INFORMATION MEMORANDUM

Information Memorandum issued by South African National Parks in respect of opportunities offered in the Kruger National Park
IMPORTANT NOTICE

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This Information Memorandum has been provided to the recipient to assist in making its own appraisal of the PPP opportunities presented herein and in deciding whether to submit a proposal in connection with the opportunities. However, this Information Memorandum is not intended to serve as the basis for an investment decision on the opportunities, and each recipient is expected to make such independent investigation and to obtain such independent advice as he or she may deem necessary for a decision.

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1. **INTRODUCTION**

1.1 This Information Memorandum is issued by South African National Parks ("SANParks") in accordance with the guidelines for Public Private Partnerships ("PPPs") contained in National Treasury's Tourism Management Toolkit, and in compliance with Treasury Regulation 16 issued in terms of the Public Finance Management Act 1999.

1.2 SANParks, as part of its Strategic Plan for Commercialisation, identified the tourism PPP opportunity of a Lodge close to Phalaborwa town in the Kruger National Park.

1.3 SANParks makes no guarantees about and takes no responsibility for the accuracy and completeness of this Information Memorandum and disclaims any liability for any interested party’s use of the information.

1.4 This Information Memorandum is not intended to serve as the basis for an investment decision. Each recipient is expected to make an independent investigation and to obtain the necessary independent advice regarding the PPP opportunity.

1.5 SANParks may change or replace any information contained in this Information Memorandum at any time, without giving any prior notice or providing any reason.

1.6 In a typical PPP agreement in this sector, the private party is granted rights to finance, refurbish, design, build, maintain and operate a tourism facility on state conservation land for a period likely to provide a fair return on investment. In return, the private party will meet agreed environmental, development, operating and broad-based BEE obligations, and pay a PPP fee to SANParks. At the end of the agreement term, the facility reverts to SANParks.

1.7 SANParks is following the PPP feasibility and procurement processes set out in National Treasury’s PPP Toolkit for Tourism. The toolkit can be downloaded from www.ppp.gov.za.

2. **SANPARKS’ VISION, MISSION AND KEY STRATEGIC OBJECTIVES**

2.1 SANParks’ Vision and Mission
South African National Parks was established as a parastatal through an Act of Parliament in 1927. As per the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), SANParks is a Schedule 3(a) “public entity” that functions under the ambit of the National Environmental Management Act (“NEMA”): Protected Areas Act, 2003 (Act 57 of 2003) read concurrently with the Biodiversity Act of 2004 and the Protected Areas Act. The core mandate of SANParks is the conservation and Management of biodiversity and associated cultural heritage through a system of National Parks. SANParks is also involved in the promotion and Management of nature-based tourism, and delivers both conservation Management and tourism services through an authentic people centred approach on all its programmes.

The organisation’s operations are totally guided by its vision statement (the word picture of the future) and mission statement (depicting the purpose of its existence). As a public entity, the organisation is committed to act in pursuance of transformation of South Africa’s society in support of entrenching South Africa’s democracy.

VISION: A world class system of sustainable national parks reconnecting and inspiring society.

MANDATE: Delivery of Conservation Mandate by Excelling in the Management of a National Park System.

MISSION: Develop, protect, expand, manage and promote a system of sustainable national parks that represents natural and cultural heritage assets, through innovation, excellence, responsible tourism and just socio-economic benefit for current and future generations.

2.2 Organisational Environment

SANParks’ business operations are founded on three important core pillars:

2.2.1 Sustainable Conservation – the primary mandate of the organisation is the conservation of South Africa’s biodiversity, landscapes and associated heritage assets through a system of National Parks.

2.2.2 Diverse and Responsible Tourism – the organisation has a significant role in the promotion of South Africa’s nature-based tourism or ecotourism business, targeted at both international and domestic tourism markets. The eco-tourism pillar of the business architecture provides for the organisation’s self-generated revenues from commercial operations that is necessary to supplement government seed funding of conservation
management. A significant element of the ecotourism pillar is the Commercialisation Strategy which (through the implementation of Public Private Partnerships) SANParks has adopted to expand tourism products and the generation of additional revenue for funding of conservation and socio-economic development.

2.2.3 **Socio-Economic Transformation** – SANParks has taken a strategic decision to expand its role in the developmental support provided to neighbouring communities as an entity of the developmental state. In addition, SANParks is required to build constituencies at international, national and local levels, in support of conservation of the natural and cultural heritage of South Africa through its corporate social investment. It has to ensure that a broad base of South Africans participate and get involved in biodiversity initiatives, and further that all its operations have a synergistic existence with neighbouring or surrounding communities for their educational and socio-economic benefit, hence, enabling the broader society to be connected to national parks.

The mandate of the organisation is derived from its biodiversity conservation role, thus the conservation pillar is regarded as the basis upon which the other two core pillars’ programmes and activities are directed.

In addition to the core functions (Conservation, Tourism and Socio-Economic Transformation) that provide SANParks with a level of uniqueness, the organisation has generic support functions of the Chief Operating Officer (which includes Risk Management; and Strategy and Performance Management) and the Chief Financial Officer (which includes Finance; and Supply Chain Management) and Corporate Services (which includes Human Capital Management; Information Technology; Enterprise Applications; Corporate Communications and Legal Services).

### 3. RESPONSIBLE TOURISM STANDARDS

#### 3.1 Responsible Tourism

Responsible Tourism is a tourism Management strategy embracing planning, Management, product development and marketing to bring about positive economic, social, cultural and environmental impacts. Responsible Tourism provides for the following:

- generates economic benefits for local people and enhances the
well-being of host communities;

- improves working conditions and access to the industry;
- involves local people in decisions that affect their lives and life chances;
- makes positive contributions to the conservation of natural and cultural heritage to the maintenance of the world's diversity;
- provides more enjoyable experiences for tourists through more meaningful connections with local people and a greater understanding of local cultural, social and environmental issues;
- minimises negative economic, environmental and social impacts; and
- is culturally sensitive, engenders respect between tourists and hosts, and builds local pride and confidence.

3.2 National Responsible Tourism Guidelines

In 2002, the Department of Environmental Affairs and Tourism ("DEAT") published National Responsible Tourism Guidelines, reflecting South Africa's vision to manage tourism in a way that contributes to the quality of life of all South Africans. The Guidelines aim to set benchmark standards for accommodation and transport Operators, tourism associations and custodians of our cultural and natural heritage. The objective is to ensure that our tourism sector keeps pace with international trends towards responsible business practice – and gains market advantage in doing so. In 2003, DEAT published the Responsible Tourism Handbook, which took it one-step further by giving practical examples of how tourism Operators can improve their economic, social and environmental practices.

Various institutions/organisations offer environmental management consulting and accreditation services to all business sectors interested in implementing environmentally friendly business practices and hence offer Environmental Rating Programmes. Such eco-labelling schemes include:

- ISO 14001
- Green Globe
- Blue Flag
- NEAP
3.3 The National Minimum Standard for Responsible Tourism (SANS 1162)

The National Minimum Standard for Responsible Tourism (SANS 1162) was developed with objective of establishing a common understanding of responsible tourism by developing a single set of standards to be applied throughout South Africa by harmonising the different sets of criteria that were used for certifying the sustainability of tourism businesses. The National Minimum Standard for Responsible Tourism consists of 41 criteria divided into four categories i.e. sustainable operations and management, economic criteria, Social and cultural criteria and environmental criteria.

3.4 SANParks Responsible Tourism Strategy

South African National Parks is also in the process of drafting a Responsible Tourism Strategy. The purpose of developing this responsible tourism strategy and implementation plan is to consistently integrate the principles of the national responsible tourism guidelines into South African National Parks operations.

This strategy and plan will help to reduce fragmentation of responsible tourism activities by SANParks and its business partners, by providing a framework for a coordinated approach. It will also reduce the disparity between levels of responsible tourism practiced, monitored and reported between SANParks tourism operations and concessionaires (who are contractually required to practice responsible tourism). Implementation of strategy and plan will help address potential future problems, such as mitigation and adaptation to climate change. The strategy is also a response to the increased market demand for responsible holidays from tourists, and will enable SANParks to put into place the conditions that are required to position the national park systems as responsible destinations.

The responsible tourism strategy is divided into three sections:

- The alignment of the principles of Responsible Tourism with existing corporate values and actions, with amendments to policies and procedures to accommodate Responsible Tourism values and indicators
3.4.1 Objectives of the Responsible Tourism Strategy

The objectives of the responsible tourism strategy and implementation plan aim to provide a basis for decision making, and guidance for divisions to develop action plans that comply with this policy. The objectives are:

- Align SANParks operations with the national policy on responsible tourism;
- Enhance responsible tourism awareness and Management skills among protected area managers and tourism officers and business partners within SANParks;
- Enhance responsible tourism awareness and skills among SANParks' external stakeholders, including communities, and suppliers;
- Integrate responsible tourism principles and actions into Management plans for each national park in South Africa;
- Establish a practical framework for monitoring, evaluation and reporting in national park destinations; and
- Integrate responsible tourism into the performance Management frameworks of the organisation, individual parks and individual staff members.

3.4.2 Guiding Principles of the Responsible Tourism Strategy

The guiding principles of the responsible tourism strategy and implementation plan are that they are:

- based on the national responsible tourism guidelines (DEAT, 2002);
- aligned with the national Minimum Standards for Responsible Tourism;
- aligned with SANParks Corporate Strategic Business Plan, and
cognisant of the Conservation Development Framework and Park Management Plans;

- easy to understand and implement;
- adaptive and flexible;
- monitored at both a corporate and operational level;
- developed and implemented through a participatory process by a broad range of SANParks stakeholders, including business partners;
- initially focus on quick wins, that can be used to promote the responsible tourism agenda throughout the organisation; and
- address initiatives that facilitate the achievement of SANParks core objectives (e.g. better relations with local communities, reducing poaching, helping park expansion).

4. **ARTICULATION OF SANPARKS’ COMMERCIALISATION POLICY, OBJECTIVES AND STRATEGY**

4.1 The Motivation for Commercialisation

“Global conventions and programmes alone are not enough to ensure the continued existence of, and sufficient funding for, protected areas. In times of fiscal austerity and tightening government budgets – especially in developing countries, which are home to much of the world's biodiversity – traditional funding sources are increasingly under threat. Innovative alternatives to these traditional sources are needed in order to secure the long term viability of protected areas.” (IUCN, 1998)

In order to encourage greater efficiency in the delivery of public services, the Cabinet in April 1997 approved the establishment of an interdepartmental task team chaired by the Department of Finance, to explore how public private partnerships could improve infrastructure and service delivery efficiency, and make more efficient use of under-utilised state assets. The key objectives of this programme were to develop a package of cross-sectoral and inter-Institutional policies and legislative and regulatory reform.

In September 1998, the Department of Environmental Affairs and Tourism articulated the need for SANParks to prepare for a lesser dependence on state funding, which would increasingly be aimed at funding the essential conservation requirements. This formed the basis of the Commercialisation
Strategy adopted by SANParks in 2000 with its foundation in the economic theory, which defines the State’s responsibility as one of performing a regulatory function and intervening in the market-place only where there is market failure. The objective was to reduce the dependence on state funding and improve existing operational efficiencies. This does not imply that SANParks has to be independent of the State but rather that the collective funding sources (i.e. state funding, private donations, NGO and international donations, SANParks’ tourism activities and commercialisation) must be able to “sustain” the total business of SANParks. Sustainable tourism development depends on a partnership and balance between the social, technological, economical, the environment and political values and benefits. Hence, should one source of funding be threatened, SANParks must be able to absorb such withdrawal without compromising its sustainability.

The implementation of the Commercialisation Strategy 2000, resulted in the awarding of 11 (eleven) concession sites to private operators, seven of which are in Kruger National Park, two in Addo Elephant National Park, and two in the Table Mountain National Park.

In addition to the concessions, the Commercialisation Strategy 2000 also resulted in the awarding of 21 shops and 17 restaurants across all national parks to private operators. Facilities were upgraded by the operators and SANParks receives a PPP Fee from these operators.

4.2 The Strategic Plan for Commercialisation 2006

Following the implementation of the Commercialisation Strategy 2000, there have been significant developments in SANParks’ approach to PPP initiatives. SANParks accordingly developed the Strategic Plan for Commercialisation 2006 to accommodate and benefit from:

(i) The experience and specialist skills acquired;

(ii) The lessons learnt from implementation and management of PPPs;

(iii) Legislative requirements; and

(iv) The extended scope of projects identified to enable SANParks to improve its infrastructure towards 2010 and beyond, generate revenues, promote B-BBEE and create employment.

The objective of the strategy is to ensure that SANParks has the fundamentals including capacity in place for managing existing, and for entering into new PPPs successfully. In addition, SANParks has a responsibility towards creating
tourism infrastructure on a longer term as compared to a tourism organisation run by a private company. Such infrastructure will enable South Africa to compete with global tourism destinations like Brazil, Thailand etc. Commercialisation through Public Private Partnerships provides SANParks the opportunity to achieve this goal.

4.3 The Strategic Plan for Commercialisation 2013

In 2013, SANParks revised the Strategic Plan for Commercialisation (“SPfC”). The following outlines the major changes:

- The SPfC 2013 – 2018 was aligned with the SANParks Responsible Tourism Strategy 2022, as well as the National Tourism Sector Strategy, the National Minimum Standard for Responsible Tourism (SANS1162), the SANParks Responsible Tourism Policy, the SANParks Product Development Protocol, the SANParks Management Plans and the SANParks Responsible Tourism Product Framework and their respective objectives.

- The SPfC was furthermore updated to reflect an updated checklist for all commercial opportunities identified, thereby reinforcing PPPs as a Key Strategic Objective of SANParks for the period 2013 to 2018.

- Finally, the SPfC 2013 – 2018 addressed the capacity requirements of the Business Development Unit to ensure the effective delivery of the SANParks Responsible Tourism Strategy 2022.

4.4 Benefits of the SANParks Commercialisation Strategy

The achieved high level commercialisation objectives for SANParks include the following: revenue generation; loss minimisation or savings on existing operations; optimal use of under-performing assets; job creation and poverty alleviation; BBBEE; infrastructure upgrades; upgrade/development of historical and/or cultural sites; tourism promotion and further biodiversity protection and conservation. PPPs in SANParks have proved to be an important service delivery mechanism. The SANParks Commercialisation Strategy has yielded the following benefits to SANParks:

4.4.1 Strategic Value

Implementation of the Commercialisation Strategy has resulted in increased market segmentation and product and price differentiation with
508 additional guest beds in the five-star segment resulting in increased economic activity and foreign exchange generation. In addition, it has resulted in improved efficiencies of the restaurant and retail facilities, contributing to an enhanced visitor experience to the guests of SANParks. The strategy has also resulted in an increased contribution to the broader economy through the tourism multiplier effect and SANParks’ image has improved considering that national parks are being put to responsible and sustainable use for the economic development of the country.

4.4.2 Monetary Value

The Commercialisation Strategy has resulted in a total contribution of R1,067 million by March 2018.

4.4.3 Increased Infrastructure

The Commercialisation Strategy roll out has resulted in increased infrastructure in National Parks to the value of R758 million with the assets ultimately reverting to SANParks. In addition, it has resulted in the refurbishment of aging infrastructure of both the restaurant and retail facilities to the value of R20 million.

4.4.4 Risk Transfer

The strategy has resulted in significant commercial risk transfer to the private sector including EIA risk, construction risk, availability risk, insolvency risk, market demand or volume risk and operating risk. However, SANParks is still exposed to the risks experienced by the Operator and hence effective contract management is essential.

4.4.5 Socio Economic Value

The strategy resulted in broadening the participation of B-BBEE partners in the tourism industry thereby contributing to the demographic restructuring of the industry and poverty alleviation. Private Party agreements included the following contractual commitments:

- increased employment in the tourism industry with 1946 new jobs excluding construction;
- 79% of employees recruited from local communities adjacent to the
Parks;

- Reported spend of R 58million per annum with local community SMME's;
- Considerable continuous skills transfer and training; and
- The tourism multiplier effect to the broader economy.

4.4.6 Environmental Value

The environmental regulations that apply to the commercial operators are in many instances superior creating a benchmark in SANParks nature based tourism operations and over time, SANParks will be obliged to comply with these standards. This can only be to the long term benefit of our national parks

5. SANPARKS’ LEGAL MANDATE

5.1 National Environmental Management: Protected Areas Act 2003 (Act no. 57 of 2003) (“NEMPAA”) as amended by the National Environmental Management: Protected Areas Amendment Act (Act No 31 of 2004)

5.1.1 Protected Area

NEMPAA provides for:

- the protection and conservation of ecologically viable areas representative of South Africa’s biological diversity and its natural landscapes and seascapes;
- for the establishment of a national register of all national, provincial and local protected areas;
- for the Management of those areas in accordance with national norms and standards;
- for intergovernmental co-operation and public consultation in matters concerning protected areas;
- for the continued existence, governance and functions of South African National Parks; and
- for matters in connection therewith.

The Kruger National Park is an area declared, or regarded as having been
declared, in terms of section 28 of NEMPAA as a protected environment. Section 92(1)(a) of the NEMPAA specifically states that SANParks is the Management authority for any protected area and is obliged in terms of section 92(2) to manage all such protected areas according to the provisions of the NEMPAA and the Management plan to be prepared for the protected area concerned.

5.1.2 Section 50

(1) Section 50 (1) of NEMPAA allows SANParks to:

(a) carry out or allow—

(i) a commercial activity in the park, reserve or site; or

(ii) an activity in the park, reserve or site aimed at raising revenue;

(b) enter into a written agreement with a local community inside or adjacent to the park, reserve or site to allow members of the community to use in a sustainable manner biological resources in the park, reserve or site; and

(c) set norms and standards for any activity allowed in terms of paragraph (a) or (b).

(2) An activity allowed in terms of subsection (1)(a) or (b) may not negatively affect the survival of any species in or significantly disrupt the integrity of the ecological systems of the national park, nature reserve or world heritage site.

(3) The Management authority of the national park, nature reserve or world heritage site must establish systems to monitor—

(a) the impact of activities allowed in terms of subsection (1)(a) or (b) on the park, reserve or site and its biodiversity; and

(b) compliance with—

(i) any agreement entered into in terms of subsection (1)(b); and

(ii) any norms and standards set in terms of subsection (1)(c).

(4) Any activity carried out lawfully in terms of any agreement which exists when this section takes effect may continue until the date of termination of
such agreement, provided that the agreement may not be extended or varied so as to expire after the original intended expiry date without the consent of the Minister.

(5) No development, construction or farming may be permitted in a national park, nature reserve or world heritage site without the prior written approval of the Management authority.

5.1.3 Section 55 and 56

Section 55 sets out the functions of SANParks which functions include inter alia responsibility to:

- protect, conserve and control all protected areas under its Management including all biodiversity found therein (section 55(1)(b));
- to carry out any development and construct or erect any works necessary for the Management of the area (section 55(2)(e));
- take reasonable steps to ensure the security and well – being of visitors and staff (section 55(2)(e));
- provide accommodation and facilities for visitors and staff (section 55(2)(h));
- to carry on any business or trade or provide other services for the convenience of visitors and staff (section 55(2)(i));
- determine and collect fees for entry or stay in the area or for any services provided by it (section 55(2)(i));
- authorise any person, subject to such conditions and the payment of such fees as it may determine, to carry on any business or trade or provide any service which SANParks may carry on or provide in the area in terms of the NEMPAA ((section 55(2)(i)).

Section 55(2)(i) also authorises SANParks to authorise another person, subject to such conditions and the payment of such fees as it may determine, to provide any service which SANParks may otherwise provide in the Kruger National Park.

Section 56 (c) also specifically allows SANParks to hire or let any property, for the purpose of performing any of its functions in any protected area placed under its Management and control.
Accordingly, SANParks has the legal mandate in terms of the NEMPAA to enter into PPP Agreements.

5.2 The Public Finance Management Act 1 of 1999 ("the PFMA")

SANParks is a Schedule 3A public entity for the purpose of the PFMA. As such, SANParks is bound to the provisions of the PFMA, which regulates the financial management of all national and provincial governments and agencies; ensures that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; provides for the responsibilities for those entrusted with financial management in those governments, and governs all matters connected therewith.

5.2.1 Sections 50 and 51

Section 50 of the PFMA deals with a number of fiduciary duties placed on the accounting authorities of public entities, which are subjected to the provisions of the PFMA, and inter alia requires the accounting authority for a public entity to:

- exercise the duty of utmost care to ensure reasonable protection of assets and records of the public entity;
- act with fidelity, honesty, integrity, and in the best interests of the public entity in managing the financial affairs of the public entity;
- seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interests of the state.

Section 51 deals with a number of general responsibilities of accounting authorities and provides that the accounting authority for a public entity must ensure that a public entity has and maintains inter alia effective, efficient and transparent systems of financial and risk management and internal control as well as an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.

5.2.2 Regulation 16

This last aspect is taken further in Regulations 16A7.4 and 16A7.5 of the National Treasury Regulations promulgated in terms of section 76 of the PFMA in Government Gazette Notice No. R 225, Government Gazette No. 27388 dated 15 March 2005, and amended by Government Gazette Notice No. R 146, GG 29644 dated 20 February 2007, which Regulations state
that:

- Reg. 16A7.4 The letting of immovable state property must be at market-related tariffs, unless the relevant treasury approves otherwise. No state property may be let free of charge without the prior approval of the relevant treasury.

- Reg. 16A7.5 The accounting officer or accounting authority must review, at least annually when finalising the budget, all fees, charges, rates, tariffs or scales of fees or other charges relating to the letting of state property to ensure sound financial planning and Management.

These National Treasury Regulations first came into operation on 25 May 2002 and have applied to the business of SANParks since that date.

Hence there is sufficient responsibility placed on SANParks under the PFMA to manage and to lease out all state assets placed under its Management and control in the Kruger National Park in a manner that is fair and equitable to all, is transparent and competitive, and occurs on a basis that is market-related and supports sound financial planning and management within SANParks.

6. LAND CLAIMANTS

In 2013 land claim settlements had placed a responsibility on SANParks to ensure that successful land claimants become part of the operations in National Parks. In light of that SANParks will expect that land claimants receive free equity in the operations that will increase over time (refer to the RFP for detail on this model). In addition the land claimants has the right to purchase up to 30% additional equity in the business (on top of the free equity).

7. A DESCRIPTION OF THE PPP OPPORTUNITY

7.1 INTRODUCTION

SANParks, as part of its Strategic Plan for Commercialisation, identified the tourism PPP opportunity for the Phalaborwa Safari Lodge in the Kruger National Park.

It is intended that by SANParks entering into the PPP with a Private Party, SANParks may be able to generate additional revenue through PPP fees paid to SANParks by the Private Party, while enabling SANParks to focus on its core
activity of conservation. It is intended that the project will be developed by the Private Party in compliance with strict environmental standards maintained by SANParks. In keeping with SANParks’ objectives, particular attention will be paid to the implementation of broad-based Black Economic Empowerment (“BEE”), particularly those from local communities adjacent to the Parks. In addition, private operators will have to respect existing SANParks regulations regarding protection of the environment. In this regard, SANParks will require that Interested Parties confirm their willingness to promote BEE by entering into an agreement with a local community trust partner.

7.2 VALUE FOR MONEY OBJECTIVES

The value-for-money objectives for the project have to be aligned with SANParks’ strategic objectives included in the Strategic Plan for Commercialisation. Setting these objectives at the inception phase are vital as they provide the benchmarks for the feasibility and procurement phases. During the management of the PPP agreement, they are used to measure the success of the project.

The Value-for-Money Objectives for the project are:

- Revenue generation
- Job Creation
- BEE
- Tourism promotion
- Biodiversity protection and conservation
- Assist hub and Phalaborwa as destination

7.3 RESPONSIBLE TOURISM STANDARDS

7.3.1 Responsible Tourism

Responsible Tourism is a tourism management strategy embracing planning, management, product development and marketing to bring about positive economic, social, cultural and environmental impacts. Responsible Tourism provides for the following:

- generates economic benefits for local people and enhances the well-being of host communities;
- improves working conditions and access to the industry;
• involves local people in decisions that affect their lives and life chances;
• makes positive contributions to the conservation of natural and cultural heritage to the maintenance of the world's diversity;
• provides more enjoyable experiences for tourists through more meaningful connections with local people and a greater understanding of local cultural, social and environmental issues;
• minimises negative economic, environmental and social impacts; and
• is culturally sensitive, engenders respect between tourists and hosts, and builds local pride and confidence.

7.3.2 National Responsible Tourism Guidelines

In 2002, the Department of Environmental Affairs and Tourism (“DEAT”) published National Responsible Tourism Guidelines, reflecting South Africa’s vision to manage tourism in a way that contributes to the quality of life of all South Africans. The Guidelines aim to set benchmark standards for accommodation and transport operators, tourism associations and custodians of our cultural and natural heritage. The objective is to ensure that our tourism sector keeps pace with international trends towards responsible business practice – and gains market advantage in doing so. In 2003, DEAT published the Responsible Tourism Handbook which took it one step further by giving practical examples of how tourism operators can improve their economic, social and environmental practices.

Various institutions/organisations offer environmental management consulting and accreditation services to all business sectors interested in implementing environmentally friendly business practices and hence offer Environmental Rating Programmes. Such eco-labelling schemes include:

• ISO 14001
• Green Globe
• Blue Flag
• NEAP
• Heritage
• Ecoquest
7.3.3 National Responsible Tourism Standard & Accreditation System

The National Department has recently commenced with the development of a National Standard for Responsible Tourism, a national accreditation scheme that tourism operators will be accredited by. The Private Party Hotel Operator shall be obliged to comply with the accreditation in terms of the National Standard for Responsible Tourism, once completed. Such accreditation will be compulsory and should be obtained within 12 months from Operation Commencement Date and renewed thereafter on an annual basis.

7.3.4 SANParks Responsible Tourism Strategy

South African National Parks has drafted a Responsible Tourism Strategy which could be found on the SANParks Website under the link “About Us”. Please refer to this document for insight into SANParks' responsible strategy till 2022.

The purpose of the responsible tourism strategy and implementation plan is to consistently integrate the principles of the national responsible tourism guidelines (DEAT, 2002) into South African National Parks operations.

This strategy and plan will help to reduce fragmentation of responsible tourism activities by SANParks and its business partners, by providing a framework for a coordinated approach. It will also reduce the disparity between levels of responsible tourism practiced, monitored and reported between SANParks tourism operations and concessionaires (who are contractually required to practice responsible tourism). Implementation of strategy and plan will help address potential future problems, such as mitigation and adaptation to climate change. The strategy is also a response to the increased market demand for responsible holidays from tourists, and will enable SANParks to put into place the conditions that are required to position the national park systems as responsible destinations.

The responsible tourism strategy covers the following:

- The alignment of the principles of Responsible Tourism with existing corporate values and actions, with amendments to policies and procedures to accommodate Responsible Tourism values and indicators
- Recommended additions to the SANParks scorecard to include Responsible Tourism indicators
7.3.4.1 Objectives of the Responsible Tourism Strategy

The objectives of the responsible tourism strategy and implementation plan aim to provide a basis for decision making, and guidance for divisions to develop action plans that comply with this policy. The objectives are:

- Align SANParks operations with the national policy on responsible tourism;
- Enhance responsible tourism awareness and management skills among protected area managers and tourism officers and business partners within SANParks;
- Enhance responsible tourism awareness and skills among SANParks’ external stakeholders, including communities, and suppliers;
- Integrate responsible tourism principles and actions into management plans for each national park in South Africa;
- Establish a practical framework for monitoring, evaluation and reporting in national park destinations; and
- Integrate responsible tourism into the performance management frameworks of the organisation, individual parks and individual staff members.

7.3.4.2 Guiding Principles of the Responsible Tourism Strategy

The guiding principles of the responsible tourism strategy and implementation plan are that they are:

- based on the national responsible tourism guidelines (DEAT, 2002);
- aligned with the national Minimum Standards for Responsible Tourism;
• aligned with SANParks Corporate Strategic Business Plan, and cognisant of the Conservation Development Framework and Park Management Plans;

• easy to understand and implement;

• adaptive and flexible;

• monitored at both a corporate and operational level;

• developed and implemented through a participatory process by a broad range of SANParks stakeholders, including business partners;

• initially focus on quick wins, that can be used to promote the responsible tourism agenda throughout the organization;

• address initiatives that facilitate the achievement of SANParks core objectives (e.g. better relations with local communities, reducing poaching, helping park expansion)

7.3.5 Private Party Requirements

The Private Party Operator will be required to adhere to all the applicable Responsible Tourism Standards as stipulated as well as the “greening” principles and criteria derived from the existing standards set by SANParks for the Concessions as reflected in the SANParks Management Plan Policy Framework, the KNP Management Plans, the Concession Operations Manual or any other reasonable requirements set by SANParks.
8. **LOCATION MAP OF PROPOSED DEVELOPMENT SITE**

Refer to RFP and PPP Agreement for details on the site.
9. DEVELOPMENT SITE SPECIFIC CONDITIONS

Refer to RFP and PPP Agreement for details on the site specific conditions.

10. BENCHMARK PRICING AND CONTROL

During the contract period SANParks will take steps to ensure that the private operators do not abuse the monopoly status of the Parks.

In order for a PPP to be successful it is imperative that:

- The Public entity improve service at the state asset and receive a fair income for making the asset available;
- The Private Party receive a fair return on investment;
- Employees benefits by being employed by a company that has superior skills in the running of a specific operation, i.e. an accommodation, food or retail opportunity (or combination of the three opportunities). Together with the privilege to work for such a company comes career opportunities;
- The customer / client to the park should see the benefits and share in the fact that the operations were outsourced. In light of that the customer should not pay a penalty (through high prices) but should be afforded / offered a value for money product therefore these operations will not be permitted to charge prices which are significantly higher than charged outside the Parks. In addition, SANParks will have the right to conduct periodic checks and otherwise monitor the pricing offered by the operators. Failure to charge market-related prices could result in termination of contract.

10.1 MONITORING - ANALYSIS DASHBOARD:

SANParks currently monitors customer satisfaction through a system whereby the customer is requested to capture ratings based on their experience / visit to the parks. The following areas are covered as part of this process:
- Making your booking
- Admission through Park Gate
- Reception at camp
- Caravan, camping and accommodation
- Shopping experience
- Dining experience
- Game activities
- Overall experience

More areas could be covered in the system as and when the need arise hence SANParks could decide to include the specific concession / operation into the customer satisfaction system. The aim is to score at least 75% for each of the areas. The areas could be increased as and when new products are implemented.

11. **EMPLOYEES**

As there is currently no existing operation, there will be no staff transferring through Section 197 to the Private Party.

12. **PPP AGREEMENT**

The PPP Agreement will be made available shortly after the opportunity is advertised and will be distributed to the interested parties. A draft copy of the PPP Agreement needs to be signed and submitted as part of the bid. Minor changes might occur following the site visits and bidders conference. A final copy will be signed following the award of the tender/s.

12.1 **TERM OF AGREEMENT**

The term of the PPP Agreement shall be for twenty five (25) years from the Effective Date, subject to termination in accordance with the PPP Agreement. Effective Date is defined as the earlier of Operation Commencement Date or 24 (twenty four) months from Signature
12.2 FINANCIAL TERMS

Under the PPP Agreement, the PPP fee income to SANParks shall be the higher of:

12.2.1 the Minimum PPP Fee set by SANParks increased annually by CPIX; or

12.2.2 the Variable PPP Fee (the bidder percentage of actual gross revenue earned by the Operator in each project year).

Irrespective of which these elements determine the final amount payable in any given Project Year, the payment schedule will be as follows:

12.2.3 The Minimum PPP Fee shall accrue and be payable by the Operator to SANParks within 7 (seven) Business Days following the end of each month (for the period of operation), free of deduction or set-off to SANParks;

12.2.4 For purposes of reconciling the PPP Fees payable by the Private Party in any given Financial Year, the Private Party shall, within 30 (thirty) days after the end of each Financial Year, furnish its audited financial statements to SANParks, whereafter SANParks shall verify and reconcile the PPP Fees due against the PPP Fees actually paid in the relevant Financial Year.

12.2.5 No PPP Fees shall be payable prior to the Effective Date of the PPP Agreement.

12.2.6 Any overdue payment by either SANParks or the Operator shall be subject to an interest charge of prime plus 2 (two) %.

12.3 MINIMUM PPP FEE

SANParks retains the right not to award the Bid in the unlikely event that only one Bid is received and the PPP Fee Offer does not meet SANParks’ minimum requirements.

The Minimum PPP Fee for the product is as follows:

<table>
<thead>
<tr>
<th>PHALABORWA SAFARI LODGE DEVELOPMENT MINIMUM PPP FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phalaborwa Safari Lodge Development</td>
</tr>
</tbody>
</table>
PHALABORWA SAFARI LODGE DEVELOPMENT MINIMUM PPP FEE

<table>
<thead>
<tr>
<th>Phalaborwa Safari Lodge Development</th>
<th>Per Annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>R 600,000</td>
</tr>
<tr>
<td>Year 2</td>
<td>R 800,000</td>
</tr>
<tr>
<td>Year 3</td>
<td>R 1,000,000</td>
</tr>
<tr>
<td>Year 4</td>
<td>R 1,300,000</td>
</tr>
<tr>
<td>Years 5 – end of term</td>
<td>R 1,500,000</td>
</tr>
</tbody>
</table>

The Minimum PPP Fee above are at June 2019 prices and will be adjusted annually throughout the term of the PPP Agreement according to the movement in the Consumer Price Index.

12.4 PRINCIPAL OBLIGATIONS OF THE OPERATOR

SANParks requires the successful Operator comply with the following:

12.4.1 The Operator is obliged to acquire SANParks’ consent prior to making use of any SANParks trade names and or logo’s in any way.

12.4.2 The Operator must adhere to SANParks conservation regulations.

12.4.3 The Operator must adhere to the SANParks normal operating hours for transportation of goods and services.

12.4.4 The Operator is obliged to procure adequate insurance for the product and other insurable properties including property and casualty insurance, business interruption insurance, third party liability and employer’s liability insurance.

12.4.5 The Operator is obliged to disclose all aspects of the business to SANParks and their representatives.

12.4.6 The Operator is responsible for the submission of audit reports, and any other reports and information, as contractually required by SANParks.

12.4.7 The Operator will be required to obtain all relevant and third party insurances.
12.4.8 The Operator’s financial obligations shall not impact on SANParks, and the Operator will need to provide SANParks with its yearly audit certificate and any relevant communication from the auditor.

12.4.9 The Operator will be obliged to apply and obtain a relevant liquor license, if required.

12.4.10 The Operator is obliged not to pledge the credit of SANParks in any form.

12.4.11 The Operator is required to operate according to hours specified by SANParks.

12.4.12 The Operator is obliged to acquire SANParks consent prior to any changes being made to shareholding, or selling of the Business.

12.4.13 At the time of submitting the Bid, each bidder must submit a single Bid Bond of R 150,000 (One Hundred and Fifty Thousand Rand) in the format to be provided in the RFP. The purpose of the Bid Bond is to ensure that all bidders present valid and serious Bids and that the preferred bidder subsequently executes the PPP Agreement. The Bid Bonds of unsuccessful bidders shall be returned to them following signature of the PPP Agreement.

12.4.14 The Operator shall provide a Performance Bond of R 1,500,000 (One million five Hundred Thousand Rand), exclusive of VAT, which shall secure the Operator’s performance under the PPP Agreement. The format shall be provided in the RFP.

12.4.15 The Operator is responsible for the transport of their employees from the workplace at the Facility to their living quarters (if not at the facilities). In the event that SANParks transport can be utilised, the related cost of transport will be for the Operator’s account.

12.4.16 The Operator is obliged to transport their staff to the required medical facilities. In the event that SANParks transport can be utilised, the related cost of transport will be for the Operator’s account.

12.4.17 The Operator is obliged to provide universal access at the Facility.
12.4.18 The Operator is obliged to comply with and adhere to SANParks Policies and initiatives i.e. HIV Aids Policy, Health and Safety Forums etc.

12.5 PRINCIPAL OBLIGATIONS OF SANPARKS

12.5.1 SANParks shall give reasonable assistance in the form of advice, introductions and documentary support to the Operator in its dealings with Relevant Authorities and otherwise in connection with obtaining the necessary licenses and permits.

12.5.2 SANParks will operate and manage the Park and will promote it in such manner as to ensure the continued viability and sustainability of KNP and GRNP as National Parks and as a sustainable and attractive tourist and conservation undertaking.

12.6 ACCESS

12.6.1 SANParks shall ensure that, for the duration of the PPP Agreement, the Operator, its guests, employees, agents and invitees have reasonable access to the selected site, subject to the provisions of the PPP Agreement, the Park Rules and other regulations, or legislation, which may be in place from time to time. In addition the standards, quality and nature of the access routes and control points, in place at the time of the agreement being entered into, will remain the same during the PPP Term.

12.6.2 Normal gate hours will apply with special late access as per SANParks and KNP policy.

12.7 EXCLUSIVITY

12.7.1 The Operator shall be entitled to:

- limited access to the Park subject to normal Park operating rules and hours; and
- special rights of access to the Park outside the Development Area, subject to the terms agreed in writing with the Park Manager.
12.7.2 The Operator shall not be entitled to exclusive rights of traverse beyond the selected site but shall be permitted to conduct game drives during the day or night in the Kruger National Park on the public road network to provide this service to their guests.

12.7.3 SANParks reserves the right to appoint additional operators for other sites, at any point in time.

12.8 BRANDING

12.8.1 The Operator shall not, in the operation, promotion or marketing of the PPP Facility, be entitled to use, directly or indirectly, any commercial branding similar to any branding used outside of the Protected Area by the Operator, or any of its associated companies or competitors, without the prior written consent of SANParks;

12.8.2 Any commercial branding developed by the Operator in respect of the Facility may not be used outside the Protected Area without SANParks' prior written consent; and

12.8.3 The use of any branding, logo, trademark, trade name, get up, signage, outdoor advertising, livery, promotion, promotional or marketing material or other proprietary intellectual property in connection with the Facility shall require the prior written approval of SANParks.

12.9 INTELLECTUAL PROPERTY

12.9.1 The use of any branding, logo, trademark, trade name, and get up, signage, outdoor advertising, promotion, promotional or marketing material or other proprietary intellectual property in connection with the facility shall require the prior written approval of SANParks.

12.9.2 It is specifically recorded that all intellectual property rights whatsoever, whether capable of registration or not, regarding SANParks' trademarks, names, logo,
image and all other intellectual property matters relating to SANParks, its name, logo and/or image shall remain the sole property of SANParks.

12.9.3 Subject to existing rights and obligations, SANParks shall, on application by the Operator, grant a non-exclusive right and license to the Operator to use SANParks’ trademarks which relate to the Park. Should any of SANParks’ trademarks, names, logos, images and all other intellectual property matters be required for use outside of the PPP Agreement, they will be subject to terms and conditions negotiated with SANParks. This includes the granting of licenses to trade merchandise with SANParks’ trademarks, names, logos, images and all other intellectual property matters outside of SANParks’ retail facilities.

12.9.4 In order to establish and maintain high standards of style, quality and proprietary associated with the Park, in the event the Operator desires to use SANParks’ trademarks or logos which relate to the Park in any way, the Operator shall first submit the concept or a sample of the proposed use to SANParks for approval. Under no circumstances shall any use of SANParks' trademarks or logos, which relate to the Park, or the image or likeness of any trademark, logo or image, which SANParks in good faith believes reflects unfavourably upon or disparages the Park, be approved. If SANParks approves the concept or sample, the Operator shall not depart therefrom in any material respect without SANParks’ further written approval.

12.9.5 If at any time SANParks withdraws its approval for the specified use of any trademark or logo, the Operator shall forthwith discontinue all use of SANParks' trademark or logo and shall remove from public sale or distribution, any previously approved product in respect of which SANParks has rescinded approval.

12.9.6 The Operator acknowledges that the name of the Park (the “Protected Name”) is associated with and peculiar to the Park and is the intellectual property of SANParks. Consequently, the Operator agrees that the sole and exclusive ownership of the Protected Name shall vest in SANParks and should the
Operator utilise the Protected Name, it does so only in terms of the PPP Agreement and with the prior written approval of SANParks.

12.9.7 In circumstances where the Operator utilises any of the Protected Names, either singularly or in combination or association with any other name, it does so only in terms of the PPP Agreement and on termination of the PPP Agreement, the Operator shall not be entitled to operate or conduct any business using the Protected Name in combination or association with any other name.

12.9.8 In circumstances where the name chosen by the Operator and approved by SANParks is not part of SANParks’ intellectual property, then the rights of SANParks contemplated in this paragraph will not be applicable and the intellectual property will be the sole property of the Operator.

13. BIDDERS REQUIRED QUALIFICATION CRITERIA

In order to participate in the bidding process, bidders are required to meet the following qualification criteria:

13.1 FINANCIAL CAPACITY

Given the fact that the project is of a high value and may entail risk to both the preferred bidder and SANParks, it is important that interested parties demonstrate financial strength. In this regard the net asset value of the interested party must be at least R50 million.

As the preferred bidder must be a Special Purpose Vehicle (SPV), it must demonstrate financial strength with reference to the asset value of its shareholders in proportion to their shareholding. The interested party must also demonstrate, to SANParks’ satisfaction, that its shareholders are solvent. Audited financial statements, along with a letter confirming that the asset value exceeds the stipulated amount and that the shareholders are solvent, must be provided if demanded by SANParks in order to illustrate any assertion made by an interested party in this regard.
13.2 FINANCIAL REQUIREMENTS

The Submitting Company shall submit the following economic and financial documentation: Audited financial statements corresponding to the last two (2) years.

If the qualification criteria are being met by reference to any other companies, whether current or intended Shareholders or partners, then these companies must submit the same information.

If the financial criteria are being met by companies which are privately held, and do not produce audited statements, or by private individuals, then these companies or individuals must produce a statement of assets, with confirmation of ownership, certified by a qualified auditor.

13.3 TOURISM EXPERIENCE

13.3.1 The project is likely to require interested parties with substantial experience and expertise in the tourism market. Interested parties are therefore required to provide examples of similar projects conducted by the interested parties. The interested party must be able to meet this tourism track-record requirement in the following ways:

13.3.1.1 The bidding company must have operated a minimum number of 100 rooms / 200 beds for at least 3 (three) years.; and

13.3.1.2 It must have a well-recognised brand in the lodge industry.

13.4 TOURISM TRACK RECORD

13.4.1 The qualifying tourism Operator(s) or individuals, shareholders or partners, of each Submitting Company, who are being used to meet the criteria regarding tourism experience or the generation of turnover, must provide a general description of the Tourism facilities and services they have operated, including, (i)
the number of years in active existence; (ii) the nature of the product sold; and (iii) the total number of beds such facilities or services comprised.

13.4.2 In the event that the Submitting Company is satisfying the requirements under this Section by using the qualifications of a Partner, Shareholder or parent, these indicators must also be certified in the above-mentioned manner. Additionally, each of the members of the Partnership, or the Shareholder or subsidiary as the case may be, must demonstrate that such Shareholder, parent or partner is willing and able to support the technical operations of the Submitting Company for the PPP Project.

13.5 B-BBEE QUALIFICATION CRITERIA - ENTERPRISE DEVELOPMENT

13.5.1 The Operator will be required to implement a minimum of eight (8) enterprise development programmes over the duration of the contract term distributed evenly over the period. An undertaking should be given that this will be done.

13.5.2 The Operator is to compile a plan which would outline the detail on how the enterprise development will be done and how this enterprise development will evolve into supplier development.

13.5.3 It is integral that the plans proposed as part of the bid submission be backed by thorough research with clear targets that would be met. Failure to meet these will be seen as a material breach of the contract which could lead to termination.

Failure to comply with the above conditions will invalidate the bid.

14. RELATIVE WEIGHTING OF BID SUBMISSIONS

As per the provisions of the Preferential Procurement Policy Framework Act, 2000 (“PPPFA”) (Preferential Procurement Regulations 2017 apply), bids will be evaluated on three main elements: Functionality, B-BBEE and the PPP Fee Offer.

Weighting of the elements:

- The Functionality score is only used to pre-qualify the bidders and only bidders who achieved the 70% for Functionality and score more than 50% for each functionality
element are considered in the final stage where B-BBEE and price will be the determining factor.

- The PPP Fee Offer will be weighted at 80% of the overall bid score and B-BBEE will be weighted at 20% of the overall bid score (The provisions of the Preferential Procurement Policy Framework Act, 2000 ("PPPFA") Preferential Procurement Regulations 2017 apply).

- During evaluation of the PPP Fee Offer and B-BBEE, the following objective criteria will be applied, which may result in the contract being awarded to a bidder that did not score the highest points, as per Section 11 of the Preferential Procurement Regulations 2017 and in accordance with Section 2(1)(f) of the Preferential Procurement Policy Framework Act:
  
  o To broaden participation in PPPs, SANParks will give preference to bidders that have less than five PPP contracts with SANParks.

Within the Functionality element, the relative weighting will be:

- Financing and Capital Plan – 15%
- Business and Operational Plan – 45%
- Development and Environmental Plan – 15%
- Risk Matrix – 5%
- B-BBEE Proposal – 20%

14.1 FINANCING AND CAPITAL PLAN

The purpose of the Financing and Capital plan is to assess the ability of the bidder to secure adequate finance to implement the project and determine the capital investment proposed for the project.

14.2 BUSINESS AND OPERATIONAL PLAN

The purpose of the evaluation of the Business and Operational plan is to ensure that the bidder has fully developed all business aspects of the proposed tourism project, and is proposing credible schemes which are based on generally accepted business principles
applicable to tourism projects, and which are in line with SANParks’ specifications, provided in the RFP.

14.3 DEVELOPMENT AND ENVIRONMENTAL PLAN

The purpose of the evaluation of Development and Environmental plan is to ensure that bidders understand and have fully planned for the prevailing environmental issues that apply to the investment area as well as the Environmental Guidelines and have factored those issues into their plans.

14.4 RISK MATRIX

A bidder must indicate the extent to which the bid complies with the risk allocation of the risk matrix, provided in the RFP.

14.5 B-BBEE PROPOSAL

The Private Party SPV is expected to outline their B-BBEE plans through the B-BBEE Proposal with targets per sub section, as well as a section that undertakes that enterprise development initiatives will be identified and implemented during the contract period.

15. PROJECT TIMETABLE

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Advertisements</td>
<td>30 June 2019</td>
</tr>
<tr>
<td>Provide Information Memorandum, RFP and PPP Agreement to Interested Parties</td>
<td>1 July 2019</td>
</tr>
<tr>
<td>Registration for Due Diligence Site Visit</td>
<td>8 July 2019</td>
</tr>
<tr>
<td>Due Diligence Site Visit</td>
<td>15 July 2019</td>
</tr>
<tr>
<td>Registration of Interested Bidders for Bidders Conference</td>
<td>2 August 2019</td>
</tr>
<tr>
<td>EVENT</td>
<td>DATE</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Submission of Written Comments and Questions by Bidders</td>
<td>19 August 2019</td>
</tr>
<tr>
<td>Distribute Minutes of Conference Qs and As</td>
<td>26 August 2019</td>
</tr>
<tr>
<td>Tender Submissions</td>
<td>11 October 2019 (before 11h00)</td>
</tr>
</tbody>
</table>
16. **GATE STATISTICS**

<table>
<thead>
<tr>
<th></th>
<th>Apr-16</th>
<th>May-16</th>
<th>Jun-16</th>
<th>Jul-16</th>
<th>Aug-16</th>
<th>Sep-16</th>
<th>Oct-16</th>
<th>Nov-16</th>
<th>Dec-16</th>
<th>Jan-17</th>
<th>Feb-17</th>
<th>Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average per day</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of vehicles</td>
<td>134</td>
<td>124</td>
<td>171</td>
<td>224</td>
<td>213</td>
<td>201</td>
<td>197</td>
<td>163</td>
<td>248</td>
<td>174</td>
<td>125</td>
<td>146</td>
</tr>
<tr>
<td># of day visitors</td>
<td>249</td>
<td>264</td>
<td>343</td>
<td>450</td>
<td>523</td>
<td>428</td>
<td>338</td>
<td>277</td>
<td>547</td>
<td>358</td>
<td>192</td>
<td>238</td>
</tr>
<tr>
<td># of overnight visitors</td>
<td>167</td>
<td>175</td>
<td>217</td>
<td>261</td>
<td>261</td>
<td>217</td>
<td>232</td>
<td>136</td>
<td>240</td>
<td>135</td>
<td>125</td>
<td>165</td>
</tr>
</tbody>
</table>

17. **MARKET OVERVIEW**

17.1 **SOUTH AFRICAN NATIONAL PARK TOURISM**

SANParks accounts for the largest single segment of the South African tourism industry. With over 5,200 beds and 1,000 campsites under its control, SANParks is by far the largest single supplier of tourist accommodation in the country accounting for 24% of all nature based tourism in South Africa and receives 6.87 million visitors to the parks per year (as per 2016/2017 figures).

The following table gives an overview of visitors per park:

<table>
<thead>
<tr>
<th>PARK</th>
<th>GUESTS TO PARK April 2016 - March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addo</td>
<td>265585</td>
</tr>
<tr>
<td>Augrabies</td>
<td>68131</td>
</tr>
<tr>
<td>GRNP - Tsitsikamma</td>
<td>336562</td>
</tr>
<tr>
<td>Karoo</td>
<td>39678</td>
</tr>
<tr>
<td>PARK</td>
<td>GUESTS TO PARK April 2016 - March 2017</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Kgalagadi</td>
<td>48221</td>
</tr>
<tr>
<td>Kruger</td>
<td>1817724</td>
</tr>
<tr>
<td>Mountain Zebra</td>
<td>27965</td>
</tr>
<tr>
<td>Table Mountain</td>
<td>3382101</td>
</tr>
<tr>
<td>Other Parks</td>
<td>886332</td>
</tr>
<tr>
<td><strong>Total 2016/17</strong></td>
<td><strong>6872299</strong></td>
</tr>
</tbody>
</table>

From 2015/2016 to 2016/2017 there has been a 16.78% increase in visitation to National Parks.

The Kruger National Park accounts for about 70% of the total bed-nights sold in SANParks and 26% of total guests to Parks. Table Mountain is the most visited park and accounts for about 49% of all visitors to National Parks.
17.2 PARK SPECIFIC INFORMATION

17.2.1 Kruger National Park

The world-renowned Kruger National Park offers a wildlife experience that ranks with the best in Africa. Established in 1898 to protect the wildlife of the South African Lowveld, this National Park of nearly 2 million hectares, SANParks - Kruger National Park is unrivalled in the diversity of its life forms and a world leader in advanced environmental management techniques and policies. Truly the flagship of the South African National Parks, Kruger is home to an impressive number of species: 336 trees, 49 fish, 34 amphibians, 114 reptiles, 507 birds and 147 mammals. Man's interaction with the Lowveld environment over many centuries - from bushman rock paintings to majestic archaeological sites like Masorini and Thulamela - is very evident in the Kruger National Park. These treasures represent the cultures, persons and events that played a role in the history of the Kruger National Park and are conserved along with the park's natural assets.

GUEST DEMOGRAPHICS YEAR ENDED 31 MARCH 2017

<table>
<thead>
<tr>
<th>TOTAL GUESTS TO PARK (GUESTS THROUGH GATES)</th>
<th>1 817 724</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPOSITION</td>
<td></td>
</tr>
<tr>
<td>RESIDENCE STATUS</td>
<td></td>
</tr>
<tr>
<td>NUMBER</td>
<td>% of total</td>
</tr>
<tr>
<td>SA RESIDENT</td>
<td>1 295 579</td>
</tr>
<tr>
<td>SADC NATIONAL</td>
<td>33 325</td>
</tr>
<tr>
<td>INTERNATIONAL (EXC SADC)</td>
<td>488 820</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1 817 724</td>
</tr>
</tbody>
</table>

RACE PROFILE / DAY VS OVERNIGHT

<table>
<thead>
<tr>
<th>GROUPING</th>
<th>NUMBER</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLACK</td>
<td>427 362</td>
<td>23.5%</td>
</tr>
<tr>
<td>Time</td>
<td>Overnight</td>
<td>Day</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
<td>-----</td>
</tr>
<tr>
<td>Overnight</td>
<td>29,742</td>
<td></td>
</tr>
<tr>
<td>Day</td>
<td>997,274</td>
<td>274</td>
</tr>
<tr>
<td>Total</td>
<td>1,027,016</td>
<td>274</td>
</tr>
</tbody>
</table>

**INTERNATIONAL GUESTS (NON SA RESIDENTS)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>138,905</td>
<td>26.6%</td>
</tr>
<tr>
<td>France</td>
<td>66,057</td>
<td>12.65%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>55,812</td>
<td>10.69%</td>
</tr>
<tr>
<td>United States</td>
<td>42,330</td>
<td>8.11%</td>
</tr>
<tr>
<td>Holland</td>
<td>35,229</td>
<td>6.75%</td>
</tr>
<tr>
<td>Other</td>
<td>183,812</td>
<td>35.2%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>522,145</strong></td>
<td><strong>100.00%</strong></td>
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**TOP 5**

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<tr>
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</tr>
<tr>
<td>2</td>
<td>France</td>
</tr>
<tr>
<td>3</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>4</td>
<td>United States</td>
</tr>
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<td>5</td>
<td>Holland</td>
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18. ANNEXURE A – RESPONSIBLE TOURISM IN SANPARKS – JOURNEY TO 2022
19. ANNEXURE B – SUSTAINABLE GREEN DESIGN DEVELOPMENT PRINCIPLES
20. ANNEXURE C – STAFF HOUSING

The following shows plans that were approved for structures in the past.

20.1 APPROVED PLAN FOR NON-SHIFT STAFF MEMBERS

The unit showed above is 47.7 m² and is the entry level for one employee with his family.
20.2 APPROVED PLAN (OR SIMILAR) FOR STAFF MEMBERS WORKING SHIFTS
However, it should be noted that structures such as a container which houses 3 single units with on-suite facilities had been approved in the past and will be considered (depending on the requirements of the job). The following photos shows these structures:

As indicated earlier, the erection of such structures will be with the approval from SANParks and will require various conditions, i.e. heating of water through either gas or solar, etc.