

**WHS Tourism–Led Development  
Economic Impact Analysis - Appendix M**

**BMM WHS NOMINATION DOSSIER  
APPENDIX M:  
WHS TOURISM-LED DEVELOPMENT ECONOMIC  
IMPACT ANALYSIS**

# **BARBERTON – MAKHONJWA MOUNTAINS WORLD HERITAGE SITE PROJECT**

**Tourism-Led Development Economic  
Impact Analysis**

**by**

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## **Executive Summary**

### **Indicative socio-economic impacts from tourism-led development**

In developing a set of indicative impact criteria that could be derived from the implementation of BML WHS project, cognisance has been taken of the key strategic development objectives of both the Government as well as those communities typically resident in the periphery of the South African space economy.

Under the scenario where road traffic through Bulembu increases by an average of 15% of the current traffic flows (years 1-10) and then by an average of 20% of the current traffic flows (years 11-20) of current total traffic through Matsamo, Oshoek and Bulembu Border Posts the following impacts could be achieved.

<b>Total impacts over 20 years:</b>	
Total revenue generated (gross turnover)	R 9,76 Billion
Total new jobs (direct and indirect full time)	5,247
Total wages (direct and indirect)	R 2,48 Billion
CAPEX (accommodation only)	R 875 Million
Maintenance of facilities (SME support)	R 147,5 Million
<b>GRAND TOTAL</b>	<b>R 13,26 Billion</b>

The analysis of the impacts of those currently planned/proposed projects within BML WHS sub-region indicates that the following impacts could be achieved over a period of 20 years.

<b>Impacts over 20 years of currently planned/proposed projects in the BMM WHS:</b>	
Total revenue generated (gross turnover)	R 621,96 Million
Total new jobs (direct and indirect full time)	1,353 (140%)
Total wages (direct and indirect)	R 630,96 Million
CAPEX (Specified projects only)	R 530,00 Million
CAPEX on community owned land	R 220 Million
Predicted private sector investment	R 265 Million
Revenue streams to land owning communities	R 2,6 Million PA
Maintenance of facilities (SME support)	R 50,3 Million
<b>GRAND TOTAL</b>	<b>R 1,813 Billion</b>

In terms of the impacts that the proposed developments could have on the large population of rural poor, the following should be achieved:

- Employment and wages: Increased tourism demand will lead to increased tourism activity and that will be translated into jobs and wages.
- Public sector investment: As the local economic activity increases, so too will the amount of public sector resources available for investment into physical and social infrastructure and services.
- Improved transport infrastructure associated with reduced costs of produce and production inputs: These provide direct cost savings – especially for peripherally located communities with high levels of poverty - on products and also facilitate easier, quicker and cheaper transport to schools, shops, clinics, employment etc.

- Opportunity for entrepreneurship development: The tourism industry provides many 'upstream and downstream' opportunities for small enterprise development via the supply of inputs and services.
- Investment on community owned land: As an outcome of the ongoing land reform process including the restitution of land, the situation has developed where marginalised communities with very high levels of poverty now control very important portions of land. This changing pattern of land ownership combined with increased tourism demand should result in further fixed investment on this restituted land.
- Changing structure of ownership of tourism enterprises: Historically and still to this day the ownership structures of enterprises in the tourism and hospitality sectors reflects South Africa's political past based largely on racial lines. There is a growing body of evidence to indicate that the implementation of commercial based community/private partnerships on community owned/controlled land can be used to create sustainable opportunities for economic empowerment of rural communities via equity sharing and co-management of the tourism facilities.
- Increased demand for agricultural production: This should boost employment and wages, as well as create opportunities for further investment on restituted land.
- Training and capacity building: As part and parcel of the design and implementation of community/private partnerships for the development and operation of tourism facilities, there is a growing body of evidence to indicate that these commercial partnerships can be used to create opportunities for training and capacity building, combined with succession planning, for members of the relevant land owning and local communities.

## BMM WHS – Tourism-led Development Economic Impacts

### 1. Strategic Context

#### 1.1 The underlying resource base:

The BMM WHS sub-region offers exceptional tourism development potential based on underlying geology, fauna and flora and culture and history. The sub-region is characterised by tremendous diversity in terms of its biological, archaeological, geological and heritage assets. This situation inherently provides great opportunity for the development of multiple types of tourism products focused at multiple markets.

***The geological assets are of particular significance:*** The world-class heritage of the region's geology – 3 200 million to 3 600 million year-old rocks, is in an unsurpassed state of preservation, and contains the best sequence of the world's oldest geological record available on earth. It is currently in the process of redefining the date for the first occurrence of life on earth – an astonishing one billion years earlier than previously estimated. The Barberton Mountain Lands is the only place on earth where the development of the early earth crust and evolution of life itself can be studied. This is truly the place where life began.

Over and above the geological assets the area is rich in a variety of natural, cultural and heritage resources that individually and collectively provide a strong resource base for the development of diverse tourism products.

***The planning area contains a significant number of publicly, communally and privately owned nature reserves.*** These protected areas provide a range of different natural habitats and related opportunities for nature based adventure and photographic tourism. The major existing reserves include the following:

#### South African game and nature reserves

- ***Songimvelo Nature Reserve:*** Established in 1983, this reserve measures 49 000 hectares in extent. It lies in rugged mountain terrain, the highest point being Mlembe Peak at 1851m. The reserve offers luxury accommodation. The reserve consists predominantly of grassland and savannah woodland and shrub forest. The reserve also contains elements of the Cape Floral Kingdom in higher areas, as well as three cycad species that are found there. There are 20 species of ungulates in the reserve including hippo, giraffe and rhino. Predators include leopard and caracal, but the reserve could accommodate lion too. Some 309 species of birds have also been recorded in the reserve.
- ***Barberton Nature Reserve:*** The Barberton Nature Reserve (Phase 1) measures 2500 hectares in size. It is situated 20 kilometers south of Nelspruit to the west of the R40 linking Nelspruit and Barberton. The reserve is easily accessible for day trip visitors from Nelspruit and Barberton. The reserve ranges in elevation from 680 to 1150m above sea level, and the predominant vegetation is Sour Lowveld Bushveld of the savanna biome. A variety of game already occurs in the area with plans to introduce the Big 5. The area also boasts 444 recorded bird species. An additional 1000

hectares of private land has been functionally included in this reserve via the de Kaap Valley Conservancy.

- *Parani Nature Reserve:* The Parani Nature Reserve falls within the limits south of the N4 Maputo Development Corridor and north of the R38 between Barberton and Kaapmuiden. Through a cooperation agreement between the private sector landowners and the State, this area comprises approximately 10 000 hectares dedicated to conservation and ecotourism, and a further 10 000 hectares set aside for a conservancy with associated agricultural activities. This reserve as part of the Crocodile Gorge Conservancy links onto Barberton Nature Reserve Phase 2 and creates a green corridor with Mthethomusha Nature Reserve and Kruger National Park.
- *Mountainlands Nature Reserve:* Consisting of portions of State, communal and private land, this reserve measures some 18 000 hectares in extent. Elevations range from 600m to 1300 meters above sea level with a number of perennial streams flowing through the area. The vegetation is mostly Sour Lowveld Bushveld of the Savanna Biome merging into the North Eastern Mountain Grassland of the Grassland biome at higher elevations. The range in elevation, and the broken mountain topography result in a variety of habitats supporting a very rich biodiversity. More than 1500 plant species have been identified in the area, a number of which are endemic and endangered. Various game species including kudu, mountain reedbuck, common reedbuck, bushbuck, bush pig, klipspringer, grey duiker, and the rare red duiker already occur. Carnivores such as leopard, caracal, civet, genet and jackal are also already present on the reserve. The reserve has the potential to accommodate the Big Five, and the re-introduction of larger game commenced in April 2002. This reserve also contains examples of archaean geology and Early and Middle Stone Age settlements.

#### Swaziland game and nature reserves

- *Malolotja Nature Reserve:* The 18 000 hectare reserve is the last true wilderness area in Swaziland. Altitudes range from 650 to 1900 meters above sea level. It is a paradise for hikers. The area is dominated by rugged mountains and includes two of Swaziland's highest mountains, Ngwenya (1837m) and Silotwane (1680m), as well as its highest waterfall Malolotja Falls (95 meters). In addition to the mountain valleys there are beautiful valleys, deep river gorges, and grass covered plains. It boasts some of the world's oldest and best-preserved sedimentary rocks, in the world. The Lion Cavern which, is dated at 41 000 BC is the oldest known site of mining activity in the World. The great variety of habitats and vegetation types, ranging from open grassland to forest makes this one of the most interesting botanical areas of Swaziland. The reserve contains tremendous varieties of plants including rare cycads and elements of the Cape Floral Kingdom. The superb variety of wild flowers is second only to South Africa's Namaqualand. The reserve contains a wide range of smaller mammals (reedbuck, grey rhebuck, oribi, klipspringer, common and red duiker, zebra, warthog, blue and black wildebeest, red hartebeest, blesbok and common reedbuck). In addition 280 bird species occur including specialities such as the blue swallow, blue crane, bald ibis, flufftails, Gurneys sugarbird, Chorister robin, crowned eagle and narina trogon. There are 18 species of amphibians and 54 species of reptiles.

- *Hlane Game Reserve*: Situated in the Swaziland Lowveld, this 30 000 hectare reserve includes the geographically separate Simunye Nature Reserve. The reserve provides important habitat and food for scavenger species such as vultures and jackals. Hlane is home to Swaziland's 'big cats' – lion leopard and cheetah. The reserve is one of the few conserved areas of potentially productive Lowveld (the rest having been converted to agriculture) and consequently it has unusually high numbers of game including Burchell's zebra, white rhino, elephant, warthog, kudu, impala, waterbuck, bushbuck, nyala, common duiker, steenbok and giraffe.
- *Mlawula Nature Reserve*: The Mlawula Nature Reserve comprises two conservation areas (Mlawula and Ndindza), that are managed as a unit and together cover an area of 16 400 hectares. The reserve offers rugged scenery and has a rich archaeological history with some spectacular caves dating back to 110 000 years as well as many Early and Middle Stone Age remains. The reserve ranges in altitude from a low of 57 meters in the Lowveld to a high point in the Lubombo mountains of 573 meters and incorporates a variety of vegetation types including dry thorn savannah, open grassland, and moist woodland. The reserve protects a wide range of endemic plant species including very rare cycads, a variety of antelope, and more than 350 species of birds which is the highest bird count in Swaziland.
- *Shewula Game Reserve*: Developed on Shewula community land and managed by the Shewula community. A community owned and operated camp has been developed, providing four self-catering rondavels perched on the very edge of the Lubombo escarpment with a view that includes most of the Lowveld.

There are also considerable portions of communal (community owned) land (in South Africa) that could be well suited to tourism based developments. Some of these areas have already been set aside as community based conservation areas, whilst others are operated on a joint agriculture/conservation/tourism basis. They include the following:

- *Mahushe Shongwe Nature Reserve*: This Nature Reserve (established 1987) is located in the Nkomazi district next to Mzinti village, which is inhabited by members of the Matsamo community, and is very well located relative to an existing tarred road. The reserve measures some 1100 hectares in extent.

*Mawewe cattle/game ranching project area*: The Mawewe cattle/game ranching project (started in 1992) is located on the Mpumalanga/Swaziland border between Jeppes Reef and Border Gate in the Nkomazi district. The project area is about 9200 hectares in extent.

*Ebutsini Community tourism area*: The Ebutsini community is located within an area of about 10 000 hectares. Situated within South Africa, this area of land is 'strategically' wedged between Songimvelo and Malolotja Game Reserves. As such it is well located relative to the existing and proposed tourism and conservation facilities/activities that form part of the Tourism and Biodiversity Corridor. The land is of high biodiversity value, and remains in reasonably good condition despite the fact that it has no formal conservation status. Its scenic value is also very high making it potentially conducive to tourism related activities. The local community has already established a 4X4 route through the area.

There are a wide range of cultural and heritage opportunities to be found in the planning area: This includes both traditional indigenous cultures as well as colonial influences and Dravidian and Arabic influences from 1000 to 3000 years ago. These include Middle Stone Age sites (22 000-100 000 years



old) in Barberton, 16th and 17th century bushman rock paintings in Piggs Peak (amongst 20 other sites in Swaziland), various ancient dwellings and settlements around 500 years old (one complete village on Wonderscheur in Mountainlands), Lions Cavern, which at between 41 000 and 36 000 BC is the oldest known mine in the world, Labambo Royal Kraal (Swaziland), Eureka City (1800s mining settlement), Sheba Gold mine which is the oldest working mine in the world, De Kaap Valley (Valley of Death), Dravidian temple sites (in Mountainlands Game Reserve, Nkomazi Wilderness Nature Reserve and Songimvelo Game Reserve) etc.

***In terms of arts and crafts based tourism offerings and experiences***, a wide range of quality handcrafts is available to visitors and represent a blend of the best of traditional designs and modern techniques. Some are sold in specialist stores, whilst others are available from the markets and even on the side of the road. A truly traditional Swazi craft is grass weaving, and mats and baskets in all sizes are available. Local materials are used in the production of carved wooden bowls and figures, beadwork, calabashes, spears, battle-axes, shields, drums, leatherwork, soapstone carvings, mountain grass basket ware, wooden and sisal baskets, beadwork, wood and soapstone carvings, clay pots and calabashes. Additional crafts include fine mohair that is carded, spun, dyed and hand woven into the most spectacular fabrics. More recently, craftspeople are working with Mopane silks, Raffia and cotton yarn. At Ngwenya craftspeople specialize in glassware, silk screened batiks and Swazi candles.

***In terms of the potential match between tourism products ad experiences and tourism demand***, there appears to be a good match. Research since the early 2000s has consistently indicated that scenic beauty (including natural attractions), wildlife and visiting cultural, historical and heritage sites remain the main draw cards for foreign air arrivals to SA.

***Tourism development potential at a sub-regional level.***

If one considers the tourism development situation at a district (sub-regional) level the following trends emerge. On the South African side of the border are two main districts - Barberton and Nkomazi.

***In the Barberton district*** includes the major existing tourism attractions include the Piranie, Songimvelo, Mountainlands, Barberton, Nkomazi Wilderness and Ligwalagwala reserves/conservancies, as well as a range of archeological, geological and culture and heritage attractions. At this stage, whilst this potential remains largely underutilised and the area is not a well-known destination at all, the area has a number of key advantages that bode well for its future development. They include the following:

- The area has tremendous inherent development potential in terms of nature based photographic and consumptive tourism, in adventure tourism, and in terms of culture and heritage tourism. All of these sectors of the tourism market are key growth sectors in the global tourism economy.
- All the major reserves have reasonably good access by road. Piranie and Mountainlands via tarred roads, and Songimvelo (the last portion) via gravel road. All reserves are accessible by 2X4 wheel drive vehicles.
- This district is well located in terms of proximity to Swaziland and it's related attractions, particularly so once the upgrade of roads linking Barberton to Bulembu to Piggs Peak and Tshaneni are implemented.

- Tourism-led development is receiving a high priority by the various levels of local, sub-regional government, as well as the various private sector organisations within this district.

***In the Nkomazi district*** the performance of the tourism sector has been fairly limited to-date, and could be significantly improved. Key strategic issues that bode well for future development potential include the following.

- *Firstly*, the Nkomazi district is located immediately south of the Kruger National Park – a prime, well-known, existing tourism destination.
- *Secondly*, this district is well located in terms of proximity to Mozambique and Swaziland both of which countries have tremendous inherent but underutilised tourism development potential.
- *Thirdly*, this district enjoys very good bulk road access, again strengthening its location as an area through which tourists move between the Kruger National Park, destinations elsewhere in Mpumalanga, Swaziland, and Mozambique, as well as the key source market of Gauteng.
- *Fourthly*, this district has inherent and underutilised development potential for the development of nature based, adventure and cultural tourism products. These types of product are all important growth sectors in the global tourism market. In this regard, there are a number of provincial/community nature reserves/conservancies in the Nkomazi district that are at present very significantly underutilised. They include Mahushe Shongwe, Masibekela/Mananga, and Matsamo.
- *Finally*, it is unlikely that the reserves/conservancies within Nkomazi could compete with the Kruger National Park, or the nature reserves that have already been established in Northern Swaziland in terms of their scenic value and spectrum of existing wildlife, and their related potential to provide opportunities for photographic tourism. As such they are likely to find it difficult to compete with the existing well established photographic tourism facilities, and as a result they are also unlikely to attract private sector investment for such activities. A potentially more attractive option that requires further investigation, would be to use these reserves for other types of tourism experience such as destinations for consumptive tourism (which is not for instance available within the Kruger National Park) with a component of cultural tourism.

## **1.2 The Development Planning Framework**

Whilst all provincial, district and local authorities in the BMM WHS area acknowledge the importance of tourism-led development that is underpinned by the archaeological, natural resource and cultural assets, most of the formal planning frameworks have to date offered little detail in terms of a clear vision, strategic objectives, design principles, priority projects and a proposed implementation plan and programme. Rather, it is the various Tourism and Biodiversity Corridor (TBC) development planning frameworks that have been developed and updated since 2002 that have provided the public and private sectors with the strategic planning framework.

The Barberton Tourism and Biodiversity Corridor (BATOBIC) Programme has developed, and periodically updated, a Tourism Development Strategy covering the BMM WHS area. The initial strategy was developed in 2002<sup>1</sup>, then updated in 2008<sup>2</sup>, and was further partially updated in 2014<sup>3</sup>. These planning frameworks, as well as the BATOBIC institution, provide the most comprehensive development planning framework within which the BMM WHS initiative can be contextualised. In this regard the following:

#### The BATOBIC Programme:

The Barberton Tourism and Biodiversity Corridor (BATOBIC) Programme was initiated in 2009 and is run by the Barberton Chamber of Business<sup>4</sup>. In 1999 the Chamber investigated how it could contribute to the social and economic well-being of its community, through the available skills of its members. This led to the establishment of the Tourism and Biodiversity Corridor strategy which recognised that *firstly*, while remaining the sound foundation from which to build, the historical sectors of mining, agriculture and forestry offered little opportunity for future growth, and *secondly*, the economic future of the area should be centred on natural resource and culture based industries such as tourism, due to the large undeveloped potential of these sectors.

A range of related projects was identified (see below section on ‘anchor’ or ‘demonstration’ projects) and were later incorporated into all levels of government planning. Some of the projects were then implemented by the Chamber and various government agencies. (Further details provided below.) The successful adoption of the strategy, its incorporation into all levels of government planning and in particular the construction of the Bulembu road gave rise to what is today known as the BATOBIC Programme.

#### The BATOBIC project area

The map below shows the broadly defined BATOBIC project area. The BATOBIC project area is larger than that proposed for the BMM WHS, and extends from the Nkomazi Wilderness Reserve in the south, then through Songimvelo Nature Reserve and then northwards to the Songimvelo Panhandle and the Mountainlands Nature Reserve<sup>5</sup>, the Crocodile River Mountain Conservancy and the Mthethomusha Nature Reserve which lies immediately west of and adjacent to the Kruger National Park.

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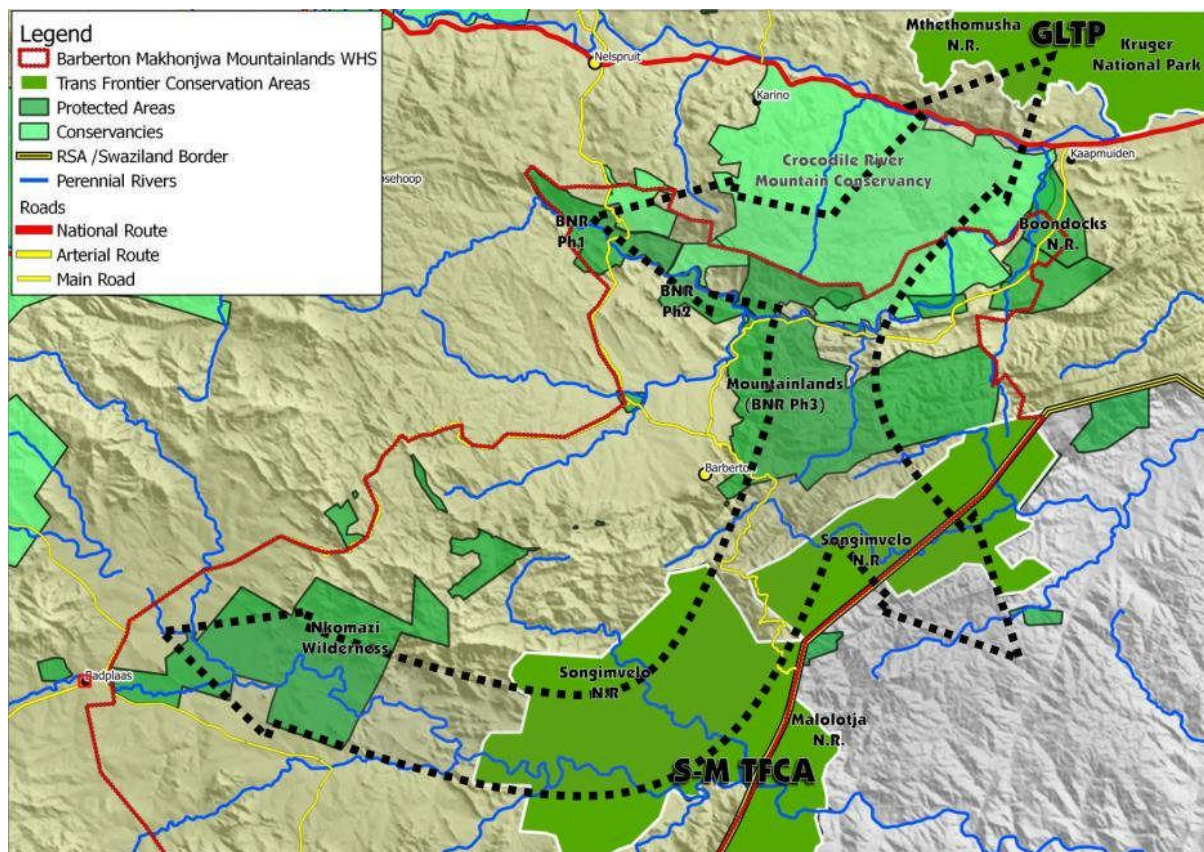
<sup>1</sup> A Preliminary Tourism Development Strategy for the Tourism and Biodiversity Corridor, DB Consulting, 2002

<sup>2</sup> Tourism and Biodiversity Corridor Multi-year Development Programme, DB Consulting, 2008

<sup>3</sup> Barberton – Makhonjwa Tourism and Conservation Zone, BATOBIC, 2014

<sup>4</sup> The Chamber is an independent, non-political, subscription based association dedicated to promoting a business-friendly environment. It is an impartial, credible non-profit association, which enables it to negotiate contracts and secure funding for projects that benefit its community and is comprised of members from every sector of the economy, ranging from small entrepreneurs to large corporates. The Chamber is involved in a number of initiatives to promote regional development, enterprise and skills development, training and business advisory services. The Chamber was established in 1887 and is a reliable and well respected community based organisation with a sound track record of project implementation

<sup>5</sup> Barberton Nature Reserve – Phase 3



From a regional perspective this provides an ecological corridor linking Swaziland (including the Malolotja Nature Reserve), through the Barberton Mountain Lands to the Great Limpopo Trans-frontier Park (which extends into Mozambique and Zimbabwe).

#### BATOBIC Objectives

The overall objective of the BATOBIC Programme is the development of sustainable nature based, geological, archaeological, adventure and cultural tourism in both a regional and sub-regional context, through an integrated approach. Thereby to restructure the economy from one that is stagnant and based primarily on mining and agricultural-led development, to one that is growing, and underpinned by a diverse range of commercially viable tourism, conservation and agricultural-led developments where the existing ownership and 'control' structures of the land is such that the key stakeholders are a blend of people from the public, private and community sectors (including the rural poor).

#### The anchor/demonstration projects and progress achieved to-date:

From the outset (the 2002) a key strategy for the development of the TBC has been to identify and/or support project based initiatives which are complementary to the overall strategic direction, and which give practical effect and demonstrate the various desired relationships between the key role players, as well as desired positive impacts.

As part of the 2002, 2008 and 2014 strategic planning documents the following projects that were based in South Africa) were identified for priority support/implementation:

- The development of the *Nkomazi Wilderness Nature Reserve* project: Status: This private sector driven initiative is well underway. It has been in implementation for over 10 years.
- Apply for *UNESCO recognition of the Barberton Mountainlands as a World Heritage Site*: Status: This process is underway and is the primary subject of this document.
- The *Rehabilitation of Msauli Village*: This potential anchor project (2002 and 2008 Strategy) has been the subject of various investor mobilisation processes over the past 15 years. Status: To-date none of these investor mobilisation processes have been successfully concluded despite, and possibly because, this disused mining village offers (even today) a very large amount of existing infrastructure and facilities that could be used for tourism development and which are potentially very well located in context of the exiting and planes tourism developments in the BMM WHS project area.
- The upgrading of the *Barberton to Bulembu Road* project: This key anchor project which provides regional and international access to the BMM WHS area. This project was prioritized in both the 2002 and 2008 strategy frameworks. Status: This project has been implemented. As is discussed further in section 2.1, the impact of this international road linkage has been greatly diminished due to the fact that the Swaziland section of the road was never upgraded. However, as is indicated below this 'missing' section of road in Swaziland has been approved for implementation by the Swaziland Government, and at the time of writing tenders were being secured for the implementation of the project.
- *The upgrading of the Nelspruit to Barberton Road project*: This road forms a critical component of the Nelspruit to Piggs Peak route and was prioritized in the 2008 TBC strategy document. Status: The project has been implemented.
- *The upgrading of the Wonderfontein-Carolina-Badplaas-Msauli Road project*: This section of road forms a critical part of the route linkage between Gauteng into the BMM WHS area. The importance of the road was prioritized in the 2008 strategy. Status: The project has been implemented.
- The upgrading of the *Upgrading of the Machadadorp to Badplaas road*. The importance of the road which provides an additional point of linkage between the Maputo Corridor route (N4) and Badplaas was prioritized in the 2008 strategy. Status: The project has not yet been implemented but it remains in reasonably good all weather working order.
- The *Commercialization of Komati River Lodge* project: This lodge was an existing but substantially under-utilised facility in Songimvelo Game Reserve. The commercialization of tourism development at Songimvelo has formed part of all of the 2002, 2008 and 2014 strategies. Status: Subsequently the facility burned down before any concessioning process could be implemented – over 10 years later – the facility was rebuilt (2014). The lodge is now operational has been concessioned to a private partner. Investor mobilisation and deal structuring processes for the undeveloped lodge rights in Songimvelo are underway at the time of writing.

- The Mountainlands Nature Reserve tourism investor mobilisation process* – that would build on the current processes of establishing the basic infrastructure, game populations and facilities at Mountainlands Nature Reserve: This project was prioritized in all of the 2002, 2008 and 2014 strategies. The 2008 strategy document prioritized the development of a network of internal roads that would inter alia have vastly improved the linkages between Lomshiyo land and the rest of the Reserve. Status: There were/are two key elements to this project including private sector led investment in tourism facilities, and community/public/private partnership based development of tourism facilities. To-date the private sector driven process has been in implementation for over a decade. However the partnership based developments of community owned land and/or state land (Mpumalanga Tourism and Parks Agency) has not been successfully implemented, although at the time of writing there were indications of private sector interest in development game-breeding based projects in partnership with the local Lomshiyo community (who are also the land owners) . At the time of writing the development of the internal roads network (which was to be funded via public sector investment) has also not been implemented, but remains a priority.
- The establishment of a permanent Programme Management Unit.* The need for a small programme management unit was identified in 2002. The key functions of this unit were to be related to the design and implementation of the TBC Multi-year Development Programme; to the identification and conceptualisation of additional anchor investment projects; to the periodic updating of the TBC Preliminary Tourism Development Strategy; to the identification and removal (where possible) of particular bottlenecks; to the mobilisation of sources of technical and financial assistance; to the design and financing of relevant technical studies that will facilitate the implementation of the MYDP; to interaction and coordination with the relevant public, private and community stakeholders in context of facilitating the implementation of particular investment projects and the TBC programme; to strategic level interaction and coordination with the relevant South African government departments (national, provincial and in particular local authorities) to ensure integration of the TBC Tourism Development Strategy and the related Multi-Year Development Programme into the relevant public sector policy and strategy frameworks; to investor mobilisation in support of the various anchor investment projects; to marketing of the TBC and its opportunities nationally and internationally. This function would be executed in very close collaboration with existing initiatives by the Barberton Tourism Local Organisation, Wild Frontier Regional Tourism Organisation, the Mpumalanga Tourism Authority and SA Tourism, as well as the Swaziland and Mozambique marketing initiatives and would focus on supporting, expanding and developing already established initiatives in this field. Status: BATOBIC was established in 2009 and remains fully operational.
- The development of the *Ebutsini Community tourism project*. This is a community-based initiative based in the very picturesque area of communal land that is located between Malolotja and Songimvelo. The initiative of the project (identified in both the 2002 and 2008 strategies) is largely geared to the adventure tourism market and included the development of a tourism office and provides tourist accommodation as well as the opportunity to drive along a demarcated route that is suited to the use of 4X4 vehicles. Status: This project was to be developed ‘on the back of’ the demand created by the developments at Msauli, Songimvelo and Mountainlands. However, this project has battled to achieve commercial sustainability in context

of the very limited progress made to date in terms of boosting tourism at Msauli and Songimvelo, and in terms of the implementation of the Songimvelo/Malolotja TFCA project.

- The *upgrading of the road signage throughout the TBC* (including Mpumalanga and Swaziland) with a consistent set of internationally approved (SADC approved) road route signs. This was identified in both the 2002 and 2008 strategy documents. Status: This project was substantially implemented. Further development will be required on an ongoing basis as the product offerings are further developed.
- The *establishment of the Malolotja/Songimvelo Trans Frontier Park (TFP) and the broader Songimvelo/Malolotja Trans-frontier Conservation area (TFCA)* is intended to provide the tourist with very easy access to a wide range and diversity of tourism products across an international border. This will provide those hiking, horse riding or self-driving tourists with a unique opportunity to experience such activities in a trans-boundary context, unfettered by the normally associated hindrances of international border control, as well as in very diverse environments. This process is already in its early stages of conceptualization/implementation through the drawing-up of the relevant international protocols. This project is still in the initial stages of implementation. The international nature of the project has made it relatively complex to implement.
- *Design and implementation of the Mountainlands NR electricity supply*: This was identified in the 2008 strategy. The project has not been implemented.
- *Design and implementation of the Mountainlands NR water supply*: This was identified in the 2008 strategy. The project has not been implemented.
- *Upgrading of the Bulembu Border post*: This project will only be implemented once the traffic volumes increase sufficiently. This is expected following the completion of the Bulembu to Piggs Peak road upgrading project.

### **1.3 The current situation – utilisation of the inherent development potential:**

To-date this inherent potential for tourism-led development is substantially under-utilised, and as such the BMM WHS area (or indeed the Barberton Tourism and Biodiversity Corridor area) is hardly known as a tourism destination. As such the area has significantly under-performed in terms of providing socio-economic impact in general.

The sub-region is remains characterised by extremely high levels of poverty and unemployment. Umjindi Municipality, in which the majority of the BMM WHS falls, has a total population of 60,478 (2007 SA Community survey) in an area of 1 745.38 sq. kms. Since 1996 there has been a marked increase of people living in poverty in the Umjindi Municipal area, rising from 42% in 1996 to 51.2% in 2002. Unemployment is estimated at 50,4% which is significantly higher than the approximately 40% unemployment rate for Mpumalanga Province (which is also an exceeding high unemployment rate if

compared to the national average unemployment rate of around 25%). In terms of the structure of the local economy, the traditional economic sectors of mining (11.2%), forestry and agriculture (30.8%) in the area have been in steady decline for the past 15 years. This has caused a general economic decline as reflected in the above statistics.

The under-utilized but potentially 'world-class' tourism natural resources offer a clear opportunity for tourism-led development. Tourism-led development also offers important potential for SME development since opportunities are relatively plentiful, and access is that much easier within the tourism industry (particularly resource and culturally based).

What is also significant from a poverty alleviation point of view is that much of this under-utilized tourism development potential is located in or adjacent to rural areas that house many of the poorer communities. It is therefore appropriate that over the last six years natural resource and heritage based tourism has been identified as a high potential growth sector which will be the area's future economic mainstay.

Some of the key underlying causes for this lack of tourism-led development include:

- Poor regional road access infrastructure into the area thereby hindering quick and reliable access into and through the area from the main domestic market of Gauteng, which is also the main gateway for international tourists to South Africa.
- Poor international road infrastructure linking Swaziland (Piggs Peak) and South Africa (Barberton) thereby hindering the free flow of travellers between/trough both countries.
- Related to the above there has been relatively limited investment into 'new tourism product/experience development' notwithstanding the tremendous inherent development potential. This in turn has created a situation where at present there are a relatively limited number and diversity of products;
- With the comparative under-investment by the private sector into tourism product and facilities, there has been very limited marketing of the area as a tourism destination. This situation has been compounded by the fact that neither South Africa nor Swaziland has in practice targeted the project area as a priority in terms of marketing spend.

Some of the key implications of the lack of development include:

- There has been a lack of fixed investment by the private sector into new tourism products and facilities.
- The relatively low policy/strategy priority given to tourism-led development in the sub-region by both the South African and Swaziland Governments has also resulted in relatively little investment by both countries into the development of strategic bulk infrastructure (especially roads) and the marketing and development of the sub-region as a tourism destination with a variety of tourism products and experiences. Such public sector policy and strategy interventions typically enable/facilitate private sector investment in areas with high inherent but under-utilised development potential.



- The lack of investment by both the public and private sectors, combined with the fact that mining and agriculture sectors are unlikely to expand (mining is contracting) in the sub-region has resulted in extremely low levels of employment.
- The combined impacts of the above are low levels of tourist activity and persistently high levels of poverty

## **2. What's Changing?**

There have over the past decade been some very important development projects in the BMM WHS area which should have a positive impact on socio-economic development in the future. The progress in terms of road development and upgrading is testament to the practical commitment of the public sector to enhancing road access and movement to and within the BMM WHS area.

### **2.1 There have been some significant strategic road linkages that have been upgraded:**

The *Nelspruit to Barberton Provincial link road*. The upgrading of this road has provided a safe, all weather transport route linking Nelspruit (the Provincial Capital of Mpumalanga) to Barberton and potentially to the project sub-region)

The upgrading and realignment of the *Barberton to Bulembu Road* in South Africa. The strategic significance of this road link is that it facilitates safe all weather movement of road traffic through a very scenic and geologically strategic area to the RSA/Swaziland border post at Bulembu. Previously the road infrastructure in this area was unpaved , dangerous in poor weather, often only passable by 4x4. In summary – it was very tourist unfriendly. From Bulembu this road links to Piggs Peak in Swaziland. The positive impact of the Barberton to Bulembu Road has been very significantly reduced by the fact that the current road from Bulembu through to Piggs Peak is very poor - unpaved, dangerous in poor weather, often only passable by 4x4 vehicles.

The rehabilitation and upgrading of the *Barberton to Badplaas to Carolina to Middelburg to Gauteng Road* is now complete. This road is a key inter-provincial access road for tourists from Gauteng. Gauteng is the economic heartland of South Africa and the source of most domestic tourists as well as the primary international gateway for foreign tourists into South Africa) to Badplaas to Barberton. Until this route was upgraded, many sections of the road were in poor condition and the road offered travellers a unpredictable time consuming and dangerous route into the BMM WHS sub-region.

The rehabilitation and upgrading of the *Badplaas to Tjarkastad to Msauli Village* road is currently underway. When completed this road will provide local access for travellers from Swaziland, Gauteng and Mpumalanga to the Songimvelo, Msauli, the Songimvelo/Malolotja Trans Frontier Conservation Area and BMM WHS

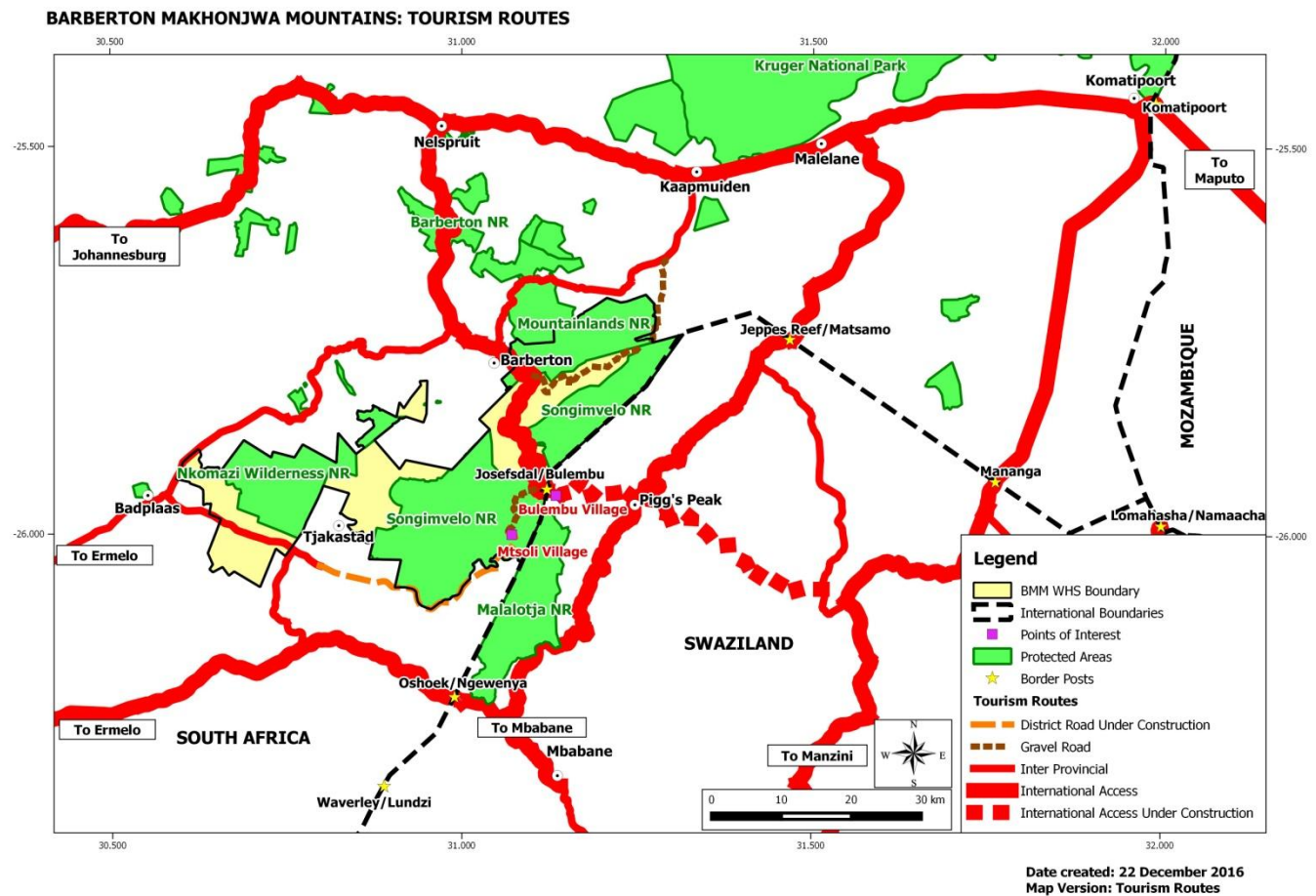
## **2.2 There has been significant progress in terms of the development of strategic international road infrastructure.**

The development of the *Maputo Corridor Road* linking Gauteng (the economic heartland of South Africa) to Maputo City (the capital of Mozambique and closest port to Gauteng) has been completed and is fully operational. The road has proved to be extremely successful in terms of boosting the flow of commercial and non-commercial traffic between South Africa and Mozambique. The road has also facilitated far quicker and easier linkages to Swaziland.

As was noted above, the condition of the *Bulembu to Piggs Peak Road (MR20)* has to-date had a tremendous negative impact on the flow of travellers between Barberton and Piggs Peak, and has largely nullified the potentially positive trans-border impacts of the Barberton to Bulembu Road. However the Swaziland Government has approved the upgrading of the Piggs Peak to Bulembu Road, and related tenders were called for in mid-2016. At a predicted cost of 50 Million Emalangeni this road when completed will complete the international road linkage between Nelspruit – Barberton – Bulembu – Piggs Peak. With this linkage complete tourist from both countries will have far easier access into the project area. In terms of the potential usage of this upgraded road, the Feasibility Study for the upgrade of the MR 20 (Aurecon, 2015) found that 61 percent of the travellers using the MR1 (the key north-South linkage on the western side of Swaziland that links the Oshoek/Ngwenya border post to the Matsamo/Jeppes Reef border post) indicated that they would prefer to use the Bulembu border post if the road allowed.

The Barberton to Kaapmuiden Road has also (according to discussions with the Mpumalanga Department of Roads) been prioritised for rehabilitation.

The north-south link road between Bulembu and Msauli is an important strategic link in terms of the establishment of tourism routes through the BMM WHS sub-region. As yet the upgrading of this road at an estimated cost of R18 million has not been approved. This status might change once WHS inscription is achieved.



The Phase 1 of the Geotrail has been completed (at a cost of R5.5 Million) and is operational. Its development was supplemented by the development of the two Gateways (entrances) into Barberton as well as related route signage (R3 million). It has already proved popular but its impact has been limited by the fact that the strategic linkage between Bulembu and Pigg's Peak is not yet in place, as well as the fact that the road linkage between Bulembu and Msauli Village is in a poor state of repair. The impact of this is that tourists generally have to travel up the Geotrail and then turn around and travel back down the same route all within 1 day, rather than making the Geotrail part of a longer, more diversified overnight experience. Once the Bulembu to Pigg's Peak road is upgraded, and once the current upgrading of the Badplaas to Tjarkastad to Msauli road is completed, this route is likely to become established as a viable tourism route with a diverse range of tourist products and facilities.

### **2.3 The decision to pursue the listing of the BMM as a World heritage Site.**

The decision by UNESCO to award the BMM WHS project tentative listing, and the corresponding decision by the South African Government to pursue the WHS accreditation is also expected to have a positive impact on the BMM WHS and its broader sub-region. If successfully listed, and once the countries have signed the necessary documents, the following positive impacts are anticipated:

- Further CAPEX, primarily from the public sector to finish the missing elements of strategic infrastructure

- Further fixed and working capital from both the public and private sector to develop related key physical facilities including the various sites, as well as the Interpretation Centre
- Enhanced technical and financial resources aimed at improving the marketing of the BMM WHS area
- Improved visitor numbers to the BMM WHS area which in turn will boost the demand for tourism related investment and the growth of the local economy.

#### **2.4 There has been steady progress with the restitution of land to previously dispossessed communities in and adjacent to the BMM WHS sub-region.**

Some of the restituted land – including Songimvelo Game Reserve and the Msauli Village, as well as the Lomshiyo Trust’s land in Mountainlands Game Reserve – offer very good opportunities for eco-tourism development. From a demand perspective, the findings of SA Tourism indicate that “aside from shopping and nightlife (as these are common activities among tourists irrespective of the province visited) visiting natural attractions, as well as visiting cultural, historical and heritage sites were the main activities undertaken by tourists in 2014. This in turn offers important opportunities to mobilise private sector investment and lending into the tourism industry in partnership with the land owning communities. That in turn also presents important strategic opportunities to restructure the ownership of the tourism industry in the BMMWHS area towards the RSA Governments Black Economic Empowerment objectives.

### **3. What Are The Key Potential Implications Of The Changing Situation?**

The combination of a range of key factors, one of which would be the declaration of the BMM WHS should have very positive development impacts for the BMM WHS area. These key changes include the following:

- Substantial increase in trans-border non-commercial/tourist traffic between Piggs Peak and Barberton via Bulembu: The current trans-border traffic between South Africa and Swaziland via the three closest existing border posts of Oshoek, Matsamo and Bulembu is a combined 155,000 people per month. Bulembu is by far the smallest at about 1000 people per month, largely because the road network in Swaziland is so under-developed that only travellers with 4x4 vehicles can undertake the trip. Once the road network in Swaziland is improved to (at least) the level of service offered on the Bulembu to Barberton section, it is likely that there would be significant increases in self-drive and small bus tourist traffic along this route. The Feasibility Study for the upgrade of the MR 20 (Aurecon, 2015) found that 61 percent of the travellers using the MR1 (the key north-South linkage on the western side of Swaziland that links the Oshoek/Ngwenya border post to the Matsamo/Jeppes Reef border post) indicated that they would prefer to use the Bulembu border post if the road allowed.
- Enhanced road access into and within the BMM WHS area as a result of recent and current road upgrading projects.
- Enhanced diversity of products, largely driven (developed, financed, operated and marketed) by the private sector in response to the WHS status;

- Increased development opportunity and related fixed investment in support of the development of new tourism product.
- Increased opportunity for the establishment of tourism and conservation based community/private and community/public/private partnerships in the BMM WHS sub-region.
- A greater variety of tourism product/experiences in response to increased tourism demand.
- Increased marketing effort and spend by both the public and private sectors in response to the WHS status, improved access infrastructure and increased tourism demand.
- Increased direct and indirect employment and associated wages.
- Restructuring of the ownership of tourism assets and enterprises in the BMM WHS area.

#### **4. Potential Socio-Economic Impacts – Tourism-Led Development**

In order to gauge the potential impacts of the changing situation (as described above in sections 2 and 3) in the planning area a simple modelling exercise with conservative assumptions was completed as part of this report. This analysis did not attempt to be detailed or comprehensive, but rather to demonstrate some of the potential economic and financial impacts that could arise in response to the tourism-led development interventions that are described above.

##### **4.1 Key assumptions**

- Over the period of years 1-10, and years 11-20 there will be a change in traffic flows between the three Swaziland/South Africa border posts. The increase in road traffic through Bulembu increases by an average of 15% (years 1-10) and then 20% (years 11-20) of current total traffic through Matsamo/Jeppes Reef, Ngwenya/Oshoek and Bulembu Border Posts. Please see Annexe 1 for detailed calculations and assumptions. The underlying rationale for this assumption includes the following: The Barberton Bulembu Piggs peak route has certain key advantages over the other existing international roads. 1) The border posts are non-commercial and as such are very convenient for tourist traffic. 2) The non-commercial or 'tourist' border posts are generally far quicker and convenient to cross. 3) The road alignment takes travellers through an extremely scenic and diverse sub-region of South Africa and Swaziland. Although underdeveloped at this stage, this area can support a wide range and diversity of tourism product and experiences. 4) The Feasibility Study for the upgrade of the MR 20 (Aurecon, 2015) found that 61 percent of the travellers using the MR1 (the key north-South linkage on the western side of Swaziland that links the Oshoek/Ngwenya border post to the Matsamo/Jeppes Reef border post) indicated that they would prefer to use the Bulembu border post if the road allowed.
- In terms of the potential impact on demand for accommodation, it is assumed that each traveller will on average require 2 nights of accommodation. In this regard the average length of stay for Africa Land Market based travellers is 6.78 nights (SA Tourism, 2014 Annual Tourism Report). The average stay for Foreign Travellers is 8.58 nights. Of total tourist arrivals to South Africa 79% are from the African Land Markets and 21% are Foreign arrivals (generally by air transport.)

- In terms of tourism spend per traveller per day, the assumption is that each traveller will spend R750-00 per room. In this regard, the average traveller spend per day per African Land Market traveller is R722-00 per person. The average spend per day for Foreign travellers is R1,573 per day. (Source: SA Tourism, 2014 Annual Tourism Report.)
- In terms of employment rates per room, a ratio of 1 bed per room was used. This is considered a reasonable average – in South Africa the employment ratios per bed in the luxury end of the eco-tourism market are usually between 2-3 jobs per bed.
- In terms of employment multipliers (for indirect job creation) a factor of x 2 is used which is a number commonly used for similar calculations in the nature based and eco-tourism industries in South Africa.
- In terms of wage rates a rate of R3,000-00 per month is used. This is a very conservative estimate that is only marginally higher than the prevailing Minimum Wage for this sector. In terms of indirect employment wages rates, an even lower rate of R2,000-00 per month is used (below the Minimum Wage rate in order to cater for a certain degree of informal sector employment).

#### **4.2 Indicative socio-economic impacts (See too Annexe 1 for detailed assumptions and related rationale)**

In developing a set of indicative impact criteria that could be derived from the implementation of the above assumptions, cognisance has been taken of the key development strategic development objectives of both the Government as well as those communities typically resident in the periphery of the South African space economy.

<b>Total impacts over 20 years:</b>	
Total revenue generated (gross turnover)	R 9,76 Billion
Total new jobs (direct and indirect full time)	5,247
Total wages (direct and indirect)	R 2,48 Billion
CAPEX (accommodation only)	R 875 Million
Maintenance of facilities (SME support) <sup>6</sup>	R 147,5 Million
<b>GRAND TOTAL</b>	<b>R 13,26 Billion</b>

**The predicted impacts of currently planned/proposed projects within BMMWHS sub-region. (See too Annexe 2 for detailed calculations and assumptions)**

<b>Impacts over 20 years of currently planned/proposed projects in the BMM WHS:</b>	
Total revenue generated (gross turnover)	R 621,96 Million
Total new jobs (direct and indirect full time)	1,353 (140%)
Total wages (direct and indirect)	R 630,96 Million
CAPEX (Specified projects only)	R 530,00 Million
CAPEX on community owned land	R 220 Million

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<sup>6</sup> Assume 1% of CAPEX per year spent on maintenance

Predicted private sector investment <sup>7</sup>	R 265 Million
Revenue streams to land owning communities <sup>8</sup>	R 2,6 Million PA
Maintenance of facilities (SME support <sup>9</sup> )	R 50,3 Million
<b>GRAND TOTAL</b>	<b>R 1,813 Billion</b>

#### **4.3 In what way will the proposed developments have a positive impact on the rural poor?**

- Employment and wages: Increased tourism demand will lead to increased tourism activity and that will be translated into jobs and wages.
- Public sector investment: As the local economic activity increases, so too will the amount of resources available for reinvestment into physical and social infrastructure and services by the public sector.
- Improved transport infrastructure is also normally associated with reduced costs of produce and production inputs: These provide direct cost savings – especially for peripherally located communities with high levels of poverty - on products and also facilitate easier, quicker and cheaper transport to schools, shops, clinics, employment etc.
- Opportunity for entrepreneurship development: The tourism industry provides many ‘upstream and downstream’ opportunities for small enterprise development via the supply of inputs and services.
- Investment on community owned land: As an outcome of the ongoing land reform process including the restitution of land, the situation has developed where marginalised communities with very high levels of poverty now control very important portions of land. This changing pattern of land ownership combined with increased tourism demand should result in further fixed investment on this restituted land. The South African experience with sustainable land reform confirms that new fixed and working capital investment, job maintenance and creation, and the generation of revenue flows to new land owners are all essential requirements for the implementation of a sustainable land reform programme.
- Changing structure of ownership of tourism enterprises: Historically and still to this day the ownership structures of enterprises in the tourism and hospitality sectors reflects South Africa’s political past based largely on racial lines. As part and parcel of the design and implementation of community/private partnerships for the development and operation of tourism facilities, there is a growing body of evidence to indicate that the implementation of these commercial partnerships on community owned/controlled land can be used to create opportunities for

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<sup>7</sup> Assume 50% of CAPEX.

<sup>8</sup> Assume base rentals at R10,000-00 per bed per year.

<sup>9</sup> Assume 1% of CAPEX per year spent on maintenance

economic empowerment of rural communities via equity sharing and co-management of the tourism facilities.

- Increased demand for agricultural production: This should boost employment and wages, as well as create opportunities for further investment on restituted land.
- Training and capacity building: As part and parcel of the design and implementation of community/private partnerships for the development and operation of tourism facilities, there is a growing body of evidence to indicate that the implementation of these commercial partnerships can be used to create opportunities for training and capacity building, combined with succession planning, for members of the relevant land owning and local communities.



The increase in road traffic through Bulembu increases to by an average of 15% of the current traffic flows (years 1-10) and then by an average of 20% of the current traffic flows (years 11-20) of current total traffic through Matsamo, Oshoek and Bulembu Border Posts.

#### Years 1 to 10 (based on 15% of total traffic)

Total traffic:	1,860,000 per annum
Total traffic through Bulembu <sup>10</sup> :	279,000 per annum
Total room nights <sup>11</sup> required:	558,000 per annum
Total room nights currently <sup>12</sup> available:	229,128 per annum
Total new room nights <sup>13</sup> required:	328,872 per annum
Total new rooms required:	1,201 extra rooms
CAPEX <sup>14</sup> on extra rooms:	R 600 Million
Annual revenue from sales of accommodation <sup>15</sup> :	R 418 million per annum
New direct full time jobs <sup>16</sup> :	1,200
New indirect full time jobs <sup>17</sup> :	2,400
Direct wages per annum <sup>18</sup> :	R 43,2 Million per annum
Indirect wages per annum <sup>19</sup> :	R 57,6 Million per annum
Construction impact on SMEs <sup>20</sup> :	R 120 million
Maintenance impacts for SMEs <sup>21</sup> :	R 6 million per annum
Total impacts over years 1-10 <sup>22</sup> :	
• Turnover	R 4,18 Billion
• Wages (direct and indirect)	R 1,01 Billion
• Construction industry	R 600 Million
• Maintenance of facilities	R 60 Million

#### Years 11 to 20 (based on 20% of total current traffic)

Total traffic:	1,860,000 per annum
Total traffic through Bulembu <sup>23</sup> :	372,000
Total room nights <sup>24</sup> required:	744,000 per annum
Total room nights currently <sup>25</sup> available:	558,000 per annum
Total new room nights <sup>26</sup> required:	186,000 per annum

<sup>10</sup> 15% of total traffic through Matsamo/Jeppes Reef, Bulembu and Ngwenaya/Oshoek.

<sup>11</sup> Assume 2 nights of accommodation per traveller. )

<sup>12</sup> Assume 837 rooms (Source: Barberton Tourism) x 365 days x 75%

<sup>13</sup> Assume  $328,872/229,128 = 143\%$  of current rooms (837) = 1201 extra rooms required

<sup>14</sup> Assume R500,000-00 per new room x1200

<sup>15</sup> Assume R750 per room per night.

<sup>16</sup> Assume 1 job per room which is a reasonable mid-market ratio. NOTE: This excludes the impact of the current 837 tourist beds in Barberton Tourism Association area.

<sup>17</sup> Assume multiplier of 2 which is reasonable for mid-market tourism operations

<sup>18</sup> Assume monthly wage of R3,000-00 which is a conservative average for the hospitality industry

<sup>19</sup> Assume monthly wage of R2,000-00 which is conservative but takes into account some informal employment.

<sup>20</sup> Assume 20% of construction costs are allocated to SMEs

<sup>21</sup> Assume 1% of construction cost per year for maintenance of facilities

<sup>22</sup> Based on turnovers, wages, construction and maintenance costs only:

<sup>23</sup> Assume  $372,000 \times 2$  nights each = 744,000

<sup>24</sup> Assume 2 nights of accommodation per traveller

<sup>25</sup> Assume 837 rooms x 365 days x 75%

Total new rooms required <sup>27</sup> :	549 extra rooms
CAPEX <sup>28</sup> on extra rooms:	R275 million
Annual revenue from sales of accommodation <sup>29</sup> :	R558 million per annum
New direct full time jobs (from years 11-20) <sup>30</sup> :	1,749
New indirect full time jobs (from years 11-20) <sup>31</sup> :	3,498
Direct wages per annum <sup>32</sup> :	R62,964 Million per annum
Indirect wages per annum <sup>33</sup> :	R83,952 Million per annum
Construction impact on SMEs <sup>34</sup> :	R55 million
Maintenance impacts for SMEs <sup>35</sup> :	R 8,75 million per annum
Total impacts over years 11-20 <sup>36</sup> :	
• Turnover	R5,58 Billion
• Wages (direct and indirect)	R 1,47 Billion
• Construction industry	R 275 Million
• Maintenance of facilities	R 87,5Million

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<sup>26</sup> 744,000 – 558,000

<sup>27</sup> Assume  $744,000/558,000 = 27\%$  of current rooms (2036 rooms by end year 10) = 549 extra rooms required

<sup>28</sup> Assume R500,000 per new room x 549

<sup>29</sup> Assume R750 per room per night for all accommodation

<sup>30</sup> Assume 1 job per room which is mid-market ratio – 1200 jobs (existing) plus 549 new

<sup>31</sup> Assume multiplier of 2 which is reasonable for mid-market tourism operations – 2400 jobs existing plus 1098 new

<sup>32</sup> Assume monthly wage of R3,000-00 which is a conservative average for the hospitality industry

<sup>33</sup> Assume monthly wage of R2,000-00 which is conservative but takes into account some informal employment.

<sup>34</sup> Assume 20% of year 11-20 construction costs (R275 million) are allocated to SMEs

<sup>35</sup> Assume 1% of total construction cost (R600 million plus R275 million) per year for maintenance of facilities

<sup>36</sup> Based on turnovers, wages, construction and maintenance costs only:

## Annexe 2: Impact of currently planned tourism and conservation projects in the BMMWHS

LOCATION	INVESTMENT	JOBS CREATED Direct + Indirect <sup>37</sup>	ANTICIPATED WAGES P.A. Direct <sup>38</sup> & Indirect <sup>39</sup>	ANNUAL GROSS REVENUE Lease fees <sup>40</sup> and T/O payments
<b>LOMSHIYO (Mountainlands)</b>				
Game Breeding Project	R 7,500,000-00	D = 10	R 360,000-00	To be determined
Tourist accommodation (60 beds plus associated support facilities)	R 30,000,000-00	D = 45 ID = 90	R 1,620,000-00 R 2,160,000-00	R 6,570,000-00 <sup>41</sup>
Restocking and upgrading of Mountainlands conservation infrastructure and facilities. <sup>42</sup>	R 34,000,000-00	D = 32	R 1,152,000-00	To be determined
Mountainlands Link Roads	R 8,000,000-00			NIL
<b>SONGIMVELO NR</b>				
Game Breeding	R 7,500,000-00	D = 10	R 360,000-00	To be determined
Tourist accommodation (100 beds plus associated support facilities)	R 75,000,000-00	D = 150 ID = 300	R 5,400,000-00 R 7,200,000-00	R 10,950,000-00 <sup>43</sup>
Upgrade of biological and physical conservation assets <sup>44</sup> .	R 30,000,000-00	D = 42	R 1,512,000-00	To be determined
<b>MSAULI VILLAGE REHABILITATION</b>				
Village rehabilitation and/or development and operation. (200 beds)	R 120,000,000- 00 <sup>45</sup>	D = 100 ID = 200	R 3,600,000-00 R 4,800,000-00	R 10,950,000-00 <sup>46</sup>
Tourist accommodation 24- bed eco-tourism lodge	R 18,000,000-00	D = 24 ID = 48	R 864,000-00 R 1,152,000-00	R 2,628,000-00
<b>WHS INTERPRETATION CENTRE</b>				
Development and operation of facilities	R 200,000,000-00	D = 38	R 1,368,000-00	NIL
<b>GRAND TOTAL</b>	R 530,000,000-00	D = 451 ID = 638	D = R 16,236,000-00 ID = R 15,312,000-00	R 31,098,000-00
<b>GRAND TOTAL 20 YEARS</b>	R 530,000,000-00	D = 451 ID = 638	R 630,960,000-00	R 621,960,000-00

<sup>37</sup> Assume multiplier of x 2

<sup>38</sup> Assume R 3,000-00 per month

<sup>39</sup> Assume R 2,000-00 per month

<sup>40</sup> Assume R 10,000 per tourist bed per year (very conservative)

<sup>41</sup> Assume 60 beds x 365 days x 60% occupancy x R 500 per bed per night.

<sup>42</sup> Enhanced anti-poaching – 60 month project (*Barberton – Makhonjwa Tourism and Conservation Zone, BATOBIC, 2014*)

<sup>43</sup> Assume 100 beds x 365 days x 60% occupancy x R 500 per bed per night.

<sup>44</sup> Enhanced anti-poaching – 60 month project

<sup>45</sup> Includes R 20 million to pay for the costs associated with removal/disposal of asbestos.

<sup>46</sup> Assume 200 beds x 365 days x 60% occupancy x R 250 per bed per night.