

Improving the security measures at the Kruger

“Each year approximately **950 000 people visit the Kruger National Park** in South Africa. There are two types of visitors that visit the Kruger, day visitors and visitors that have Wild Cards that give them access to the park throughout the year. Each day visitor results in a contribution of R80; with each visitor with a Wild Card yielding a contribution of R320 for SANParks. 90% of the Kruger visitors are day visitors.

The Kruger’s current annual fixed costs are approximately R60 million. This fixed amount is not expected to change during 2014. SANParks’ board wants to put additional security measures in place, one of which is the erection of a fence between South Africa and Mozambique that is expected to decrease the poaching threat significantly. To upgrade and improve the security, the Kruger would incur additional once-off fixed costs of R40 million and annual fixed costs of R8 million.

If the Kruger incurs these additional costs to upgrade the security, it is expected that the amount of visitors to the park in 2014 will increase. The weighting between day visitors and visitors with Wild Cards is expected to remain the same, but there is a 10% chance that the number of total visitors will increase by 5%; a 30% probability that the visitors will increase by 10%; a 40% chance of a 20% increase; and only a 20% probability that the number of visitors will remain constant at the 2013 levels.