

The Revenue Maximising Entrance Fees for South African National Parks

**Gardner Brown, Johane
Dikgang and Edwin
Muchapondwa**



Outline of Presentation

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Introduction

- National parks and other protected areas have mostly relied on fiscal transfers from the state to fund their conservation activities.
- There is enormous pressure on park agencies to consider alternative financing mechanisms as grants from the national purse decline.
- Among other sources, park agencies should consider generating more revenue from their own activities by using appropriate pricing policies.
- In two studies on two South African national parks, we investigate how entrance fees can contribute meaningfully to park revenues.

Results from two Case Studies: Kgalagadi and Kruger

APPROACH 1: CONTINGENT BEHAVIOUR METHOD

	CURRENT FEE	“REVENUE-MAXIMISING” ENTRANCE FEES (DAILY) IN K GALAGADI		
		MC = 0.00	MC = 7.50	MC = 15.00
Local Visitors	R 45 (=US\$ 6)	R 96 (=US\$13)	R105 (=US\$14)	R113 (US\$15)
International Visitors	R180 (=US\$24)	R218 (=US\$29)	R238 (=US\$32)	R258 (=US\$34)

APPROACH 2: TRAVEL COST METHOD

	CURRENT FEE	“REVENUE-MAXIMISING” ENTRANCE FEES (DAILY) IN KRUGER
International Visitors	R248 (=US\$25)	R1730 (=US\$173)

Conclusion

- Our estimates indicate that entrance fees for both local and international visitors could be raised. Most importantly, there is room for substantially increasing entrance fees for international visitors at Kruger than Kgalagadi.
- However, these opportunities might change once competition from other parks, both locally and regionally, are taken into account as our current estimates do not fully account for competition.
- Nonetheless, our results point to the need to carefully interrogate the entrance fee setting in South African national parks.



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