business with the international travel trade. This is important for participating international marketing programmes and packaging arrangements.

Export ready status is not only concerned with the quality of the product. It is also concerned with the capacity of the operator to engage in international business, to take direct reservations from customers, to take credit cards, to have adequate insurance and the like. In today's global markets, these are essential requirements to do business.

The export ready concept is illustrated below.

By law, all tourism enterprises must be registered with the MTPA. In conjunction with the South African Grading Council, a classification and grading system should be established. The classification system would specify the requirements for an enterprise to be classified in different categories of operation – hotel, lodge, B&B etc. The grading systems would specify for each category the minimum requirements to be graded as a 5*, 4* etc operation.

Strengthening the drive to improve standards, an excellence award scheme should be introduced.

Figure 20.1: Export Ready Tourism Product

21. HUMAN RESOURCE DEVELOPMENT PLAN

21.1 STRATEGIC APPROACH

Although numbers currently employed in the tourism are small, the coming on stream of the recommended developments as outlined in the previous chapter will create between 30,000 and 40,000 new job opportunities in the sector over the next ten years. Thus there is a need to provide training for:

- persons wishing to enter the hospitality sector
- on-going on-the-job training for existing staff within the industry who currently lack adequate skills to perform their jobs in a satisfactory manner.

The requirement is to establish a system for formal, certified training in

- vocational craft skills
  - reception
  - table waiting
  - bar service
  - cooking
  - food preparations and presentation
  - housekeeping

- tour guiding
  - archaeological cultural/heritage guiding
  - nature/wildlife guiding

- supervisory and middle management

- customer care
  - all front-line personnel.

21.2 HRD PLAN

Addressing the tourism HRD needs of the Province requires collective effort by key role players (including the industry, Government, THETA, educational institutions, the Departments of Education and Labour, MRTT, TUT, as well as the MTPA as co-coordinator). The priority actions are as follows:

HRD Co-ordination

In order to improve sector skills development co-ordination between relevant stakeholders, MTPA will

- establish a HRD Consultative Committee comprising key industry stakeholders;
- convene a Provincial Tourism Skills Development Forum
- appoint a Tourism Training Co-ordination Officer whose tasks would include
  - conduct a skills audit based on industry needs to establish training and skills shortfalls;
  - identification of ways the shortages can be met, including training courses;
  - preparation (in association with industry and other stakeholders) of a Provincial Sector Skills Plan; and
  - measure and monitor trends in addressing critical skills gaps.
- establish and manage a customer care line to which consumers can report poor service.

Training delivery

The facilities of the MRTT and the three new FETS will be used for the delivery of practical and academic tourism training courses, including basic courses in hygiene, food preparation and safety. To meet the projected training needs, the MRTT will have to expand its current programmes and to recruit additional trainers.

Formal training will be supplemented by continuation of the THETA-managed learnership scheme; and establishment of a network of effective in-house training and a province-wide system of mobile accelerated training for small tourism enterprises delivered by a cadre of professional trainers.

Training of provincial and local government staff, including MTPA personnel, will be realised through their participation in formal tourism training courses; specific training in respective areas of specialisation; and on-the-job training by external trainers.

Tourism Awareness

Enhanced tourism awareness will be achieved through the development and implementation by MTPA, the industry and local authorities of media campaigns (plus other initiatives such as lectures, career fairs and essay competitions for schools) to help raise awareness about the importance and benefits of tourism and to build local pride.

Implementation

HRD should be implemented on a broad front through the sharing of resources and efforts. Such collaboration should include the private sector, labour unions, and national and provincial government departments. MTPA is expected to lead the implementation of the above HRD strategy and action plan, with DEAT, THETA, MRTT and the industry (including the Tourism Enterprise Programme) as its partners. In so doing, it will take into consideration the output of the planned National Tourism Skills Development Forum in November 2007; the joint DEAT/THETA-commissioned tourism skills audit and sector skills plan review; and the National Skills Development Implementation Plan (which is expected to outline major national projects that can promote Black Economic Empowerment in line with the Tourism BEE Charter and Scorecard).

In the implementation of the HRD plan it is important that a working relationship is formalised (through a MOA or other modality) between the MTPA (which reports to DEDP) and the MRTT (which reports to DED).

22. MARKETING PLAN

22.1 STRATEGIC APPROACH

Increased demand – in tourism as well as in any other industry – cannot rely solely on having a product of the right kind and quality, on a market-led pricing policy and on an effective distribution network. What is also essential is systematic promotion to potential tourists and trade intermediaries (tour operators, travel agents) bridging the gap between the tourism product supplier (the hotelier, nature & game reserve etc) and the potential visitor.

In formulating a marketing strategy and plan, two key factors have a determining influence.

The first is that Mpumalanga has neither the product range nor volume, nor the resources to undertake general destination marketing campaigns. Consequently, in the short/medium term the small scale of Mpumalanga's current tourism product offering requires that to be effective and get the best returns on expenditures, the promotion must be targeted at niche product segments. However, as the product base expands, increasingly more resources will need to be allocated to for destination marketing.

The second factor is that South African Tourism determines and implements the national marketing strategy. SATourism determines the source markets which should be targeted, the country's brand image in these markets, the products/destinations featured in advertising and publicity campaigns, the promotional activities undertaken and the budgets allocated. Consequently, the MTPA's approach must be to dovetail the Mpumalanga's marketing strategy and plan with that of SATourism's, while at the same time using SATourism's marketing activities as 'platforms' to mount its own promotional campaigns.

Marketing Strategy

In framing the Provincial marketing strategy we recommend the following initiatives:

- create image of Province as a "must see – must experience" destination centred around the Mpumalanga Route
- target a limited number of markets – where potential tourists needs and expectations match what Mpumalanga has to offer
- promote to niche product segments
- establish product marketing groups for effective targeted marketing and enhancement of standards
- particular emphasis on promotion of MICE
- produce a range of collaterals
- undertake a sustained promotional campaign
- develop e-marketing, e-distribution and e-commerce
- improve product packaging and distribution
- establish marketing partnerships
- undertake market research
- improve air access transport
- improve the TIO service.

22.2 MARKETING PLAN

22.2.1 Image Creation

Outside of South Africa, few people have heard of Mpumalanga; little is known about the Province. Many people of course, have heard about KNP, but it is not identified with Mpumalanga.

To establish the Province as a 'must see – must experience' destination a distinct, unifying theme has to be created, which evokes images of a unique destination with a range of interesting things to see and do. We recommend the branding of the 'Mpumalanga Route' as the central unifying theme, which should be featured on all collaterals, videos etc.

Branding the Mpumalanga Route

Rather than having a number of isolated or 'stand alone' attractions, there is need to link the various projects described above, together with the Province's other tourism products, under a common brand name as a viable alternative to the Garden Route in the Western Cape which is a major magnet for foreign visitors to South Africa.

It is proposed that this new route should be branded and marketed as the Mpumalanga Route which would take visitors from Johannesburg through Mpumalanga via Swaziland (or Mozambique) to the Coast at St. Lucia or Durban (where hired cars could be dropped off at the airport for the flight home). With its combinations of stunning mountain scenery, outstanding wildlife, historic sites, culture, championship golf courses, events, the Kingdom of Swaziland (or Mozambique) and the Indian Ocean, this route would be second to none in terms of tourist attractiveness.

The main route would take overseas visitors from OTIA or domestic tourists from Gauteng along the N12 or N4 to Witbank where they could visit the new Theme Park before continuing along the N4 to Nelspruit or White River which could be used as bases for visiting The Panorama, the Kruger National Park and the private game reserves. The main route would then proceed via Barberton and its Bio-park through Swaziland to the Coast. Here it would be necessary to upgrade existing gravel roads, especially the road over the Bulembu Pass into Swaziland.

However, just as the ancient Silk Route in Asia had many different strands, the Mpumalanga Route would not necessarily follow a single route. For example, there could be diversions to the industrial museums at Middelburg or Secunda; the Ndebele cultural villages; the Loskop Dam; the Highland Meander or The Panorama, while, as an alternative to travelling to the Coast via Swaziland, some visitors might prefer to continue along the N4 to Maputo and Mozambique. The aim would be to maximize the average length of stay in Mpumalanga by developing packages that would include overnight (or longer) stays at Witbank, Dullstroom, Pilgrim's Rest, Nelspuit, Blyde River Canyon, Barberton, etc. as well as Kruger National Park.

22.2.2 Target Markets and Products

In the short/medium term, the MTPA should target the following markets.

Markets	Domestic	Regional	International
Areas	Gauteng	Mozambique/ Swaziland	UK, US, Germany, Netherlands
Products	• week-ends	• shopping	• wildlife
	• events/festivals	• week-ends	• scenic beauty
	• special interest	• events/festivals	• mountains
	• activity/adventr	• medical	• heritage
	• MICE		• golf
	• heritage		• special interest

In the long run, with the development of main stream products such as the ICC and Theme/Amusement park, the target markets will be closely aligned with those of the country as a whole.

22.2.3 Promote to Niche Product Segments

Among the wide range of niche product segments that Mpumalanga could exploit, the following offer the best potential.

- wildlife safaris
- golf
- birding
- hiking/walking
- fly-fishing
- botanical
- special interest
  - heritage tours
  - industrial tours
  - township tours
  - agricultural tours
- events/festivals
- sports
- medical
- wellness
- adventure
- MICE
- self-drive tours

A wide range of niche products can be promoted which could also have an international dimension. Examples include a cycling event from Nelspruit to Swaziland via Barberton to Maputo returning to Nelspruit via Samora Machel monument; formation of a Mpumalanga soccer team; endurance (iron man) event comprising swimming-cycling-running along Panorama Route (Blyde-God's Window-Potholes-Pilgrim's Rest-Sabie-Sudwala-Nelspruit). Sponsorship should be sought for such events.

22.2.4 Establish Product Marketing Groups

Centred on the niche product segments we recommend the establishment of marketing groups, for example,

- Lodges of Mpumalanga
- B & Bs of Mpumalanga
- MICE venues.

Minimum standards would be established for membership of the various groups. At the very least, the establishments/operations would have to be 'export ready'. Brochures (which can be self financing) should be produced and distributed.

The MTPA would be responsible for coordinating these product marketing groups.

22.2.5 Produce a Range of Collaterals

These should include:

(i) destination image brochure
(ii) accommodation listing
(iii) 'what's on in Mpumalanga' and calendar of events
(iv) posters
(v) updated video (12 to 15 mins for use at travel fairs, road shows, etc)
(vi) maps
(vii) smaller brochures (A5) on selected niche products
- golf, hiking, sports, birding, events, heritage etc

(viii) product manual
- lists all niche products and associated ground tour operators

(ix) touring map/brochure (funding by car rental/petrol companies)
(x) speciality literature for the MICE market

22.2.6 Undertake Sustained Promotional Campaign

Adequately funded marketing campaign to include:

(i) travel trade shows
- Indaba; ITB (Germany); WTM (UK); Bird Watching Fair (UK); etc

(ii) advertising
- limited general advertising in specific print media, which have long shelf life
- niche market media (Birders World, Sunday Times Travel Magazine UK)
- selected web sites

(iii) educational trips for journalists, travel writers
- print media
- Audubon, National Geographic

(iv) public relations/representation
- press releases, advertorials
- press trips

(v) corporations and professional associations
- MICE promotion

22.2.7 Develop E-Marketing, E-Distribution and E-Commerce

The creative use of technology is crucial to the development of tourism in the Province. The Internet provides the technology platform for Mpumalanga to establish itself in niche markets on an equal footing with it's competitors at comparatively modest costs.

Adequate resources must be allocated for this activity – not only for the development and management of the web site, but equally important, to recruit the necessary skills to maintain and further develop the site. Priorities are:

- construct web-site more as vacation planner rather than information source
  - list and link product packages
  - list and link foreign tour operators who feature these packages in their brochures
  - list and link ground tour operators who have packages
  - show how to get to Mpumalanga; links to the airlines and travel bookers
  - slide show on products
- develop online reservation capability
- sell advertising space (banners, pop-ups, etc).
- achieve search engine optimisation

22.2.8 Improve Product Packaging and Distribution

Packaging and distribution of the various products will not just simply happen. A dynamic is required to put the packages together and offer them to the market. This dynamic can be provided by the Province's incoming tour operators or ground tour operators who interface between the market (tourists, groups, foreign tour operators) and the product suppliers (hotels, resorts, guides, etc).

It is very important that Mpumalanga's tourism web site has links to the ground tour operators' web sites.

22.2.9 Establish Marketing Partnerships

Marketing partnerships should be established with a) key players within the Province, b) other provinces within South Africa and c) neighbouring countries to promote specific products.

- KNP and KMIA
- Mpumalanga Route to the Sea (with Mozambique)
- Birding (with Swaziland and KZN)

22.2.10 Undertake Market Research

To monitor and guide the Province's marketing and product development strategy, market research should be undertaken on an ongoing basis to include:

- visitor surveys to determine tourist profiles (where from, what they do etc)
- data base of intermediaries (for each niche market, identifying the relevant associations, media channels etc)
- product inventory
- market segmentation studies to match products with markets for domestic, regional and international markets.

22.2.11 Improve Air Access Transport

Air access transport services must be improved in respect of frequency of service, seat capacity and tariffs. Key to achieving this would be:

- an incentive strategy to airlines (national, regional, international and charters) to use KMIA
- change from restricted to an 'open-skies' policy.

22.2.12 Improve the TIO Service

Although the Province's tourist information outlets are funded and managed at local level, a coordinated approach should be established with regard to services provided, literature displays, information and reservations, pricing for services etc.

22.3 INCREASED FUNDING FOR MARKETING

As indicated earlier, increased resources will need to be allocated for promotional activities to ensure a sustained marketing campaign over the next decade. In the short/medium term a budget of in the order of R25 million is required, increasing to R50 million in the longer term.

Possible sources are:

- increased resources from Government,
- revenue generation from MTPA activities,
- re-allocation within the existing total MTA budget
- levies from gambling, toll gates etc.

or some combination of the above.

23. INSTITUTIONAL FRAMEWORK

23.1 GUIDING PRINCIPLES

As discussed in Ch. 13 earlier, the present institutional arrangements in the Province as shown on Fig. 13.2, look fine in principle, but don't work in practice.

In recommending an alternative institutional framework, the guiding principles are that the arrangements:

- must provide for efficient and effective industry communications and information flows
- must be simple and practical
- must facilitate inclusiveness of all stakeholders – both big and small
- must be easy to implement and understand
- must recognise and reflect the statutory positions and roles of different stakeholders
- must ensure high stakeholder buy-in
- must incorporate all spheres of decision-making and influence
- must be effective.

23.2 RATIONALISE ROLE AND STRUCTURE OF RTOs

Excluding self catering, the regional distribution of establishments is as follows:

Region	Est	Region	Est
Cosmos Country	4	Lowveld Legogote	65
Cultural Heartland	31	Panorama	48
Grass & Wetlands	9	Wild Frontier	37
Highlands Meander	34	Kruger/Sabi	11

Source: MTA Annual Report 2004/5

As none of the regions have the critical mass of tourism establishments/operators needed to support a viable organisation, we recommend their rationalisation into 3 Regional Tourism Organisations, each aligned with their respective District Municipalities.

Region	Areas	District Mun.
Nkangala Tourism Region	Cultural Heartland, Highlands Meander	Nkangala
Gert Sibande Tourism Region	Cosmos Country, Grass & Wetlands	Gert Sibande
Ehlanzeni Tourism Region	Panorama, Lowveld Legogote, Wild Frontier, Kruger/Sabi	Ehlanzeni

Role and Function of the RTOs

The small size of the tourism sector in the Province does not justify the setting up of elaborate, highly staffed RTOs.

Consequently, we recommend that the role of the RTOs to be simply:

a representative body for the tourism stakeholders at district level.

The functions of the RTOs would be to

- articulate/represent the views of all tourism stakeholders in region
- interface (on behalf of the regional stakeholders) with the MTPA, District Municipalities and Government departments/sections responsible for tourism
- provide input to district and provincial policies, strategies and plans
- represent regional stakeholders at tourism forums
- coordinate the production of a tourism brochure on the region identifying attractions and places of interest; describing touring routes etc. These brochures should be self-financing through sale of advertising space as is done at moment.

The RTO offices should be located in the same town as the District Municipality Offices, and ideally in the same office as the Local Tourism Organisation.

A simple organisational structure is envisaged, with the Chairperson and Vice Chairperson being selected from the Chairpersons of the LTOs. Staffing would be an executive with secretarial support, which could be on a part-time basis depending on the work load.

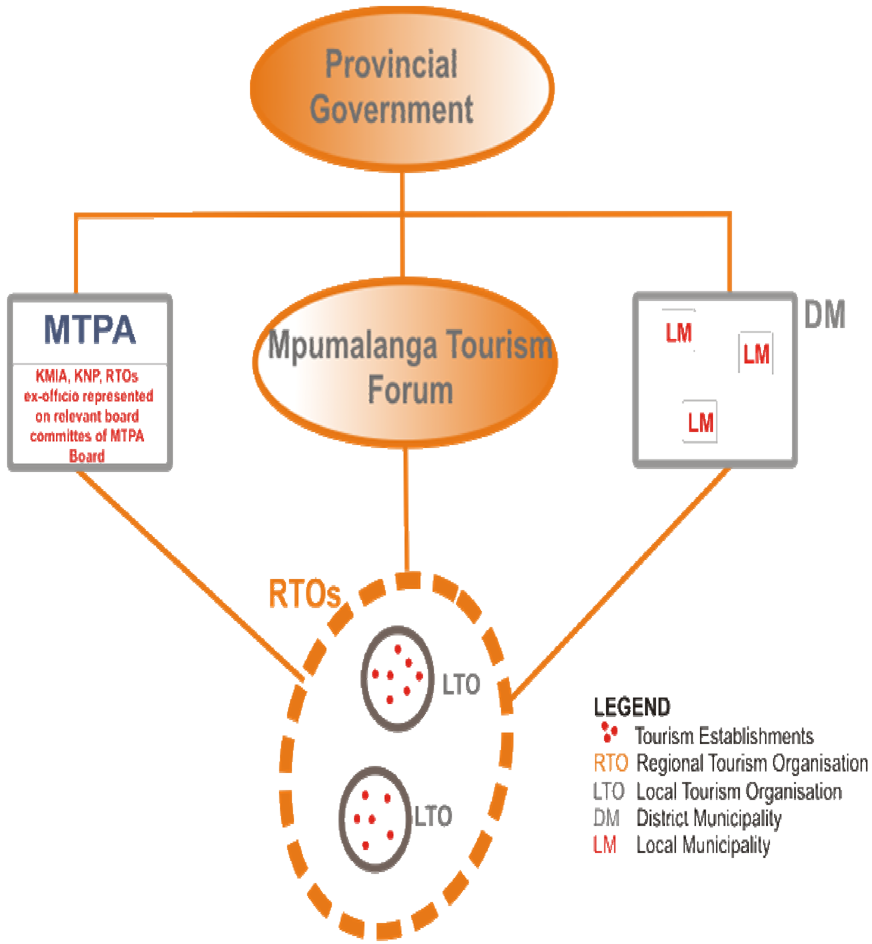
The details (legal structures, funding etc) of the reorganisation of the RTOs need to be worked out.

23.3 INSTITUTIONAL RELATIONSHIPS

The proposed institutional relationships are illustrated on the chart.

23.3.1 Mpumalanga Tourism Forum

We recommend the establishment of an inclusive Mpumalanga Tourism Forum, representing tourism stakeholders in their dealings with the Provincial Government on



issues influencing tourism policy and performance, development strategies and plans, marketing, product development and HRD.

The functions of the Mpumalanga Tourism Forum would be to:

- identify and advise on strategic issues essential to the further development of tourism in the Province
- recommend the commissioning of specific research to assist industry planning.
- stimulate co-operation and discussion between organisations involved in tourism.
- contribute to policy formulation for tourism development in the Province

Membership of the Forum would be drawn from the tourism sector's representative bodies along with key players, to include

- Regional Tourism Organisations
- District Municipalities
- MRTT
- TFCAs
- MTPA
- KMIA
- Hotel & Restaurant Association
- ICC (when established)
- KNP
- Theme Park (when established
- FEDHASA
- SATSA

The above is an indicative listing of possible members. Other relevant tourism industry associations and organisations could be included as appropriate.

23.3.2 Key Players to be Ex-officio Members of Relevant Board Committees of the MTPA Board

To facilitate closer cooperation and working relationships, key tourism players should be co-opted (as ex-officio, non voting members) to the relevant board committees of the MTPA Board, as provided for under the MTPA Act of 2005. Players to be considered for co-option would include KMIA, KNP and when established, the chairpersons of the proposed three RTOs, the ICC and Theme/Entertainment Park.

24. ACTION PLAN

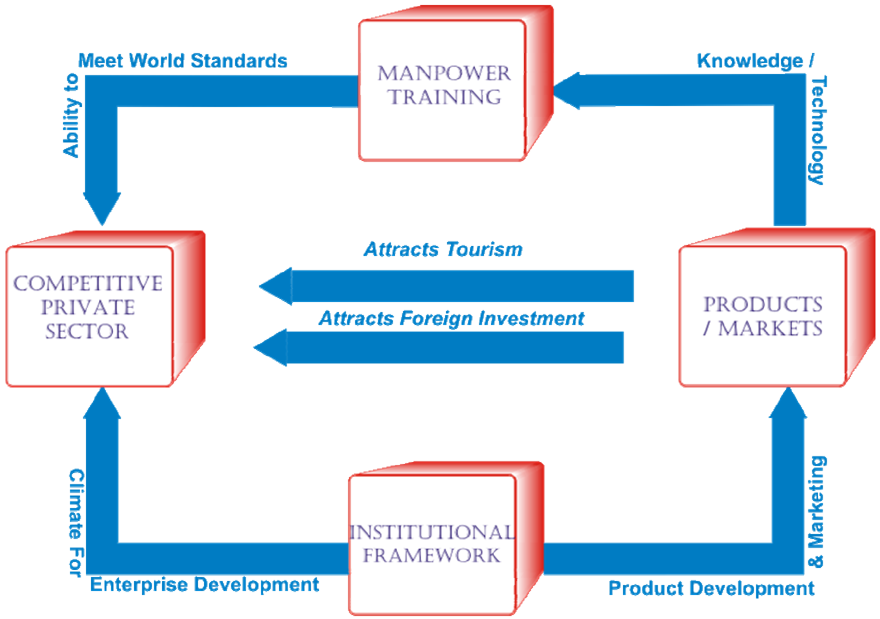
24.1 SCHEDULING ACTIONS

An issue of concern to tourism planners is how to sequence the recommended action programmes. Should the tourism product be expanded and standards improved prior to the establishment of a marketing campaign? Should capacity building and human resource development precede product development and marketing? The greatest consensus appears to be to do all at once. This is not as simplistic as it appears at first sight. Because all actions are so interlinked, trying to identify the best sequence is not a realistic approach. No single measure can bring much benefit without at least some progress in respect of the other actions.

Based on our experience we consider it more instructive to view the development of the tourism sector as a process rather than as a sequence of activities as shown on the following chart.

Establishing the appropriate institutional framework (arrangements, regulations), will create the climate for enterprise development within Mpumalanga on the one hand, and on the other, ensure product development and the promotion of the Province as a holiday destination in the different source markets. Manpower training, involving the transfer of knowledge and technology will ensure that the tourism industry can meet international standards of service and customer care. The combination of a trained workforce, sustained marketing campaign and the appropriate institutional arrangements will result in a competitive private tourism sector, attracting investment (both foreign and domestic) and be attractive to holidaymakers.

Figure 24.1: The Process of Tourism Development



24.2 IMPLEMENTATION PLAN

We see the implementation of the growth strategy in three distinct but related phases as outlined on Table 24.1.

Phase I: Short Term 2007 – 2008

During this period – ***the organising for growth phase*** – the focus will be on achieving

- Provincial Government approval of the tourism growth strategy
- consensus and 'buy-in' by all stakeholders to the growth strategy
- ensure that growth strategy is aligned with DM and LM IDPs, particularly with regard to provision of infrastructure
- publication of the growth strategy
- implement public private partnership (PPP) investment strategy for MTPA parks/reserves
- undertake series of low cost/high market exposure initiatives to effect quick turnaround and generate momentum for growth. Initiatives to include promotion of 'Shopping Weekends'; website improvement; testimony from champions such as Richard Branson; Calendar of Events etc
- MTPA to be adequately funded to fulfil statutory role and functions
- staffing up and institutional strengthening of the MTPA
- set-up new institutional framework/arrangements
- establish foundations for sustained marketing campaign
- prepare outline feasibility assessments for flagship products
- undertake investment promotion campaign in association with MEGA
- prepare a rolling three year MTPA corporate strategy and plan
- establish marketing partnerships
- establish a reliable statistical data base & market research programme
- set–up modalities for improved community and previously disadvantaged involvement.

Phase II: Medium Term 2008 – 2010

During this period – ***the growth 'take-off' phase*** – the focus will be on

- product diversification and expansion
  - golf resorts, retirement villages, health & wellness resorts
  - commercialisation of MTPA managed parks & game reserves
- development of flagship products
  - ICC
  - Theme/Entertainment park
  - Bio Park
  - Ndebele Arts & Design Centre
  - TFCAs
- improving air access and airlift from source markets
- branding and extensive promotion of Mpumalanga Route and linkages with other routes
- emphasis on promoting MICE
- increased destination and product marketing
- upgrade service skills and standards.

Phase III: Long Term 2011 – 2016

During this period – ***the 'rapid' growth phase*** – the focus will be on

- further product development and expansion
- more intensive destination and product marketing.

Table 24.1: Strategy Implementation Plan

Phase / Actions	Phase I: 2007 – 2008 Organising for Growth	Phase II: 2008 – 2011 Growth 'take off' Phase	Phase III: 2011 – 2016 'Rapid Growth Phase	Agencies Responsible
A. Arrangements for Strategy Implementation	➢ Provincial Govt. approval of strategy ➢ 'buy in' by stakeholders ➢ publication of strategy document ➢ adequate funding for MTPA ➢ PPP commercialisation strategy for MTPA parks/reserves	➢ update of growth strategy ➢ increased funding for MTPA	➢ update of growth strategy ➢ increased funding for MTPA	Govt, MTPA Stakeholders
B. Institutional Framework	➢ staffing & strengthening of MTPA ➢ establish Tourism Forum ➢ rationalise RTO structure ➢ registration of tourism operators ➢ prepare MTPA corporate strategy & plan	➢ strengthening/training of MTPA staff ➢ update of MTPA corporate strategy and plan	➢ on-going strengthening/training of MTPA ➢ update of MTPA corporate strategy and plan	Govt, MTPA RTOs, LTOs, DMs, LMs
C. Destination and Product Marketing	➢ undertake low cost/high market profile initiatives to effect quick turnaround and generate momentum ➢ production of collaterals ➢ improve web-site ➢ brand Mpumalanga Route ➢ formulate marketing plan ➢ establish reliable statistical data base & market research ➢ establish marketing groups and partnerships	➢ continuation of initiatives to maintain momentum ➢ increased destination & product marketing ➢ increased resources for branding/promoting Mpumalanga Route ➢ set-up e-commerce (reservations system etc) ➢ regularly update marketing plan ➢ increased range of collaterals ➢ emphasis on promoting MICE	➢ intensive destination & product marketing ➢ increased resources for branding/promoting Mpumalanga Route ➢ regularly update marketing plan ➢ joint campaigns with other SA provinces, Swaziland and Mozambique ➢ e-marketing/e-distribution	MTPA, RTOs, KNP, KMIA,
D. Upgrade, Diversity & Expand Product	➢ prepare outline feasibility assessments for flagship projects ➢ facilitate implementation of national classification and grading system ➢ establish data base of potential investors	➢ investment promotion ➢ excellence awards scheme ➢ establish 'one-stop' shop for investors ➢ update data base of potential investors	➢ on-going investment promotion campaign ➢ improve and extend excellence awards scheme	MTPA MEGA Treasury & other relevant Depts.
E. Upgrade Service Skills	➢ survey of training needs ➢ set-up HRD Consultative Committee ➢ organise HRD Forum ➢ undertake tourism awareness programme ➢ training for MTPA, Provincial, District & Local tourism personnel	➢ train-the-trainer courses ➢ training programmes for new entrants & existing employees ➢ expansion of MRTT's training programmes ➢ Set-up in-house training programme	➢ train-the-trainer courses ➢ training programmes for new entrants & existing employees	MTPA, MRTT THETA

PART V: ANNEXES

25. MTPA PARKS INVESTMENT STRATEGY

[This Chapter has been prepared by the MTPA]

25.1 OVERVIEW OF EXISTING SITUATION AND FACILITIES

25.1.1 Introduction

Mpumalanga Tourism & Parks Agency ("MTPA") is the mandated management authority for the Mpumalanga Provincial Parks. In common with the historic role of nature conservation agencies, MTPA has protected and managed biodiversity, and also delivered tourism and recreational services to visitors to the nature reserves.

MTPA is at an important juncture regarding tourism in its parks. Previous attempts to commercialise the parks have not been successful. As a result of the inability to attract external investors and the lack of investment by MTPA and its predecessors themselves, the parks have not been developed to realise their undoubted ecotourism potential, arguably contributing to the relative under performance of the Province in tourism. One of the constraints is that there are few purpose-built tourism facilities in the reserves, for example some of the accommodation is converted houses. At the same time, lack of investment in upgrading and maintaining existing facilities has led to a portfolio of facilities that are not suitable for the demands of the modern discerning tourist who has a range of products to choose from in a highly dynamic and competitive market. This under investment, combined with inadequate service levels and operating standards, has resulted in under utilised assets that are not generating adequate revenues to MTPA, not contributing meaningfully to socio economic benefits nor doing justice to the tourism potential of the parks. This is reflected in the performance of the reserves over the last three years.

Occupancy rates at reserves (%)

Facility	2006/7	2005/6	2004/5
1. Kromdraai Camp	6,9	28,5	8,0
2. Belvedere House	41,0	19,4	30,9
3. Groendak House	7,9	1,4	13,7
4. Blyde Hiking Chalets	13,7	30,7	26,6
5. Ohrigstad House	15,4	55,8	8,8
6. Loskop Chalets	7,1	39,1	13,5
7. C.N. Mahlangu Lodge	10,8	N/A	N/A
8. Mkholwane Lodge	13,3	N/A	N/A
9. Zwelabo Camp	1,0	N/A	N/A
Average Occupancy	**13,0**	**29,2**	**16,9**

Comparative day visitor numbers

Reserve	Visitors 2006/7	Visitors 2005/6	Visitors 2004/5
1. Blyde River Canyon	196,535	216,344	222,616
2. Loskop Dam	7,738	8,716	11,279
3. Songimvelo	874	549	355
4. Barberton	345	240	457
5. Nooitgedacht Dam	2,676	4,754	1,171
6. Ohrigstad Dam	4,008	2,495	3,384
7. Mahushe Shongwe	3,105	1,007	548
8. Verloren Valei	81	253	190
9. S.S. Skosana	2,225	N/A	N/A
10. Mdala	451	N/A	N/A
Totals	**218,038**	**239,071**	**242,866**

Apart from those reserves above, the MTPA also manages the following reserves: Mkhombo Dam; Mabusa; Sterkspruit; Andover; Manyeleti; Bushbuckridge; Mawewe; Mthethomusha; Masibekela and Barberton Mountainlands.

25.2.1 Overview of Current Facilities

The Blyde River Canyon National Park (BRCNP) has high quality natural tourism attractions and is a popular stop-over for tourists on the way to the Kruger National Park. There are viewing points of the canyon at various locations including Pinnacle, God's Window, Wonder View, Lowveld and Three Rondawels. Access to all these sites is currently free. Tourists pay for access to Bourke's Luck Potholes where there is an entrance area, visitor centre, a kiosk, curio sellers, picnic area and a day hiking trail. There is limited MTPA managed accommodation in BRCNP with the self catering, 2 star Belvedere Guest House having 5 bedrooms. Groendak Guest House is currently closed to the public due to its dilapidated state and the lack of funds to restore it. Similarly, the 3 day hiking trail which has three trail huts sleeping 30 hikers is also closed. There are plans to establish a new 37km luxury Loggers Hiking Trail with new three overnight lodges. Funds have been secured and construction is due to start in early 2008. As part of the same project, the upgrading and expansion of selected strategic tourism infrastructure at the Pinnacle, God's Window, Bourke's Luck and Three Rondawels will take place.

Songimvelo Nature Reserve (SNR) forms part of the Songimvelo-Malolotja Transfrontier Conservation Area forming part of the Lubombo TFCA Protocol between South Africa, Swaziland and Mozambique. The tourism potential of SNR and the TFCA is immense but is currently largely untapped, with MTPA's only accommodation being Kromdraai Camp which has 30 6-bed self catering chalets. This facility is graded as a 2 star facility. Msauli Village is an old mining village on the boundary of SNR. It is currently unoccupied and not being used, with MTPA maintaining the facilities in anticipation of a future development. This village, once restored, can potentially accommodate up to 800 people and includes a 9 hole golf course, chapel, hospital, school and sports facilities.

Loskop Dam Nature Reserve has 1 star graded chalets, known as Berg Hutte. These rustic cabins are Fish Eagle, Crocodile Hut and Hippo Hut, each accommodating between 6 and 8 people. The Loskop Dam Aventura Resort, while located on the banks of the Loskop Dam, is privately owned by Forever Resorts and operates independently from MTPA.

Other accommodation facilities at MTPA parks are:

- Ohrigstad Dam Guest House, a 2 star accommodation sleeping 6 people on a self catering basis
- C.N. Mahlangu Lodge in S.S Skhosana Reserve has 16 2-bed self catering chalets
- Mdala Nature reserve has the following facilities:
    - Mkholwane Lodge – 12 bed self catering
    - Zwelabo Camp – 8 bed self catering
    - Manala Camp – 10 bed self catering, used as a school group facility
    - Five guest houses that can potentially accommodate 6 guests each, but are not open to the public due to lack of funds to furnish them.

A number of the reserves currently do not have overnight accommodation facilities, but are open for day visitors to undertake activities such as fishing. Developing products that are appropriate to the targeted market segments could enhance the tourist experience and make MTPA parks a more attractive destination than is currently the case.

25.1.3 Park Infrastructure

Apart from the tourist facilities, the assets and infrastructure on the reserves has suffered from a prolonged period of under-investment and poor maintenance. The budgetary constraints have caused such maintenance as has been undertaken to reactive and sporadic. Without urgently addressing the current state and condition of the infrastructure MTPA will not be able to realise its vision of being a premier tourist destination. For example:

a) boundary fences are old and in poor repair, increasing the risk of animals escaping from the reserves or unauthorized access by poachers and others
b) the road network is poorly maintained, making the reserves an unappealing tourist destination and inhibiting effective management
c) buildings, including administration offices, staff accommodation, workshops, garages and stores are generally in a poor state and require maintenance. This creates a poor image for the MTPA and restricts it from attracting and retaining staff on the reserves

The above analysis indicates the reality that MTPA currently faces in its parks and highlights the urgent need for a structured and planned approach to developing the parks to their potential.

25.2 POLICY AND LEGAL FRAMEWORK

MTPA operates in a complex policy and legislative environment. Not only does it have to comply with provincial policies and legislation, but the national biodiversity-related legislation is strongly influenced by international policies and agreements. The objectives of MTPA in its founding act include the need to promote transformation within the tourism and conservation sectors, thereby creating opportunities for disadvantaged individuals and communities in the Province. This mandate talks to the role that MTPA should play in fulfilling the government’s socio economic policy objectives, such as those embodied in ASGISA. In addition, Mpumalanga has adopted a Provincial Growth and Development Strategy (PGDS) that seeks, inter alia, to provide a framework for growth and development. MTPA has the responsibility of implementing several of the key identified priority projects that contribute to job creation and skills development in the province and is an implementer of certain of the Heritage, Greening & Tourism projects under the “Bid Five Provincial Flagship Projects” of the Premier. These national and provincial policy imperatives guide the strategy of investment in the MTPA parks.

The legal framework is equally comprehensive and there are thus numerous pieces of legislation that need to be taken into account when considering commercialisation of parks. This includes amongst others, legislation applicable to land; forests; protected areas; land restitution; water and environmental impact assessments, as well as the MTPA’s founding legislation and the Public Finance Management Act 1999 (PFMA), specifically Treasury Regulation 16 relating to Public Private Partnerships (“PPP”). The BEE Tourism Charter and Scorecard also need to be complied with.

The Mpumalanga Tourism & Parks Act No.5 of 2005 creates the framework within which MTPA operates. This act gives the MTPA the power to enter into agreements and in consultation with the MEC, to enter into PPPs. The MTPA Act also gives MTPA the right to utilise as its revenue, inter alia, any fees and other money accrued or appropriated by the MTPA in order to achieve its objectives and exercise the powers and functions of the MTPA. The Act further gives MTPA powers to identify tourism development opportunities in the Province.

The PPP regulations and compliance with them are critical in formulating plans for commercialisation. The PPP framework seeks to bridge the gap between the substantial public investment requirements and limited available resources by allowing national and provincial institutions to enter into PPPs with private sector partners for investment on state assets and to improve service delivery. The PPP framework is set out in Treasury Regulation 16 issued in terms of the PFMA. National Treasury's PPP Manual has been issued as PPP practice notes to make the application of the PFMA and its regulations easier.

Tourism PPPs

South Africa's tourism industry has experienced considerable growth in the last decade, but the development of tourism-based businesses on state-owned land has been slow. National Treasury has sought to boost this sector of the economy by providing practical guidelines in the form of the PPP Toolkit for Tourism to make the PPP process relevant to the particular characteristics of the country's nature and heritage tourism industry.

The *PPP Toolkit for Tourism* is principally based on the application of the PPP definition: a private party acquires the use of state property for its own commercial purposes, assuming substantial risk, and receives a benefit from charges collected from users.

An Ecotourism PPP is defined as follows:

A contractual arrangement between a public entity and a private sector entity, whereby the private sector entity invests in upgrading an existing asset, and/or builds new infrastructure. The private sector entity is granted a right to commercially utilise the state asset (land or buildings), in broad support of a public function (conservation). The private sector entity makes a return on the investment over the life of the contract, and returns the upgraded or new infrastructure to the public entity in an agreed condition at the end of the contract. The private sector entity pays a regular user fee to the public entity (turnover linked or fixed fee rental).

In terms of the PFMA, MTPA may not proceed with a PPP without the prior written approval from National Treasury. National Treasury may only grant approval if it is satisfied that the proposed PPP will: –

(a) provide value for money
(b) be affordable for MTPA; and
(c) transfer appropriate technical, operational and financial risk to the private entity

There are three distinct Treasury Approvals required in terms of Treasury Regulation 16. The first (Treasury Approval I – TA I) requires the submission by MTPA of a feasibility study report, to determine whether the envisaged PPP is in its best interest. The feasibility study must show affordability and an initial indication of how value for money will be achieved, through appropriate risk transfer. Once the feasibility report has been submitted and approved by National Treasury, MTPA can proceed with the bid documentation preparation and drafting of the contracts. Treasury Approvals 2 and 3 follow during, and at the conclusion of, the procurement process.

MTPA is both obliged and committed to complying with the PPP regulations as it engages the private sector for the development and operation of tourism facilities within the parks.

25.3 LAND RESTITUTION

Approximately 80% of the park surface area is under restitution claims. The claims have been submitted by different communities, and are at various stages of progress and finalisation.

Until these claims are finalised, any concessioning arrangements with the private sector will have to be pursued jointly by MTPA and the verified claimant communities. MTPA and the future land owners need to enter into a co-management and benefit sharing agreement to ensure the sustainable management and development of each park and the equitable distribution of benefits arising from development opportunities. Such agreements would also provide security of tenure for any potential private sector investor. Challenges have been experienced in assessing proposals to develop tourism in the parks while land restitution is in process but models are being developed that will hopefully enable the process to move forward.

Given the urgency with which Government is determined to resolve the issue of land restitution, land claims on protected areas have become a concern for parks management agencies throughout the country. A task team has been established to draw up guidelines for issues such as co-management arrangements and economic developments within protected areas. These will include benefit sharing between the community land owners and the conservation agencies.

The National Department of Environmental Affairs & Tourism and the Department of Land Affairs have recently signed a Memorandum of Understanding (MoU) to guide the settlement of restitution claims on protected areas. The MoU recognises that protected areas are assets of national and international significance and must be managed in perpetuity as protected conservation areas. At the same time, it promotes the involvement of claimants in the joint management of protected areas through co-management arrangements and seeks to ensure that the settlement will result in beneficiation for the claimants through appropriate economic activities. Settlement negotiations are, however, very slow, given the inherent sensitivities on these issues. As claims are settled and co-management agreements signed, transparent processes to identify private sector parties for development and operation of tourism products will follow.

Experience has shown that settling land claims is a lengthy process and it is difficult to estimate time frames. Also, the process is beyond the control of the MTPA and while it can do its best to support, facilitate and accelerate the process, it does not have the mandate nor influence to bring the matters to a speedy resolution.

25.4 COMMERCIALISATION AND DEVELOPMENT STRATEGY

The historic role of nature conservation agencies has been not only to protect and manage biodiversity, but also to deliver tourism and recreational services to visitors to the parks. However, it is debatable whether conservation agencies should be involved in the development and operation of tourism facilities in a dynamic and competitive market.

25.4.1 Commercialisation

For this reason, MTPA is committed to a process of commercialisation for the upgrading, expansion and development of existing or new infrastructure and facilities as well as the operation of these facilities. Such commercialisation could encompass:

- Development and operation of selected facilities by MTPA itself;
- Outsourcing and lease agreements;
- Management agreements;
- PPPs under the Build Operate Transfer (BOT) model.

25.4.2 Objectives

The broad objectives of the commercialisation strategy for MTPA's parks are:

1. To contribute to the economic growth of Mpumalanga in line with the Provincial Growth & Development Strategy (PGDS) and in support of the BEE Tourism Charter and Scorecard
2. To contribute financially to the MTPA

25.4.3 Principles

The guiding principles to be applied in pursuit of achieving MTPA's vision and the commercialisation objectives are:

- Developing a diverse range of alternative tourism products to meet the requirements of different market segments, including providing affordable access to local communities and others from previously disadvantaged backgrounds;
- Developing products that complement and do not compromise or threaten the natural resources on which the tourism developments rely;
- Planning and zoning developments spatially within protected areas to ensure an integrated approach between conservation and development and to maintain the integrity of the biodiversity and cultural resources;
- Partnering with land claimants and other local communities to promote a conservation economy in and around the parks in support of local economic development in line with the PGDS;
- Following a consultative and integrated approach by involving all relevant stakeholders in the development process, including alignment with municipal IDPs;
- Creating an enabling and investor friendly environment;
- Promoting the involvement of the private sector in the development, funding and management of tourism facilities; and
- Complying with all relevant legislation and regulations, including the PFMA and Treasury Regulations, the Tourism BEE Charter and Scorecard, as well as environmental legislation such as Environmental Impact Assessment Regulations

25.5 STAKEHOLDER PARTICIPATION

The planning and implementation of the commercialisation strategy will be consultative to ensure alignment to the provincial and local tourism development strategies and to obtain the support of the key role players. MTPA will participate in, and where necessary create, appropriate forums in which relevant stakeholders will be consulted. The interested and affected stakeholders will be identified for each area, such as at a district or even park level, or for individual developments, and the list of potential stakeholders below is not exhaustive:

- MEC and Provincial cabinet;
- Local communities, including land claimants and land owners;
- Protected area neighbours;
- District and local municipalities ;
- National and Provincial Government departments (eg. DWAF, DLA, DEAT, DPW, National Treasury, DALA, DEDP etc);
- NGOs;
- General public;
- Scientific community;
- Private sector including investors and concessionaires ;
- Tourism sector stakeholders including product owners, operators and associations; and
- Development finance institutions such as MEGA, DBSA and IDC etc.

25.6 WAY FORWARD

The implementation of the development strategy for MTPA parks is summarised briefly below.

25.6.1 Product Development

In line with the Mpumalanga Tourism Growth Strategy, MTPA has a critical role in developing and diversifying the range of tourism products in the Province. The products will be developed taking cognisance of market demands and requirements, with focus on the segments set out below. This is a preliminary assessment of the reserve potential and will be refined as detailed development plans are drafted and further consultation takes place with various stakeholders. Any developments will also have to take place within the zoning of the parks and in compliance with EIA regulations.

Segment	Sector	Reserves with potential
Nature tourism	Wildlife safaris	SNR, Loskop Dam NR, Manyeleti
	Birding	BRCNP, SNR, Loskop Dam NR, Barberton Mountainlands, Verloren Vlei
	Botanical	BRCNP, SNR, Barberton Mountainlands
	Natural history	BRCNP, SNR, Barberton
Activity tourism	Fishing	Loskop Dam NR, Nooitgedacht NR, Ohrigstad Dam NR, Mkhombo Dam NR
	Hiking	BRCNP, SNR, Loskop Dam NR
	Mountain biking	Loskop Dam NR, SNR, Barberton, Mdala
	Sailing / kayaking	Loskop Dam NR; Nooitgedacht Dam NR, Ohrigstad Dam NR
Soft and hard adventure	Climbing	SNR, BRCNP
	Rafting	BRCNP
	4x4	Loskop Dam NR, SNR, Ohrigstad Dam NR, Barberton Mountainlands
	Abseiling	BRCNP

25.6.2 Action Programmes

To facilitate an integrated approach to development and commercialisation of MTPA parks and alignment with the Mpumalanga Tourism Growth Strategy, the following programmes will be pursued:

1. capacitate and resource MTPA for its commercialisation strategy
2. involvement and participation in settlement of land claims
3. maintain and where applicable upgrade the biodiversity and conservation estate within the parks by improving infrastructure and services essential for tourist developments
4. improve access to the parks
5. implement the commercialisation strategy to upgrade and diversify the product range
6. promotion and marketing of the parks and tourism attractions
7. upgrade service levels
8. strengthen community involvement and transformation of tourism industry

25.6.3 Development Plans

25.6.3.1 Upgrade and Develop Blyde River Canyon National Park

Plans to transform BRCNP into a major landmark national tourism attraction will be implemented to establish it as a "must-see" destination rather than a stop-over on the way to the Kruger National Park. Apart from upgrading the viewing sites, establishing a new hiking trail and other outdoor adventure activities, the plan envisages the development of a cable car transporting tourists from the top of the canyon to the peninsula in the middle of Blyde Dam, with associated activities such as guided boat trips along the canyon banks. A Heritage Visitor Centre showcasing the region's natural, cultural and historic heritage is also planned.

25.6.3.2 Development of Songimvelo Nature Reserve

Plans are to link SNR to the adjacent Malolotja Nature Reserve in Swaziland as part of the Lubombo Transfrontier Conservation Area initiative. Integral to the realization of the TFCA is a focus on adventure tourism opportunities ranging from game viewing, hiking, 4x4 trails, extreme sports and educational trails (geology; archaeology and cultural history). The Integrated Tourism Master Plan for the TFCA envisages a range of accommodation within the park appropriate to the target market and incorporating tented camps; camping facilities; self catering chalets and day visitor facilities.

25.6.3.3 Development of Loskop Tourism Complex

The concept is to create a tourism belt incorporating the Highveld parks such as the Loskop Dam Nature Reserve, Mabusa Nature Reserve including Zithabiseni Resort, Mdala Nature Reserve, Mkhombo Dam Nature Reserve and S.S. Skosana Nature Reserve. A range of tourist facilities and leisure attractions around the dams and reserves will be developed to cater mainly for the nearby Gauteng market. This concept requires further feasibility studies before it can move to detailed planning and raising funds for the identified projects.

25.6.3.4 *Upgrade and Development of other MTPA parks*

While the initial focus will be on the MTPA parks mentioned above, there is clear tourism potential in many of the other parks, possibly catering for specialist niche markets. For example, the plant species diversity in the Barberton Mountainlands is second to only the Cape Fynbos and presents an opportunity to showcase the province's biodiversity. In addition, further investigation and planning is necessary for former Limpopo Provincial Reserves that are in the process of being transferred to the MTPA, as there are potential opportunities that should be explored. These reserves include Manyeleti and Andover.

Further investigation will be conducted into each of the remaining parks and development plans will be drafted, approved and implemented accordingly.

25.6.4 <u>Action Plan for Implementation</u>

The implementation of the commercialisation strategy will be undertaken in a phased approach as follows:

25.6.4.1 *Phase I: Short Term 2007 – 2008*

This ***organizing for growth phase*** will focus on:

- MEC and Provincial Government approval for the strategy
- Consensus with relevant stakeholders
- Capacitating and resourcing MTPA
- Drafting and implementation of Integrated Infrastructure Maintenance and Upgrade Plan for rehabilitation of MTPA parks, including improvement of access and development of infrastructure
- Drafting of Integrated Reserve Management Plans for all parks, including zoning for developments
- Settlement of land claims
- Concluding co-management and benefit sharing arrangements with community land owners
- Detailed business plans and funding raised for BRCNP and SNR
- Implementation of funded projects for BRCNP
- Concluding feasibility studies for Loskop Tourism Complex
- Initiating studies and drafting of development plans for other MTPA parks

25.6.4.2 *Phase II: Medium Term 2008 – 2010*

This ***growth take-off phase*** will focus on

- Implementation and conclusion of projects for flagship reserves – BRCNP, SNR and Loskop Tourism Centre
- Finalisation of outstanding land claims, including co-management and benefit sharing agreements
- Implementation of Integrated Infrastructure Maintenance and Upgrade Plan
- Promotion and marketing of new developments
- Upgrading service levels
- Full participation by communities in support of transformation objectives

- Detailed business plans and fund raising for priority projects for other MTPA parks
- Implementation of projects on other MTPA parks

25.6.4.3 Phase IIII: Long Term 2011 – 2016

This ***rapid growth phase*** will focus on

- Further product development in MTPA parks
- Managing and maintaining facilities
- Operation of facilities to international standards

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