



## **INFORMATION MEMORANDUM**

**INFORMATION MEMORANDUM ISSUED BY SOUTH AFRICAN  
NATIONAL PARKS IN RESPECT OF THE PROPOSED PUBLIC  
PRIVATE PARTNERSHIP PROJECT FOR THE MALELANE HOTEL  
DEVELOPMENT IN THE KRUGER NATIONAL PARK**



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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 PPP Toolkit, and in compliance with Treasury Regulation 16 issued in terms of the Public Finance Management Act 1999.
- 1.2 SANParks is currently investigating the feasibility of a PPP opportunity in which it gives a selected private party the right to the development and commercial use of the Malelane Hotel Development 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](http://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. In this regard the organisation has adopted a transformation mission to guide its efforts accordingly.

**VISION** - National parks will be the pride and joy of all South Africans and of the world.

**MISSION** - To develop and manage a system of national parks that represents the biodiversity, landscapes, and associated heritage assets of South Africa for the sustainable use and benefit of all.

**TRANSFORMATION MISSION** - To ensure effective transformation both within SANParks and the broader society and economy, through the implementation of broad-based Black Economic Empowerment in support of the Constitution of South Africa.

### 2.2 SANParks' Key Strategic Objectives

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

#### 2.2.1 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 **Nature-based 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 funding of conservation management.

A significant element of the ecotourism pillar is the Strategic Plan for Commercialisation which (through the implementation of Public Private Partnerships) has as its objective reducing the cost of delivery, improving service levels by focusing on core business and leveraging private capital and expertise as well as the objective of expansion of tourism products and the generation of additional revenue for the funding of conservation and constituency building.

### 2.2.3 **Constituency building towards a people-centred conservation and tourism mandate**

SANParks is required to build constituencies at international, national and local levels, in support of the conservation of the natural and cultural heritage of South Africa. 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 socio-economic benefit.

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

In addition to the core and sub-core business pillars that provide SANParks with a level of uniqueness, the organisation has generic support functions of Finance, Human Resources, Corporate Communications, Corporate Support Services (including Information and Communications Technology), and Legal Services. The operational component of SANParks is delivered through the current twenty two (22) national parks – these being organised under two divisions namely, Kruger National Park

and the Parks Division (which entails the remaining twenty one (21) national parks).

### **3. ARTICULATION OF SANPARKS' COMMERCIALISATION POLICY, OBJECTIVES AND STRATEGY**

#### **3.1 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 (“**DEAT**”) 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 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.

### 3.2 **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 BEE 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.

High-level commercialisation objectives for SANParks include any or all of the following:

- Revenue Generation;
- Loss minimisation or savings on existing operations;

- Optimal use of under-performing assets;
- Job creation;
- Broad based Black Economic Empowerment;
- Infrastructure upgrades;
- Upgrade/development of historical and/or cultural sites;
- Tourism promotion; and
- Further biodiversity protection and conservation.

For more background on SANParks please visit [www.sanparks.org](http://www.sanparks.org).

#### **4. SANPARKS' LEGAL MANDATE**

##### **4.1 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)**

###### **4.1.1 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.

4.1.2 **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.

#### 4.1.3 **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.

#### 4.2 **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.

#### 4.2.1 **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.

#### 4.2.2 **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 finalizing 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.

## **5. A DESCRIPTION OF THE PPP OPPORTUNITY FOR THE MALELANE HOTEL DEVELOPMENT IN THE KRUGER NATIONAL PARK**

### **5.1 Introduction**

SANParks, as part of its Strategic Plan for Commercialisation, identified the tourism PPP opportunity for the Malelane Hotel Development 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.

### **5.2 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 for SANParks;
- BEE, job creation and community development;
- Tourism promotion; and
- Biodiversity protection and conservation.

### 5.3 Malelane Hotel Minimum Development Specifications

The Private Party Operator will be expected to adhere to the Malelane Hotel Minimum Development Specifications as follows:

Hotel Minimum Development Specifications	
Beds	200 - 240
Conference	180 delegates
Restaurant	A la carte & Buffet
Room Service	Yes
Cocktail Bar	Yes
Spa & Gym	Yes
Outside cultural entertainment & dining area (Boma)	Yes
Pool	Yes
Special Features like Viewing Deck, Bird hide etc	Yes
Covered Parking area	Yes
Reception & Lobby	Yes
Porter service	Yes
Housekeeping	Yes
Laundry / Dry cleaning	Procured from outside the Park

Internal & External Communication systems	Yes
TV/MNet/DSTV	Yes
Air-conditioning	Yes
Safety & Security	Yes
Recognised Operating System & Software	Yes
Business Centre Facilities	Yes

#### 5.4 Malelane Hotel Development Site

SANParks has identified a site in the Kruger National Park for the Malelane Hotel Development. The Bidders will be provided the opportunity to assess the site, the indications of the limitations on developments and activities to be permitted on the site with regard to access, road network, off-road driving, carrying capacity, water, electricity, and telecommunications. Bidders, in their Bid Submission, will include a detailed development and design plan for the development site. However, Bidders should be aware, that should they win the bid, their detailed proposals will still be subject to a full Environmental Impact Assessment (“EIA”) of proposed developments.

EIAs must be prepared for certain prescribed activities, or activities that might affect designated areas such as a national park. All EIAs must be prepared by an independent consultant. Given the financial cost and time required, EIAs will only be undertaken by the successful bidder upon signature of the PPP Agreement. The environmental clearance given by the Evaluation Committee at the time of the bid does not absolve the winning bidder from the need to go through this process, and offers no guarantee that EIA clearance will be given. Any changes to the procedures or design that are required by the EIA process will be at the cost of the winning bidder – there will be no recourse to SANParks.

A map indicating the location of the development site is shown below as Section 6 and the specifications are detailed in Section 7.

#### 5.5 Project Description/Labelling

Due to the Malelane Hotel Development being the first PPP hotel development within the boundaries of a National Park and the ecological sensitivities surrounding such, SANParks debated the labelling of the project. Initially it was

proposed that the project is labelled as a Safari Lodge opposed to a Hotel. However, subsequently it was felt a Safari Lodge could be viewed to be similar to the concessions lodges, whilst it does not have any exclusivity i.t.o. of traversing or bush activities. Secondly, it could be viewed by the critics as a scope creep on the initial concession programme and thirdly it could be viewed as unfair competition by other especially neighbouring concession holders.

Another option was to use the term Hotel but with an appropriate prefix i.e. Eco-hotel; Wilderness Hotel ; Safari Hotel.

However, SANParks finally determined that Bidders will be requested to suggest an appropriate name for the hotel but SANParks will reserve the final right of approval.

## 5.6 **Responsible Tourism Standards**

### 5.6.1 **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.

### 5.6.2 **National Responsible Tourism Guidelines**

In 2002, the Department of Environmental Affairs and Tourism (“DEAT”) published National Responsible Tourism Guidelines (attached as **Annexure B**), 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
- Fair Trade in Tourism

### 5.6.3 **National Responsible Tourism Standard & Accreditation System**

DEAT 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.

#### 5.6.4 **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 (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 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
- Recommended additions to the SANParks scorecard to include Responsible Tourism indicators
- Processes required to embed awareness of and decision-making and actions aligned with Responsible Tourism throughout the organization.

##### 5.6.4.1 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.

#### 5.6.4.2

#### 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)

#### 5.6.5 **Private Party Requirements**

The Private Party Operator will be required to adhere to all the applicable Responsible Tourism Standards as stipulated in sections 5.6.2; 5.6.3; and 5.6.4 above 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 as well as the various Annexures hereto as follows:

- **Annexure B** - the National Responsible Tourism Guidelines DEAT (2002);
- **Annexure C** - the Environmental Guidelines for Private Party’s Operation within SANParks;
- **Annexure D** - the KNP Sustainable Design Guiding Principles and Guidelines as reflected in the KNP Management Plan;
- **Annexure E** - the Monthly Operational Checklist for Concessions used by SANParks to audit the Concessions; and
- **Annexure F** - the Bi-annual Environmental Monitoring and Audit Report that is conducted on the Concessions with the detailed criteria applicable.



## **7. MALELANE HOTEL DEVELOPMENT SITE SPECIFIC CONDITIONS**

### **7.1 Location**

This is a rehabilitated area at the confluence of the Matjulu River and Crocodile River on the southern boundary of the Kruger National Park (“KNP”). This proposed site was previously used as a roads construction camp and was accessed via a gravel management road.

### **7.2 Description**

The proposed site is bordered from the north by the scenically attractive Matjulu River that could be used to focus the development of the hotel. Apart from huge trees on the river-bank, the site offers excellent game viewing, including common sightings of the 'Big 5,' with seasonal water in the Matjulu River and perennial water in the Crocodile River. If the Crocodile River frontage is used, sights of infrastructure at Leopard Creek across the river could be visible. The site is located on reasonably flat topography and the soils are deep relatively soft and stable alluvial soil (mainly Oakleaf soil form). The vegetation can be described as riparian woodland with some spectacular large trees that can form focal points in the design.

### **7.3 Hotel Opportunities**

SANParks has determined that the hotel will be operated from the Malelane Entrance Gate “Park and Ride” facility. This will allow all guests to the hotel to store their private vehicles or busses at the Malelane Entrance Gate facilities and be transported in open game viewing vehicles 24 hours per day, 7 days per week to and from the hotel. The Private Party will be responsible for the development, management and maintenance of the Park and Ride Facility. Activities from the hotel will include both day and night drives in open, 4X4 vehicles on existing tourist roads accompanied by a SANParks qualified guide. Accompanied walks with SANParks qualified guides are also possible in some areas, provided the Private Party obtains approval from SANParks for the

trail/s to be walked.

SANParks has determined provisionally that the hotel can accommodate a maximum of 240 (two hundred and forty) guest beds and onsite essential staff. The opportunity exists, therefore, for a larger hotel facility, as most staff and support infrastructure could easily be accommodated off site, outside the KNP boundary, and transported to the hotel on a daily basis.

The area is zoned as 'High Intensity Leisure' in the Recreational Opportunity Zoning ("ROZ") section of the KNP Management Plan.

#### **7.4 Development Site**

SANParks has identified the site as an excellent development site within the definition of peripheral development and easy access for 24/7 guest accommodation. The site does lend itself to the development of a 4-star or 5-star hotel with the challenge to design the focus areas to be hidden from the visual impacts from developments outside of the KNP boundaries, offering guests an attractive and secluded wildlife experience. The selection of this site as well as the other alternative proposed sites will however, be subject to the findings of the EIA.

#### **7.5 Infrastructure Present**

This site does not offer any existing infrastructure, with the exception of a few redundant concrete slabs and a management road. The management road could be upgraded as the access road to the new hotel.

#### **7.6 Roads and Tracks**

There is only one gravel management road leading from the tar road ( H3) and the site is approximately 4km from the Malelane Entrance gate. The proposed site is  $\pm$ 500m from the existing tar road (H3). There is a tourist gravel road (S114) directly north of the proposed site that is visible and that will have to be re-routed. The re-routing of the tourist gravel road will form part of the EIA. The Private Party will be responsible for the cost of re-routing the gravel road.

All roads to be upgraded or new roads will conform to the road specifications manual for KNP.

## 7.7 Access

The existing gravel management road ( $\pm 500\text{m}$ ) could either be stabilized or be upgraded to a class C all-weather road to provide access to the proposed site. Guest access to the site will be via the “park and ride” facility at the Malelane Entrance Gate, where guests will leave their vehicles from where they will be transported in open game viewing vehicles to the hotel. All guests will have to pay requisite Conservation levies.

## 7.8 Support Infrastructure

### 7.8.1 Water

There is no potable water on site, but the site is bordered by the perennial Crocodile River, although it may dry up during periods of extreme low rainfall. Water for the development will be either from the Crocodile River or boreholes, however the quantity and quality of underground water is not known. A permit will be required from the Department of Water Affairs and Forestry (“DWAF”) to extract water either from the Crocodile River or from boreholes. The bulk water supply lines will be installed underground and will follow the existing roads footprints to limit the environmental impact.

### 7.8.2 Electricity

There is no electricity available on the site, but ESKOM power is available at the Malelane substation directly across the Malelane Rangers Post on the southern side of the Crocodile River. The maximum load required will determine the upgrading of the overhead supply across the Crocodile River to the Malelane distribution point. The bulk electrical supply line from the Malelane distribution point will follow the existing road footprint and will be installed underground.

### 7.8.3 **Waste**

Solid waste will be recycled on site and transported to an approved landfill site outside the Kruger National Park and approved re-cycling depots.

Sewerage will be treated on site and grey water will be used for irrigation and or water for game. A permit will be required from the Department of Water Affairs and Forestry (“DWAFF”) to operate the purification plant and dispose off the effluent.

All the bulk and reticulation systems must conform to the guidelines set out in the Environmental Guidelines for Concessionaire’s Operation within the South African National Parks.

### 7.8.4 **Communications**

No Telkom phones are available; however, cellular signals are available at the proposed site. The signal strength does vary and will have to be tested.

### 7.9 **Guest Activities**

7.9.1 Game drives (Day & Night) and Guided Walks – Such activities will not be operated by the Private Party as with the other KNP Concessions but the Private Party will be required to make use of SANParks’ vehicles and guides to provide this service to their guests.

7.9.2 Private Party will be required to develop, manage and maintain a “Park & Ride” Facility at the Malelane Hotel Development and guests to the hotel will not be permitted to conduct game drives in their private vehicles.

## 8. **STRATEGIC PLANNING CONTEXT**

The Kruger National Park (“KNP”) Park Management Plan 2008 describes the KNP’s tourism programme that is aimed at simultaneously addressing and supporting the six key goals and associated strategic objectives of the Department of Environmental Affairs and

Tourism strategic plan and the SANParks strategic tourism principles and objectives. In order to achieve the desired nature-based tourism destination state in Kruger, the tourism activities and experiences must optimise the parks' unique attributes and special features as the preferred focus to ensure sustainability and a unique product compatible with the overall desired state whilst applying the principles of Responsible Tourism. To achieve this, 11 areas are identified that will require focused attention in the next 5 years.

Several of the areas identified would be addressed by the development of a "hotel" facility typical to the Malelane Hotel Development.

### **8.1 Transformation and empowerment**

This will have to permeate a wider variety of aspects, including the target market (visitors), small businesses (e.g. open safari vehicles), involvement of local communities in tourism activities, etc.

The Malelane Hotel Development will contribute to an increase in the black higher-class market that demand 4-star accommodation, breakfast included. In addition, through the implementation of the obligatory requirements of the Tourism BEE Charter & Scorecard, the involvement of the local communities in the tourism activity will increase.

### **8.2 Visitor management**

Taking heed of a recent demand analysis, it is anticipated that should the demand continue to grow at its current rate, Kruger will not be able to manage its visitors, particularly in the southern region. Creative alternatives to the 'self-drive' tourism model will need to be investigated, possibly incorporating a type of 'park and drive' concept.

Such park and drive concept is being implemented for the Malelane Hotel Development.

### 8.3 **Infrastructure upgrading**

The infrastructure conditions are not ideal as financial constraints have previously limited SANParks' ability to invest in them. However, Kruger needs to rectify this and bring its tourism infrastructure up to standard with industry norms (as described by the Grading Council of SA) and ensure that it has the right supply for the right types of grading in the various camps where market demands lie. For example, to realise transformation of our potential growing target market, we must take into account that the black higher middle class market demands 4-star accommodation, breakfast included. It is not anticipated that any major new infrastructure will be developed in the next 5 years, but Kruger will need to focus its energy and funding on right-sizing this. Projected camp and bed-night demand suggest that additional facilities will be required during peak seasons. An alternative may be the introduction of seasonal camps i.e. light structures with required interiors and temporary staff on contract for 3-4 months of the year only. This would allow Kruger to generate income without having to make huge infrastructure investments that will require ongoing management and maintenance.

The Malelane Hotel Development will result in the optimal utilization of the existing infrastructure at the Malelane Camp. In addition, the need for a 4-star accommodation product with breakfast included, is being addressed with the development of the Malelane Hotel. This would allow for the generation of additional revenue without having to make huge infrastructure investments and will not require ongoing maintenance by SANParks.

### 8.4 **Pricing strategy**

To ensure that our pricing is competitive, affords access to all South Africans and that it correlates with our star grading, tourism in Kruger will need to focus on the flexibility of packages, in line with the rest of SANParks and the ecotourism industry.

The Malelane Hotel Development not only allows for diversity in product but also flexibility in pricing.

## 8.5 **Access**

This issue was highlighted strongly in the park management plan stakeholder engagement sessions, with an appeal to consider more day visitor centres, a 'park and ride' type concept for backpackers and people that don't own cars, air access for inclusive packages, etc. In addition, there is a demand for interpretive centres at gates, which will become particularly valuable when gate quotas are reached. In addition, Kruger should differentially class the various camps to pre-segment the visitor markets coming into the park. It is predicted that visitor demand will exceed daily quotas in peak times before 2010 at the southern gates and will require a visitor management strategy which includes sufficient facilities to provide alternative forms of visitor engagement with the park other than just self-drive. Unless this is taken care of properly, Kruger will lose its market appeal due to poor visitor experiences. Similarly the forecast predicts that visitor entries can become a problem in Phalaborwa especially during peak season months from 2010 onwards.

## 8.6 **Sustainable revenue growth**

This must focus better on the three new and growing markets, namely SA Leisure (black middle class), business tourism (conferences), and maintenance of the current market. In addition, and to enhance this, Kruger must expend energy on sufficient and effective marketing of Kruger as a destination; provision of interpretive/orientation centres to promote the cultural and natural aspects of Kruger; provision of international standard facilities and services; provision of sufficient and appropriate recreation facilities for the local day visitor market; proper management of the park and its facilities as a whole; destination forums to ensure coordination on routes and packages within the region; alignment of Kruger to industry standards and commonly accepted tourism business principles.

## 8.7 **Budget**

Budget constraints are a reality, however for the KNP nature-based tourism model to succeed funds need to be sourced and made available for various strategic studies to

plan better for tourism (include a visitor management study, consumer behaviour research, route mapping), upgrading of facilities and marketing (where the industry norm is 3–5% of revenue).

## 8.8 **Capacity**

Not only has a need for additional and enhanced capacity been identified (e.g. guides make money with activities, but due to budget constraints we can't employ them), but there is also a need for employees, especially at middle management level, to be appropriately trained to give proper service. Indications are that the greatest improvement to tourism in the short term will be to address management and capacity-building issues first, particularly for essential services and operations. This will result in more certain and sustainable results than from any other structural or planning changes. A key factor in managing tourism is timely access to good quality information. It is also necessary to have the skills to analyse it, develop plans and options, and then implement the resulting decisions. This appears to be a current deficiency that urgently needs to be rectified in the light of the relentless increase in visitor pressure and likelihood of resultant overcrowding.

## 8.9 **Marketing the KNP as a destination with regional linkages**

Continued analysis of the market demands and provision of tourism routes is required. The KNP must conform to industry marketing norms to ensure that it becomes the destination of choice, not only for South Africans, but for all people of the world. Investigation of the young and upcoming black market, concentrated in Gauteng, should be further considered. This market falls within lower income brackets and we will need further research to determine the exact requirements of this market in terms of tourism experiences, packages, etc. The educational market will also be an important strategic market for Kruger to develop in the future. If it is assumed that a third of the school children partaking in overnight excursions are based in Limpopo and Mpumalanga, then the annual demand for educational trips to these provinces is roughly 450 000 students per annum (Kruger currently attracts about 22 500 students annually). There is significant room to grow this market. In addition, the business

tourism market in South Africa is one of the fastest growing domestic markets and can be a good antidote for the seasonality experienced in Kruger.

#### 8.10 **Nature-based and heritage-based tourism**

This will require a paradigm shift in the way we do tourism business in Kruger, but all indications are that we should move towards providing predominantly nature-based activities, with an increasing focus on including cultural heritage tourism opportunities. The relevant debate around the merits of ‘more visitors, more revenue’, against the opposing view that ‘high wilderness values guarantee quality visitor experiences’ is not finalised in Kruger. In order to support the desired state for this park, cognisance must be taken of the fact that the all-important ‘visitor experience’ is an independent attribute specifically of visitors and tourism limits should be set in large measure by the opinions and responses of visitors. Nevertheless, Kruger will also need to position itself to market the naturebased experience it strives for and believes in. Qualitative information must however be systematically and skillfully collected and analysed, both from visitors directly and from visitor managers who are in close touch with them as overcrowding at peak periods and at favoured localities devalues the visitor experience, irritates individuals and can damage the reputation of SANParks.

### 9. **PPP AGREEMENT**

#### 9.1 **Term of Agreement**

The term of the PPP Agreement shall be for 30 (thirty) years from Effective Date, subject to termination in accordance with the PPP Agreement. Effective Date is defined as the earlier of Operation Commencement Date or 18 (eighteen) months from Signature Date.

#### 9.2 **Financial Terms**

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

- 9.2.1 the Minimum PPP Fee set by SANParks increased annually by CPIX; or
- 9.2.2 the Variable PPP Fee (the bidder percentage of actual gross revenue earned by the Private Party in each project year).
- 9.3 Irrespective of which these elements determine the final amount payable in any given Project Year, the payment schedule will be as follows:
  - 9.3.1 The Minimum PPP Fee shall accrue and be payable by the Private Party to SANParks within 7 (seven) Business Days following the end of each month, free of deduction or set-off;
  - 9.3.2 The Variable PPP Fee, shall be calculated by the Private Party for the Project Year in question on the basis of the Private Party's unaudited accounts within 30 (thirty) Business Days of the end of the Project Year. If this figure is higher than the Minimum PPP Fee, it shall be the total amount payable by the Private Party to SANParks for the Project Year in question. The difference between the Variable PPP Fee thus determined and the aggregate of amounts already paid under the Minimum PPP Fee, will be payable 60 (sixty) Business Days after the end of the Project Year in question.
  - 9.3.3 No PPP Fees shall be payable prior to the Effective Date of the PPP Agreement.
  - 9.3.4 Any overdue payment by either SANParks or the Private Party shall be subject to an interest charge of prime plus 2 (two) %.

9.4 **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 Malelane Hotel Development is as follows:

<b>MALELANE HOTEL DEVELOPMENT MINIMUM PPP FEE</b>	
<b>Malelane Hotel Development</b>	<b>Per Annum</b>
Year 1	R 600,000
Year 2	R 800,000
Year 3	R 1,000,000
Year 4	R 1,300,000
Years 5 - 30	R 1,500,000

The Minimum PPP Fee above are at March 2009 prices and will be adjusted annually throughout the term of the PPP Agreement according to the movement in the Consumer Price Index.

## 9.5 **Principal Obligations of the Private Party**

SANParks requires the successful Private Party comply with the following:

- 9.5.1 The Private Party is obliged to acquire SANParks' consent prior to making use of any SANParks trade names and or logo's in any way.
- 9.5.2 The Private Party must adhere to SANParks conservation regulations.
- 9.5.3 The Private Party must adhere to the SANParks normal operating hours for transportation of goods and service.
- 9.5.4 The Private Party is obliged to procure adequate insurance for the Malelane Hotel Development and other insurable properties including property and casualty insurance, business interruption insurance, third party liability and employer's liability insurance.

- 9.5.5 The Private Party is obliged to disclose all aspects of the business to SANParks and their representatives.
- 9.5.6 The Private Party is responsible for the submission of audit reports, and any other reports and information, as contractually required by SANParks.
- 9.5.7 The Private Party will be required to obtain all relevant and third party insurances.
- 9.5.8 The Private Party's financial obligations shall not impact on SANParks, and the Private Party will need to provide SANParks with its yearly audit certificate and any relevant communication from the auditor.
- 9.5.9 The Private Party will be obliged to apply and obtain a relevant liquor license.
- 9.5.10 The Private Party is obliged not to pledge the credit of SANParks in any form.
- 9.5.11 The Private Party is required to operate according to hours specified by SANParks.
- 9.5.12 The Private Party is obliged to acquire SANParks consent prior to any changes being made to shareholding, or selling of the Business.
- 9.5.13 At the time of submitting the Bid, each Pre-qualified Bidder for Bid Package 1 must submit a single Bid Bond of R250,000 (Two 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 winning Bidder subsequently executes the PPP Agreement. The Bid Bonds of unsuccessful Bidders shall be returned to them following signature of the PPP Agreement.
- 9.5.14 The Private Party shall provide a Performance Bond of R250,000 (Two hundred and Fifty Thousand Rand) which shall secure the Private Party's performance under the PPP Agreement. The format shall be provided in the RFP.
- 9.5.15 The Private Party is responsible for the transport of their employees from the workplace to the living quarters, particularly after-hours transport where living quarters are logistically distanced from the Hotel Development. In the event that

SANParks transport can be utilized, the related cost of transport will be for the Private Party's account.

9.5.16 The Private Party is obliged to transport their staff to the required medical facilities. In the event that SANParks transport can be utilized, the related cost of transport will be for the Private Party's account.

9.5.17 The Private Party is obliged to settle all housing rentals directly with SANParks and SANParks will not be accountable for the recovery thereof from individual employees.

9.5.18 The Private Party is obliged to adhere to the Concession Operations Manual; a copy will be distributed to Bidders in due course. The Concession Operations Manual will define the roles, responsibilities and procedures with regard to housing, transport of staff, maintenance, infrastructural upgrades and expansions, employee beds etc.

9.5.19 The Private Party is obliged to provide universal access at the Malelane Hotel Development.

9.5.20 The Private Party is obliged to comply with and adhere to SANParks Policies and initiatives i.e. HIV Aids Policy, Health and Safety Forums etc.

## 9.6 **Principal Obligations of SANParks**

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

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

## 9.7 Access

- 9.7.1 SANParks shall ensure that, for the duration of the PPP Agreement, the Private Party, its guests, employees, agents and invitees have reasonable access to the Development Area, 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.
- 9.7.2 The Private Party will be required to manage a 24-hour reception typical to a hotel facility and hence will require 24-hour access to the site.
- 9.7.3 Guests to the Malelane Hotel Development will access the hotel via the Malelane Gate and thereafter leave their vehicles at the “Park & Ride” Facility for the duration of their stay.

## 9.8 Exclusivity

- 9.8.1 The Private Party shall be entitled to:
- 9.8.1.1 the exclusive rights of traverse over the Development Area;
  - 9.8.1.2 limited access to the Park subject to normal Park operating rules and hours;  
and
  - 9.8.1.3 special rights of access to the Park outside the Development Area, subject to the terms agreed in writing with the Park Manager.
- 9.8.2 The Private Party shall not be entitled to exclusive rights of traverse beyond the Development Area but shall be permitted to conduct game drives during the day or night on the public road network make use of SANParks’ vehicles and guides to provide this service to their guests.

## 9.9 **Branding**

9.9.1 The Private Party will not be obliged to use the “Malelane” trademark in the naming and branding of the 4-star or 5-star accommodation establishment at the Malelane Hotel Development;

9.9.2 In the event that the Private Party elects to use the “Malelane” trademark, the conditions of paragraph 9.10 below will be applicable;

9.9.3 The Private Party shall not, in the operation, promotion or marketing of the Malelane Hotel Development, be entitled to use, directly or indirectly, any commercial branding similar to any branding used outside of the Protected Area by the Private Party, or any of its associated companies or competitors, without the prior written consent of SANParks;

9.9.4 Any commercial branding developed by the Private Party in respect of the Malelane Hotel Development may not be used outside the Protected Area without SANParks’ prior written consent; and

9.9.5 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 Malelane Hotel Development shall require the prior written approval of SANParks.

## 9.10 **Intellectual Property**

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

9.10.2 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.

- 9.10.3 Subject to existing rights and obligations, SANParks shall, on application by the Private Party, grant a non-exclusive right and licence to the Private Party 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 licences to trade merchandise with SANParks' trademarks, names, logos, images and all other intellectual property matters outside of SANParks' retail facilities.
- 9.10.4 In order to establish and maintain high standards of style, quality and proprietary associated with the Park, in the event the Private Party desires to use SANParks' trademarks or logos which relate to the Park in any way, the Private Party 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 Private Party shall not depart therefrom in any material respect without SANParks' further written approval.
- 9.10.5 If at any time SANParks withdraws its approval for the specified use of any trademark or logo, the Private Party 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.
- 9.10.6 The Private Party 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 Private Party agrees that the sole and exclusive ownership of the Protected Name shall vest in SANParks and should the Private Party utilise the Protected Name, it does so only in terms of the PPP Agreement and with the prior written approval of SANParks.

9.10.7 In circumstances where the Private Party 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 Private Party shall not be entitled to operate or conduct any business using the Protected Name in combination or association with any other name.

9.10.8 In circumstances where the name chosen by the Private Party and approved by SANParks is not part of SANParks' intellectual property, then the rights of SANParks contemplated in this paragraph 9.10.8 will not be applicable and the intellectual property will be the sole property of the Private Party.

## 9.11 **Performance Standards**

9.11.1 The Private Party Operators will be responsible for the development, operation, maintenance and management of the proposed commercial facilities for the Malelane Hotel Development.

9.11.2 SANParks shall require the Private Party Operators to perform to certain standards including but not limited to:

9.11.2.1 Quality standards and best industry practice;

9.11.2.2 The Site Specific conditions further described in Sections 5 and 7;

9.11.2.3 The Environmental Guidelines attached as Annexure B;

9.11.2.4 The KNP Sustainable Design Guiding Principles attached as Annexure C;

9.11.2.5 The applicable Regulatory Provisions, prevailing laws, policy directives and standards of the State and any Relevant Authority and where appropriate Park Regulations, Park Rules and Park Management Plan; and

9.11.2.6 Accreditation from the Tourism Grading Council of South Africa ("TGCSA").

9.11.2.6.1 Such accreditation will be compulsory and should be obtained within 12 months from Operation Commencement Date and renewed thereafter on an annual basis.

9.11.2.6.2 Failure to obtain and maintain the applicable grading will be grounds for termination of the PPP Agreement.

9.11.2.6.3 Information on the TGCSA accreditation, categories, process etc. can be obtained from the website: [www.tourismgrading.co.za](http://www.tourismgrading.co.za).

## 10. **BIDDERS REQUIRED QUALIFICATION CRITERIA**

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

### 10.1 **Financial capacity**

10.1.1 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 asset value of the interested party must be at least R50 million.

10.1.2 As the preferred bidder must be a 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 to illustrate any assertion made by an interested party in this regard.

### 10.2 **Tourism experience**

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:

10.2.1 The interested bidder must have proven Hotel Management experience in Africa

of no less than 10 to 15 years;

10.2.2 The bidding company must presently be operating a minimum number of 1500 rooms; and

10.2.3 It must have a well recognised brand in the hotel industry.

## 11. RELATIVE WEIGHTING OF BID SUBMISSIONS

Bids will be evaluated on three main elements: functionality, BEE and the PPP Fee Offer. Bidders must score at least 65% for functionality and at least 65% for BEE.

The evaluation of Bid Submissions will take several factors into account, in a scoring methodology that awards points against criteria and quantitative weights.

Weighting of the elements:

- Functionality will be weighted at 60% of the overall bid score.
- BEE will be weighted at 10% of the overall bid score (The provisions of the Preferential Procurement Policy Framework Act, 2000 (“**PPPFA**”) apply); and
- The PPP Fee Offer will be weighted at 30% of the overall bid score.

SANParks will determine the overall score of each qualified bid, using the following formula:

$$a*(\text{functionality score}/100) + b*(\text{BEE score}/100) + c*(\text{PPP fee score}/100) = d$$

a is the weighting (60%) for functionality

b is the weighting (10%) for BEE

c is the weighting (30%) for PPP fee

d is the bidder's overall score

Within the Functionality element, the relative weighting will be:

- Financing and Capital Plan – 15%
- Business and Operational Plan – 35%

- Development and Environmental Plan – 40%
- Risk Transfer – 10%

### 11.1 **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. It will indicate how much capital will be needed, where it will come from (own capital, grants, loans) and the expected amount and terms (interest rate, repayment period, security) of any proposed loans, whether the necessary financing has been secured and appropriate proof.

### 11.2 **Business and Operational Plan**

The purpose of the Business and Operational plans 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 given in this Information Memorandum.

### 11.3 **Development and Environmental Plan**

The purpose of the evaluation of development and environmental proposals 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. Approval by the evaluation committee of such plans will not be taken to mean that the individual details of the proposal can be implemented – in all cases, the proposal must go through the Environmental Impact Assessment process.

Bidders will at a minimum be expected to provide:

- A map showing location of Development Site within the Concession Area;
- A photograph or architect's drawing of Development 'footprint;'

- Architect's drawings of all structures and associated infrastructure;
- A description of building materials to be used in construction of all structures;
- A description of additional efforts Bidder intends to undertake to minimise visual impacts of Development, including lighting;
- The location of lightning arrestors and radio masts within Development Site and how visual impacts of these structures will be minimised; and
- Sketch drawings showing the overall appearance, the planned theme of the facilities, and the internal and external décor, soft furnishings and signage.

#### 11.4 Risk Matrix

A risk matrix will be submitted by bidders, indicating the risk elements specific to the project, mitigating measures and the allocation of such risk between the private party and SANParks. An objective of all PPP's is to transfer the maximum amount of risk to the private party.

## 12. BLACK ECONOMIC EMPOWERMENT

All BEE definitions are consistent with those used in the *Tourism BEE Charter and Scorecard, 2005* with the following additions, where applicable:

- Community trust - A not-for-profit trust created in terms of applicable law by volunteer members for channelling the proceeds of various activities and investments for the common good of persons ordinarily resident within a specific town, village or settlement.
- Local - A geographic area specified by SANParks in the RFP, being either within a specified kilometre radius of the proposed project site or named village(s) or town(s), or settlement(s) within such radius, village(s) or town(s).
- Mandatory community trust ownership - Ownership in the private party, which, will be acquired by a *specific* community trust named by SANParks in the RFP.

SANParks will evaluate the bidder's BEE proposal and will allocate scores according to the methodology and weightings in the BEE scorecard detailed in Annexure A.

### 13. SOUTH AFRICAN TOURISM TRENDS & STATISTICS

In post-apartheid South Africa the fortunes of the hospitality sector are closely bound up with the development path taken by the tourism industry. The tourism industry is regarded as a leading sector within the national economic strategy in that a “globally competitive tourism industry will be a major force in the reconstruction and development efforts of the government” (DEAT 1996: 18). The vision of the 1996 White Paper on Development and Promotion of Tourism in South Africa was “. . .to develop the tourism sector as a national priority in a sustainable manner, so that it will contribute significantly to the improvement of the quality of life of every South African." Industry commentators have long been extremely optimistic about the future potential of tourism in general, and hospitality specifically. The hospitality sector, often associated with the hotels and accommodation sub-sector, has been described as experiencing a “boom”, and FEDHASA says that “the boom just keeps going” with hotel occupancy rates at high levels.







The tourism sector is the fourth largest generator of GDP, following manufacturing, mining and quarrying. In the post-September 11 period, South Africa has become known as one of the safer and cost-effective destinations for entertainment and leisure activities. It has also developed a reputation as a convention destination of high standards. It is further argued that the 1994 political transformation and the integration of South Africa's economy to the world economy have also made a significant contribution to the country's tourism potential. Besides the traditional and well-established holiday and business infrastructure, new sectors have opened up with adventure, conference, cultural and ecotourism leading the way”. Further, successfully conducting a range of very large, world-class events including the World Summit on Sustainable Development illustrates the efficiency of the hospitality supply chain<sup>1</sup>.

2006/2007 was another year of strong performance of the tourism sector in South Africa

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<sup>1</sup> Department of Labour - Research Report in the Hospitality Sector 2005

with increased volumes in both foreign arrivals and domestic trips. Revenue generated from tourism also grew by 1.2% from R81,8 billion in 2005 to R83,1 billion in 2006. The performance of tourism in volume and value terms resulted in an increased contribution to GDP from 7.9% (R137,6 billion) in 2006 to 8.1% in 2007. The number of new jobs created in the economy (direct and indirect) through tourism increased by 5% from 896,900 in 2006 to 941,000 in 2007<sup>2</sup>. Total foreign direct spending (including capital expenditure) grew by 4.3% from R74,2 billion to R77,7 billion in 2007.

<b>Total Foreign arrivals</b>	<b>9,090,881</b>	 <b>8.3%</b>
<b>Africa land markets</b>	<b>6,626,731</b>	 <b>9.1%</b>
<b>Africa air markets</b>	<b>280,831</b>	 <b>13.7%</b>
<b>Americas</b>	<b>387,379</b>	 <b>8.2%</b>
<b>Asia and Australasia</b>	<b>333,390</b>	 <b>10.4%</b>
<b>Europe</b>	<b>1,413,563</b>	 <b>2.3%</b>

	<b>2006</b>	<b>2007</b>
Total Foreign Direct Spending in SA (Including capital expenditure)	R74,2 billion (up 13.5% over 2005)	R77.7 billion (up 4.3% over 2006)
Total Foreign Direct Spending in SA (Excluding capital expenditure)	R66,6 billion (up 9.7% over 2005)	R60.1 billion (down 9.8% over 2006)
• land markets <sup>3</sup>	R44,3 billion	R36,4 billion
• air markets <sup>4</sup>	R22,3 billion	R23,7 billion

<sup>2</sup> WTTC & Accenture – South Africa Travel & Tourism “The winds of change”, 2008

<sup>3</sup> Land Markets are those countries where at least 60% of arrivals from the country arrive by land. The countries are Botswana, Lesotho, Mozambique, Malawi, Namibia, Swaziland, Zambia and Zimbabwe.

<sup>4</sup> Air markets are those countries where at least 60% of arrivals from the country arrive by air.

	2006	2007
Average spend in SA per foreign tourist (Excluding capital expenditure)	R8,300	R7,000
• land markets	R7,500	R5,800
• air markets	R10,400	R10,200
Average spend in SA per foreign tourist per day (Excluding capital expenditure)	R1,000	R880
• land markets	R1,500	R1,210
• air markets	R640	R620
Average Length of Stay	8.2 nights	7.9 nights
• land markets	5.0 nights	4.7 nights
• air markets	17.0 nights	16.3 nights
Total bednights spent in SA	66,5 million	68,2 billion
• land markets	29,5 million	30,0 billion
• air markets	37,0 million	38,2 billion
Seasonality Index	1.19%	1.11%
• land markets	1.20%	1.62%
• air markets	2.17%	2.045
Average number of provinces visited by all foreign tourists	1.3	1.3
• land markets	1.1	1.1
• air markets	1.9	1.8
Tourism contribution to GDP (direct & indirect)	R137,6 billion 7.9%	R159,6 billion 8.1%
Direct employment in tourism <sup>5</sup>	404,800	413,100
Indirect employment in tourism	492,100	527,900

### 13.1 International Arrivals

South Africa recorded its highest number of foreign tourist arrivals in 2007 as we broke

the 9 million mark and recorded a 8.3% increase with 9,090,881 foreign arrivals<sup>6</sup>. This performance exceeded the global average of 6.1% and shifted South Africa from 29<sup>th</sup> to 28<sup>th</sup> position in the global tourism destination rankings.

But despite the high growth in volume, revenue generated by foreign arrivals decreased by 9.8% (R6,5 billion) compared to 2007. While the Rand weakened against most major currencies in 2007 compared to 2006, the drop in revenue was due to a decrease in average spend per day and average length of stay among all tourists.

Revenue generated by all air markets increased by 6.4% (R1,4 billion) due to the increase in volume from these markets as average expenditure by these markets decreased or remained flat over 2006. Asia and Australia was the only region with a notable increase in both volume and value.

The expenditure by all foreign tourists on leisure activities increased by 29% from R3,4 billion to R4,4 billion.

Overall, there was an improvement in seasonality among all foreign arrivals of 0.8 points from 2006 to 2007. Seasonality of air arrivals improved from 2.17% in 2006 to 2,04% in 2007 while the seasonality of land arrivals worsened from 1.20% in 2006 to 1.62% in 2007.

The average length of stay decreased from 8.2 nights in 2006 to 7.9 nights in 2007. The most frequent length of stay for air arrivals decreased from 14 nights in 2005 to 6 nights in 2006 and 2007. The most frequent length of stay of land arrivals remained consistently low at 2 nights.

More than 60% of all arrivals to South Africa are made up of leisure<sup>7</sup> travellers. Holiday remains the primary purpose of visit to South Africa at 25.3% followed closely by VFR (visiting friends and relatives) tourists at 22.4%. The number of business tourists<sup>8</sup> increased from 5.8% in 2006 to 7.2% in 2007.

The average number of provinces visited by all foreign tourists to South Africa

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<sup>5</sup> Source: WTTC & Accenture – South Africa Travel and Tourism “The winds of change” 2008

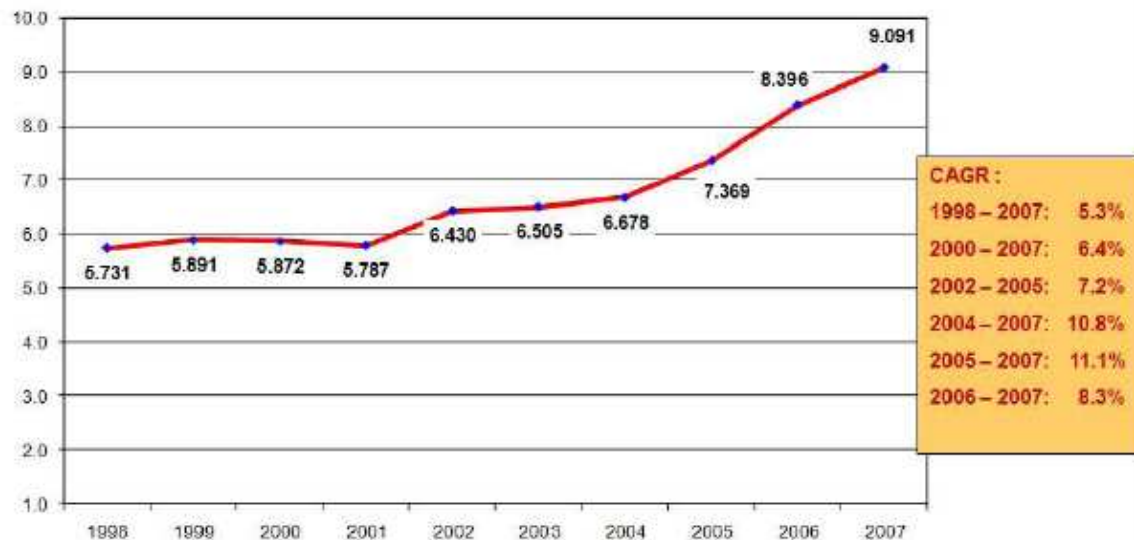
<sup>6</sup> South African Tourism – 2007 Annual Tourism Report.

<sup>7</sup> Leisure travel consists of holiday, visiting friends and relatives (VFR) and shopping for goods for personal use.

remained flat over 2006 at 1.3. However, tourists from land markets tend to only visit one province while those from air markets visit almost two provinces. Gauteng and Western Cape are by far the most popular provinces among foreign tourists and account for almost two thirds of total bednights spent in the country.

The scenic beauty and time spent visiting family and friends were the highlights of tourists to South Africa in 2007.

**Figure 1: Total foreign arrivals to South Africa (1994 – 2006)**



Amongst our competitors, whilst South Africa’s foreign arrivals increased by 8.3% from 2006, Kenya experienced a strong growth of 12.5%. Arrivals to Australia grew by 3%, while Brazil experienced an 8% decline in arrivals.

The exceptional performance in foreign arrivals was driven off growth from all regions, especially the African land markets. Neighbouring SADC continued to be the major source of foreign arrivals to South Africa, with Lesotho retaining its status as the largest source market. Mozambique surpassed Swaziland as the second largest source market in 2007. The USA also shifted within the rankings into the 7<sup>th</sup> place ahead of Germany.

<sup>8</sup>Business tourists include tourists travelling for meetings, conferences and events.

### 13.1.1 Average Spend per Category

Expenditure decreased across the majority of spend categories, with the greatest decrease in spend on shopping for goods for resale (-17.7%). Expenditure on accommodation and transport decreased by 8.3% and 12.3% respectively, despite showing an increasing trend from 2005. The trend on expenditure on leisure changed in 2007 with a 29% over 2006.

The decrease in expenditure on accommodation was the result of a decrease in the average amount spent per night in paid accommodation by foreign tourists (-7.9%).

The total number of bednights spent in South Africa increased by 5%, driven by the increase in unpaid accommodation. The decrease was experienced mainly in high end accommodation with game lodges (13%) and hotels (2.4%) suffering the most. The number of nights spent in medium to lower end accommodation<sup>9</sup> increased by 8%.

Tourists from Africa land markets spent less on average on all items except for leisure which increased by 33.3% compared to 2006. They also spent less on shopping for personal use (31.4%), local transport (28.6%), food (25%), shopping goods for resale (22.2%) and accommodation (16.7%). Traditional tourists from this market spend their money on shopping goods for resale.

Average spend by tourists from Africa air markets decreased on all items except shopping for good for resale which increased by 62.8% compared to 2006. Tourists from this region spent less on medical (32.1%), transport (20%), accommodation (15.4%) and food (10%).

Foreign visitors from the Americas region spent less on average on accommodation (16%) and transport (16%) compared to 2006. There was an increase in spent on food (2%) and medical (1%).

Tourists from Asia and Australasia spent more on average on all items except for

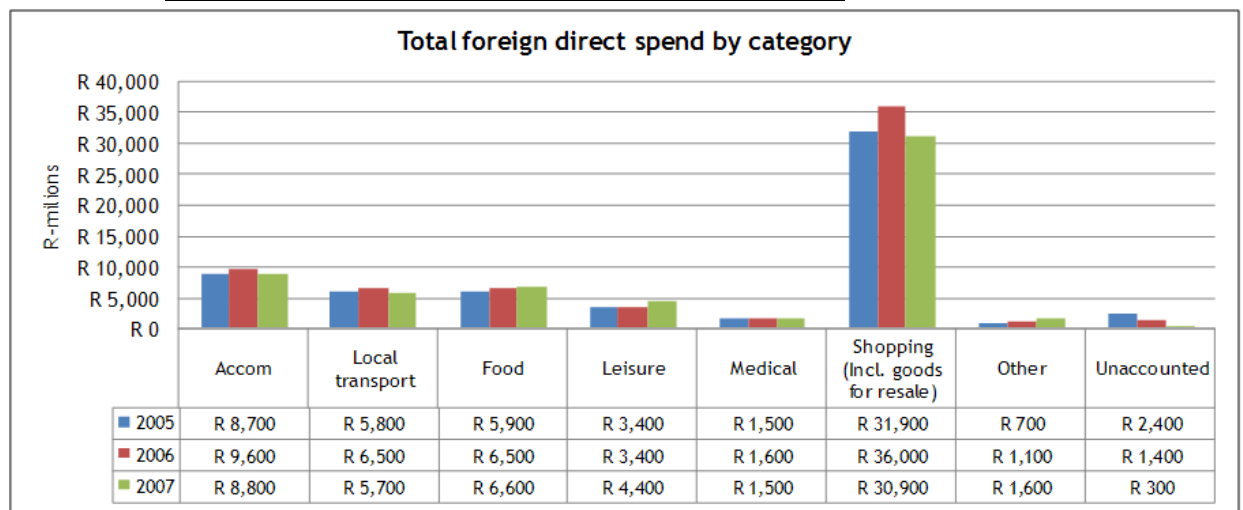
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<sup>9</sup> Medium to lower end accommodation consists of Self-catering units, B&B's, backpacking hostels, camping and caravan parks,

transport which decreased by (2.5%) compared to 2006. Tourists from this region increased their expenditure on leisure activities (32.1%), accommodation (6.8%) and food (3.0%).

Europeans spent more on average on all items except transport and shopping goods for resale which decreased by (3.4%) and (1.8%) respectively compared to 2006. Tourists from this region increased their expenditure on medical costs (19%), leisure activities (17%), accommodation (6%) and food (4%).

**Figure 2: Average TFDS by category of spending**



*Note: The shopping category was split into "shopping – personal use" and "shopping – goods for resale" from 2006.*

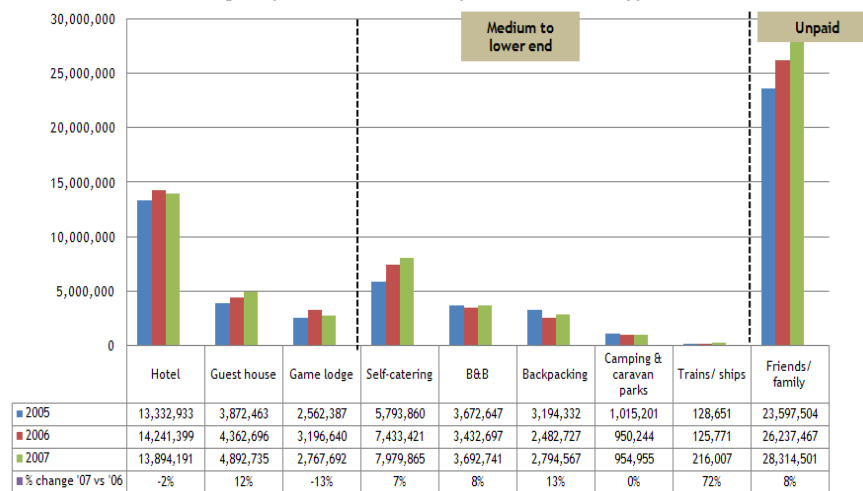
### 13.1.2 Accommodation Usage

There were over 1,7 million more bednights spent in South Africa in 2007 compared to 2006, this is a 2.6% increase over 2006. The biggest increases in paid bednights came from lower end accommodation (8.8%) and mid range accommodation (8.7%). In high end accommodation hotels (2.4%) and game lodges (13.4%) both declined.

trains and ships.

**Figure 3: Accommodation Usage**

Bednights spent in South Africa by accommodation type



### 13.1.3 Length of Stay

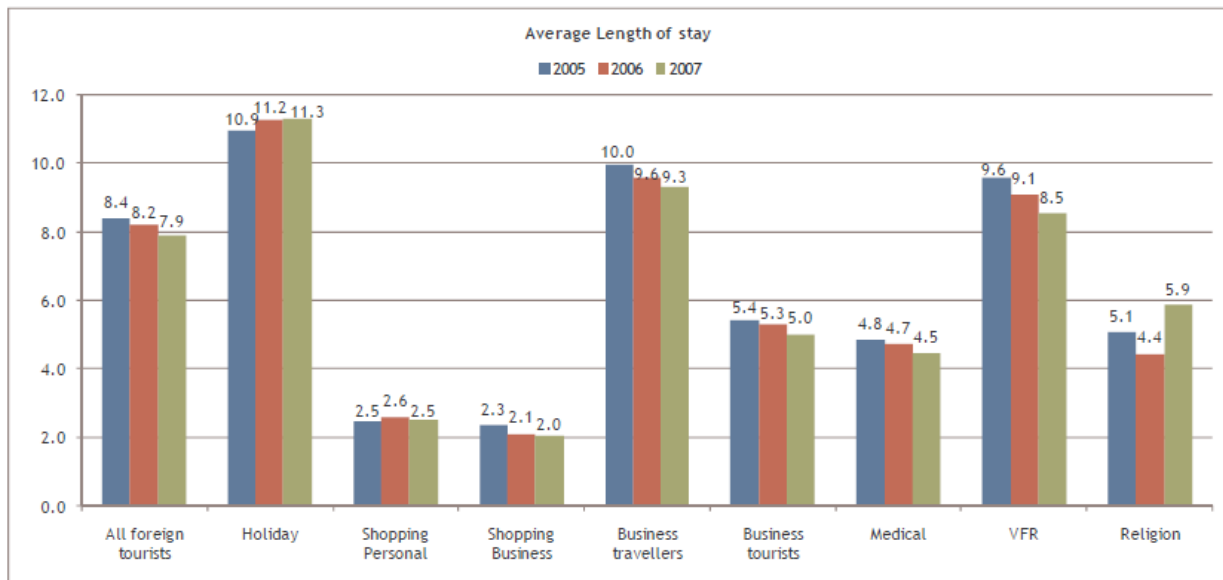
One of the strategic objectives of South African Tourism is to increase the length of stay of tourists visiting South Africa. By implication, the longer visitors stay in the country the more likely they are to participate in tourist activities, visit more provinces and consequently increase their contribution to our economy.

The average length of stay of all foreign tourists decreased from 8.2 nights in 2006 to 7.9 nights in 2007. The number of foreign tourists that stayed one or two nights in South Africa increased in 2007. The incidence of tourists staying seven, eight and nine nights also increased marginally in 2007.

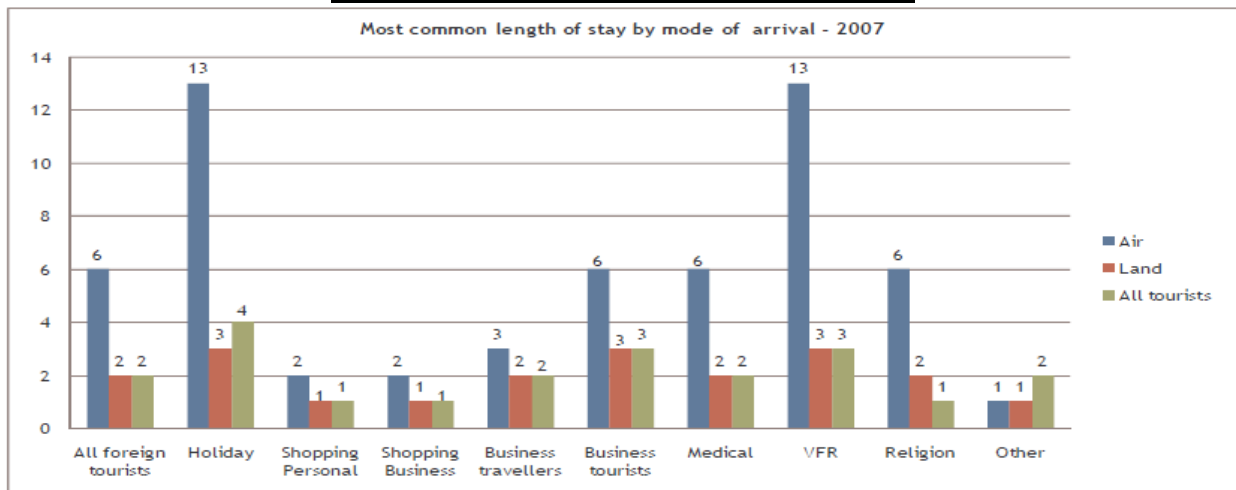
The most common length of stay for land tourists remained unchanged at 2 days.

The short length of stay is driven off land arrivals that spent two nights in South Africa. Tourists arriving by air in 2007 stayed 6 nights in the country. Holiday, business tourists and VFR tourists stayed the most of the nights in the country.

**Figure 4: Average Length of Stay**



**Figure 5: Length of stay by mode of travel**



### 13.2 Domestic tourism<sup>10</sup>

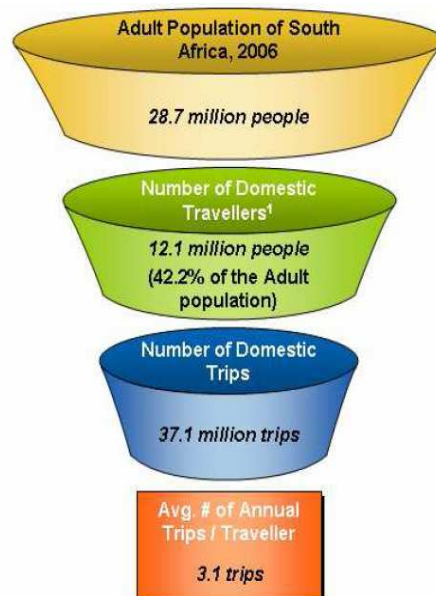
Domestic tourism contributes significantly to the tourism sector accounting for 82% of

<sup>10</sup>Domestic report based on the 2006 Annual Tourism Report by South African Tourism. Domestic figures for 2007 not yet available.

total tourism volume in South Africa. It has untapped potential as it contributed only 27% of total tourism receipts in 2006. This market presents an opportunity for growth given that holiday travel accounted for 18% of total value captured by the domestic market in 2006. The domestic market provides the base-load of tourism volumes and value, particularly to the majority of the provinces that are off the well-trodden path of international tourism. In competitive theory terms, vibrant domestic markets support innovation and will therefore in the long-term complement international marketing efforts.

Domestic tourism increased in 2006 compared to 2005 with almost a million more trips taken in 2006 compared to 2005. However, there were fewer domestic travelers in 2006, with only 12,1 million South African residents taking a trip in 2006 (accounting for 42% of the South African adult population) compared to 14,1 million (53% of the South African adult population) in 2005. This means that fewer South Africans traveled more frequently taking an average of 3,1 domestic trips in 2006.

Revenue from domestic tourism was approximately R16,5 billion, with VFR travellers generating two thirds of all domestic tourism revenue (i.e. 66%).



### 13.3 Provincial Trends

#### 13.3.1 Number of Visitors<sup>11</sup>

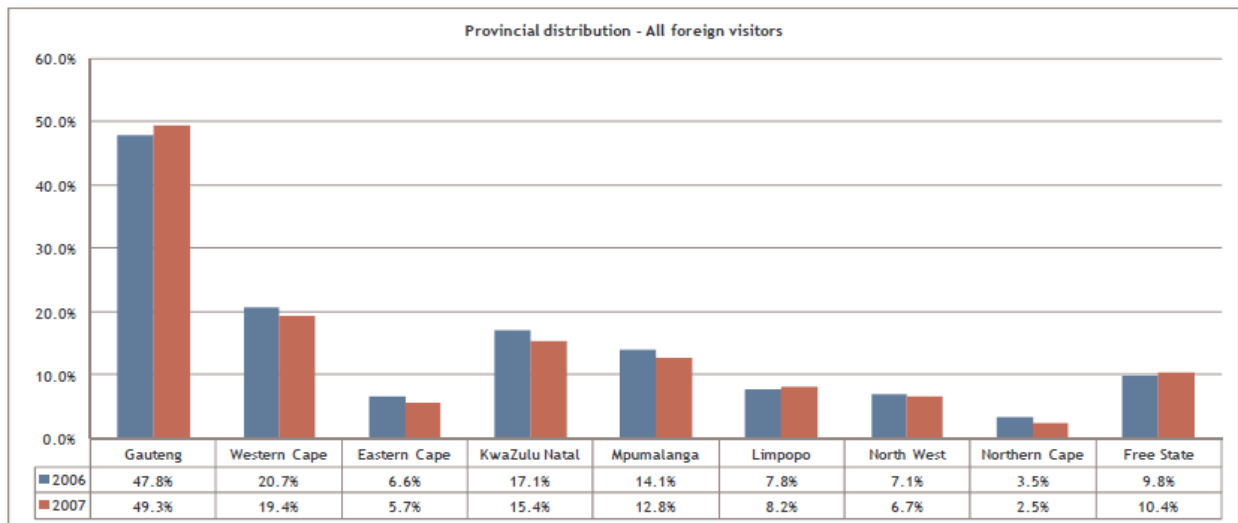
The Western Cape Tourism industry performance trends have been somewhat similar to both the global and national trends. 2007 ended with a 19.4% increase in international arrivals. The average number of provinces visited by all foreign tourists to South Africa remained flat at 1.3 in 2007. This was driven down by the tourists from Africa and Middle East who account for a large share of total arrivals. Tourists from Europe, America, Asia and Australasia visited on average 2 provinces. Q1 of 2007 international arrivals growth increased by 6% compared to the previous year. USA was the only source of market from which arrivals increased through the Q2 months, making it important seasonality market for South Africa. Q2 international arrivals growth also grew by 8.3%. The number of international arrivals in 2007 was 9,090,881 which increased annual growth by 8.3%. Total Foreign Direct Spend (“**TFDS**”) for the Western Cape was R17,7 billion in 2007, which increased by 1.48% in 2007 compared to 2006.

Gauteng remained the most visited province with 49.3% share of total arrivals. This has increased by 1.5% points compared to 2006. The Western cape remained in the second place and KwaZulu Natal in third place with 19.4% and 15.4% share of arrivals respectively. Both provinces lost share in arrivals compared to the previous year, 1.3% and 1.7% respectively. Free State and Limpopo gained a 0.6% and 0.4% share respectively.

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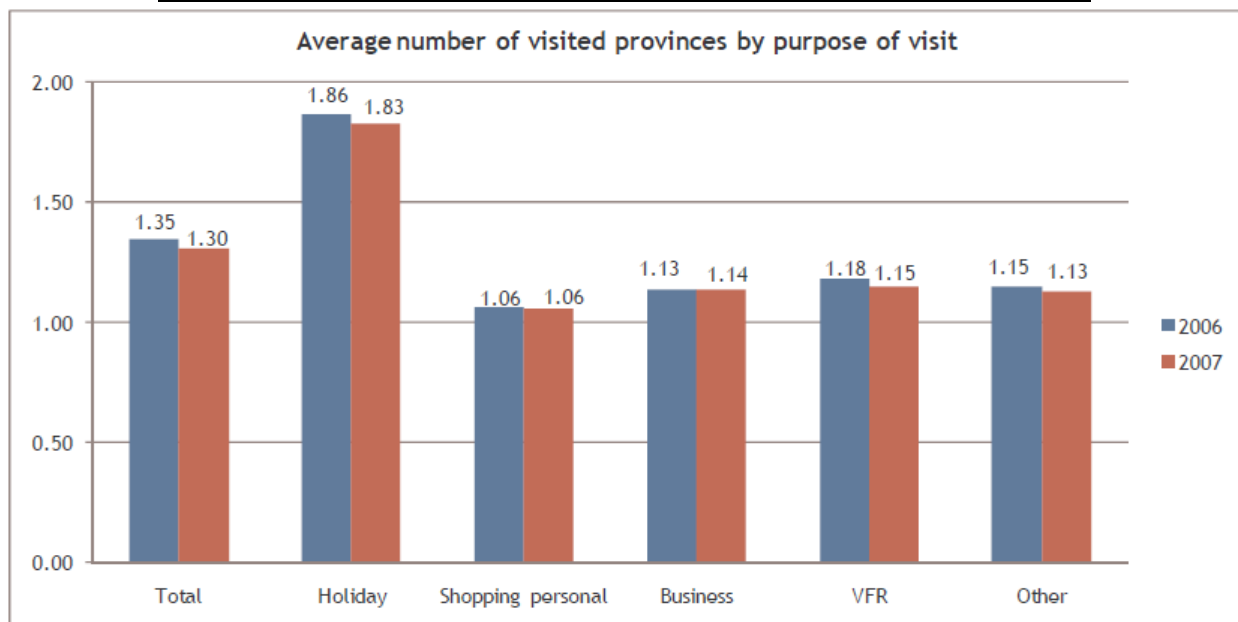
<sup>11</sup> Visitors refer to those tourists who visit a province but do not necessarily spend a night in the province. Visitors may visit more than one province; therefore the sum of all visitors would exceed 100%. The percentages in the graph represent the proportion of visitors.

**Figure 6: Provincial distribution of visitors**



While the share of visitors to each province does not vary largely from quarter to quarter, Western Cape attracted a larger share of visitors in the first and last quarters. Gauteng and KwaZulu Natal have a relatively consistent share throughout the year. Mpumalanga has a higher share of visitors in the first two quarters of the year.

**Figure 7: Average number of visited provinces by purposes of visit**



### 13.3.2 Provincial Distribution of Bednights

There were over 1.7 million more bednights spent in South Africa in 2007 compared to that of 2006. This amounts to a 2.67% increase.

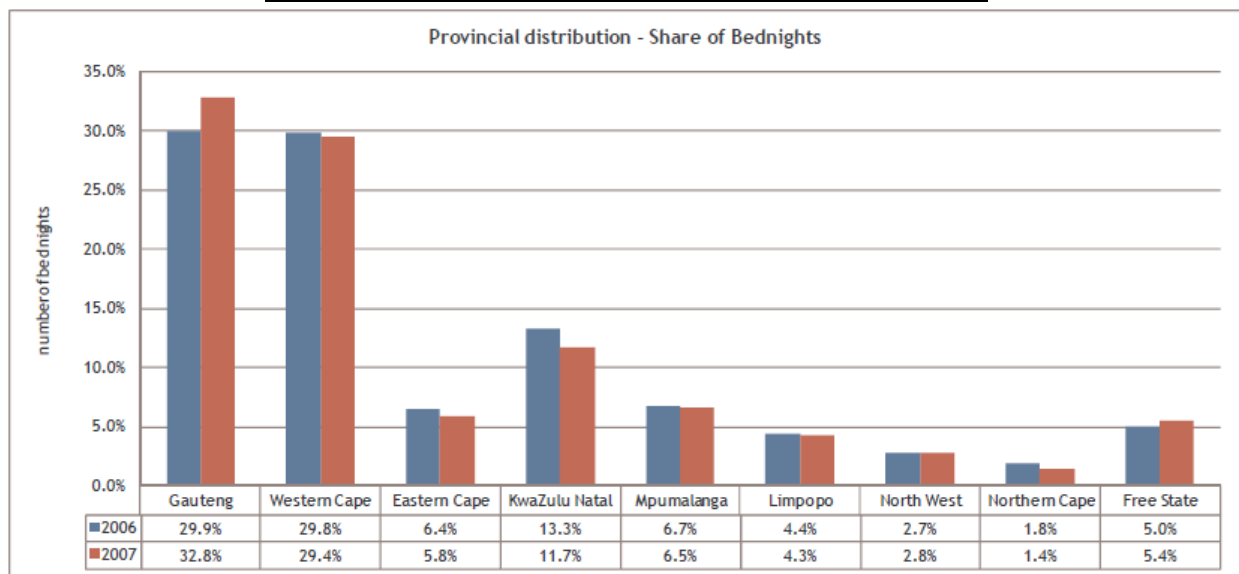
**Figure 8: Provincial distribution –total bednights**

	2005	2006	2007	Difference vs 2006	% Change
Total number of bed nights	60,268,548	66,496,528	68,210,760	1,714,232	2.6%

Foreign tourists spent most of their nights in Gauteng and Western Cape. Nights spent in Gauteng, Free State, North West, Western Cape and Limpopo all increased compared to 2006, while the number of nights spent in the Northern Cape, KwaZulu Natal, Eastern Cape and Mpumalanga declined.

Gauteng, which captured 32.8% of bednights in 2007, claimed the top spot overtaking Western Cape. KwaZulu Natal experienced the heaviest share loss of 1.6% in 2007.

**Figure 9: Provincial Distribution Share of Bednights**

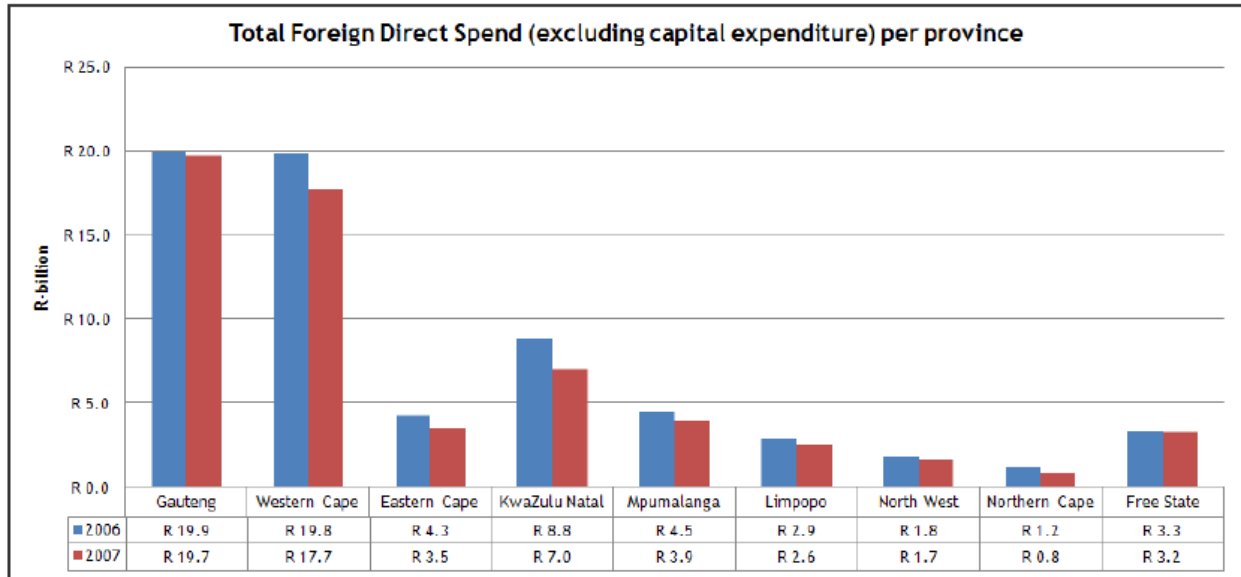


### 13.3.3 Provincial Distribution (Value)

Gauteng and Western Cape continued to capture most of the tourism revenue to

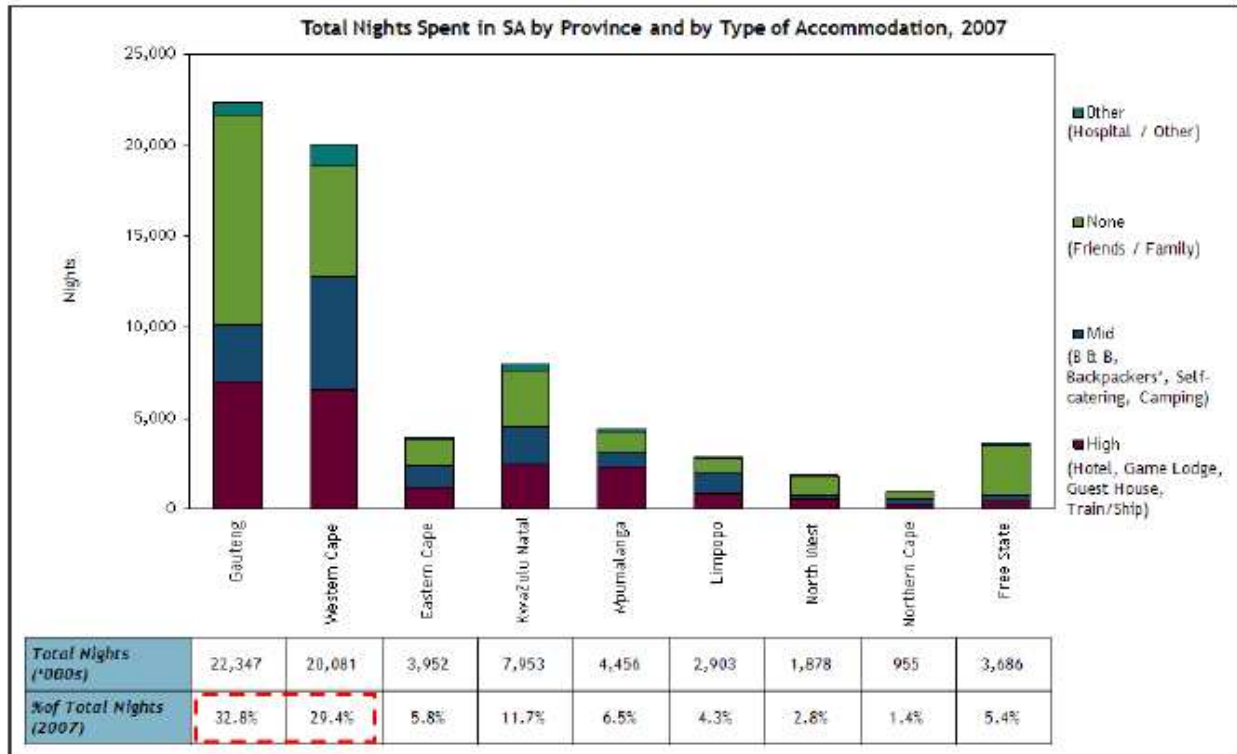
South Africa. In 2007, these two provinces captured over 62% of foreign tourism receipts (excluding capital expenditure).

**Figure 10: Total Foreign Direct Spend (excl. CAPEX) per province**



A 2.7% increase in paid bednights was recorded between 2007 and 2006. The biggest increases in paid bednights came from lower end accommodation (8.8%) and mid range accommodation (8.7%). In high end accommodation hotels (2.4%) and game lodges (13.4%) both declined.

**Figure 11: Total Nights Spent in SA by Province and by Type of Accommodation**



**13.4 Twenty years of tourism trends in South Africa**

Twenty years of South African tourism paint an interesting picture and show how the tourism industry has consistently grown.

In 1985 South Africa was a pariah nation, on the verge of it deepest troubles, when events such as the P.W Botha Rubicon Speech and the death of Steve Biko in 1986, resulted in the lowest levels of international tourism in this country.

Sol Kerzner’s Southern Sun and the new sun international group formed in 1983 were the main hotel groups, but the number of formal hotels were few. Only a handful of international airlines flew to South Africa while now more than 50 fly into Johannesburg international. There were no international convention centres. We would wait 12 years to 1997 for the first such development in Durban. Other than Sun City and other homelands, there were no casino complexes. The picture is now very different.

#### 13.4.1 **Tourist arrivals**

South African foreign arrivals growth was clearly depressed compared to the worldwide average in the mid and late 80's, but the towards democracy and re-entry of the country into the African and world stages, fuelled by democratic elections in 1994, saw South Africa playing catch up over the seven years of the 90's and early 2000's, and then, with the rest of the world, we further declined in 2001. South Africa's performance in 2002 was far better than the world, and still somewhat better in 2003, but 2004 has seen a massive resurgence in tourism which was not minored locally. The worldwide growth in arrivals of 10.7% experienced in 2004 was the highest in 20 years. Worldwide international tourism receipts have shown fluctuating growth of 18.5 % against the arrival growth of 10.7%.

#### 13.4.2 **Purpose of visit**

Most foreign arrivals to South Africa come for leisure purposes, with holiday (31% in 2004 compared to 36% in 2003) being the largest segment. Of overseas arrivals, 63% are on the holiday compared to only 36% of African arrivals. Far more African arrivals travel for business purposes, some of which includes shopping. Many foreign tourists are also repeat visitors with some 50% of all tourists on their second or more trips to the country.

#### 13.4.3 **Package type**

By far the majority of tourists (67%) travel independently to and within South Africa, but the incident of independent travel is greater (more than 70%) for those tourists from Africa, Australia, Middle East, and Indian Ocean Islands.

#### 13.4.4 **Spends & length of stay**

Total foreign tourist receipts in 2004 were €47.8 bn, down 11.3% on 2003 levels, in spite of the small growth numbers. Spending levels were down as tourists both bought down on accommodation and showed fewer propensities to spend on

ancillary activities and retail. Holiday and business visitors spend similar amounts although business visitors stay for shorter periods. Spending patterns by day vary by tourist's source country. Most Europeans spend at similar levels, while Australians are lower spenders, but stay longer. The Chinese and Japanese are higher spenders; with the Chinese also staying longer, resulting in a high total spend of €1219 per trip. African tourists spending rates also vary significantly by country of origin, with low spenders such as Lesotho R952 per day, and apparent high spenders, for successive years, such as Mozambique.

The average length of stay by all tourists declined from 10 days to 9 days in 2004, but holiday and VFR lengths of stay increased slightly. The most common length of stay for all tourists is only two nights, followed by seven nights, compared to two nights for lands arrivals. For all holiday and VFR visitors the most common length of stay is four nights, but for air holiday visitors it is 14 nights.

<b>2004 spends in SA (excluding capital expenditure)</b>			
	<b>Spend per day</b>	<b>Spend per trip</b>	<b>Length of stay</b>
Africa & Middle East	R2 291	R7 333	
Lesotho	R952	R2 629	3
Mozambique	R11 059	R20 990	2
Europe	R721	R8 840	
USA	R847	R7 872	9
Australia	R662	R8 857	13
China & Hong Kong	R1 086	R9 557	9
India	R781	R8 867	11

<b>2004 spends in SA (excluding capital expenditure)</b>			
	<b>Spend per day</b>	<b>Spend per trip</b>	<b>Length of stay</b>
Japan	R934	R6 555	7
<b>All Foreign tourists</b>	<b>R1 532</b>	<b>R7 920</b>	

<b>Foreign tourist spends in SA ( excluding airfare, prepaid expenses and capital expenditure)</b>			
<b>Purpose of visit</b>	<b>Spend per day</b>	<b>Spend per trip</b>	<b>Length of stay days</b>
Holiday	R 598	R8 371	12
Business	R900	R8 591	10
VFR	R620	R5 576	9
Other	R1 342	R7 489	6
<b>* 2004 is the first year capital expenditure has been identified separately.</b>			

#### 13.4.5 South African International tourism

South Africa has the highest arrivals of any African country and represents 20% of the continent's arrivals. Considering competitors such as Thailand, Australia, and Brazil, only Thailand surpasses South African terms of total foreign arrivals. During the tough international tourism year of 2001-2003, most countries saw

reasonable to excellent growth in international tourism, while South Africa saw reasonable to excellent growth. 2004 has seen the reversal of this trend, with South African international arrivals growth at a low of 2.7% compared to high growth of 10% – 15% in most major world tourism destinations. The outlook for 2005 is somewhat better with year to date to end of April showing 7.2% overall growth but a lower 2.8% growth in overseas arrivals. Of the 6.7 million arrivals, 71% are from Africa, with Europe following with 20% of arrivals.

#### 13.4.6 **Provinces visited**

Most foreign tourists visit Gauteng (34%) followed by Western Cape (16%), and KwaZulu Natal (14%). However, the province visitation patterns are very different for African and overseas visitors with 44% of African tourists visiting Gauteng. The provincial distribution patterns of selected overseas tourists show a similar picture with Gauteng dominating across markets, but it is less visited by Europeans, whilst the Chinese are most likely to visit Gauteng (almost 80%) and North West (30%) than any other markets.

#### 13.4.7 **Seasonality**

Seasonality remains pronounced with the entire African and particularly overseas holiday markets showing high seasonality worsened in 2004.

### 13.5 **South African National Parks Tourism**

SANParks accounts for the largest single segment of the South African tourism industry. With over 6,400 beds and 1,091 campsites under its control, the parks was expanded by 13 500 hectare against the targeted 24 000 hectare, a 43.8% shortfall on the target. 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 4,720,737 visitors to the parks per year. As a visitor attraction, South Africa's National Parks are world renowned, particularly Kruger National Park, which accounts for about 73.3% of the total bed-nights sold in SANParks and 42% of total guests to

## Parks.

Despite the global and national trends of declining visitors numbers, visitors to SANParks increased by 2.9% from 4,587 815 to 4,720 737 persons through the SANParks gates. The target was a 3.0% increase. The unit occupancies for division declined by 1.6% due to the effect of the closure wilderness for a month following the November floods, and the unit nights sold was 6.7%. Total revenue from tourism, retail and concessioning, and other income increased to R606,98 million in 2008 from R598,58 million from 2007 and that is 2% increase. Statistics show that there has been a growth in the number of black people that visited national parks ,Black visitor numbers grew from 18.0% to 20.8%, expressed as a percentage of total domestic visitors. Day and overnight black visitors grew by 19.8% to 36.5% respectively. Major research is conducted within this market segment in order to gain a deeper understanding of this market, findings which is being incorporated into the forthcoming plans.

The domestic market contributes in 70% of SANParks total Tourism Revenue.

The international market also plays a significant role as they contribute approximately 30% of SANParks' visitors with France, Italy, United Kingdom, United States of America, Germany, the Netherlands and Belgium contributing the highest visitor numbers to SANParks.

For the collective period of the ten month term of April 2008 to January 2009, with the exception of Guests to Park, overall SANParks indicators are up. Activities increased by 6.3% from 174,190 to 186,057 and Camping person nights are up by 8.3% from 511,474 to 553,753 person-nights. For the period under review, total Guests to Parks decreased by 4.8% from 3,870,270 to 3,684,905 persons through SANParks gates. For Kruger the number decreased by 2.9% from 1,201,922 to 1,167,371 and for Parks it decreased by 5.7% from 2,668,348 to 2,517,534 persons.

**Figure 12: Top Five Parks – Highest Guests to Parks for 10 month term**

Position	Park	Guests to Park (10 months)	% of total
		<i>Previous year &amp; change in brackets</i>	<i>Previous year in brackets</i>
1	Table Mountain	1 832 324 (1 961 543 <b>-6,6%</b> )	49,7% (50,7%)
2	Kruger	1 167 371 (1 201 922 <b>-2,9%</b> )	31,7% (31,1%)
3	West Coast	132 784 (136 161 <b>-2,5%</b> )	3,6% (3,5%)
4	Tsitsikamma	126 651 (142 494 <b>-11,1%</b> )	3,4% (3,7%)
5	Addo	121 679 (132 522 <b>-8,2%</b> )	3,3% (3,4%)
<b>Total</b>			<b>91,7% (92,4%)</b>

The average Unit Occupancy for the ten month term was 74.5% (last year 71.5%(+3.0)) comprising 60.2% (last year 59.2%(+1.0)) for Parks Division and 81.4% (last year 77.5%(+3.9)) for Kruger Division.

Bed Occupancy for the ten month term across all national parks was 59.6% (last year 57.1%(+2.5)) comprising 48.2% (last year 46.6%(+1.6)) for Parks Division and 64.9% (last year 62.0%(+2.9)) for Kruger Division.

### 13.6 Kruger National Park Tourism

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.

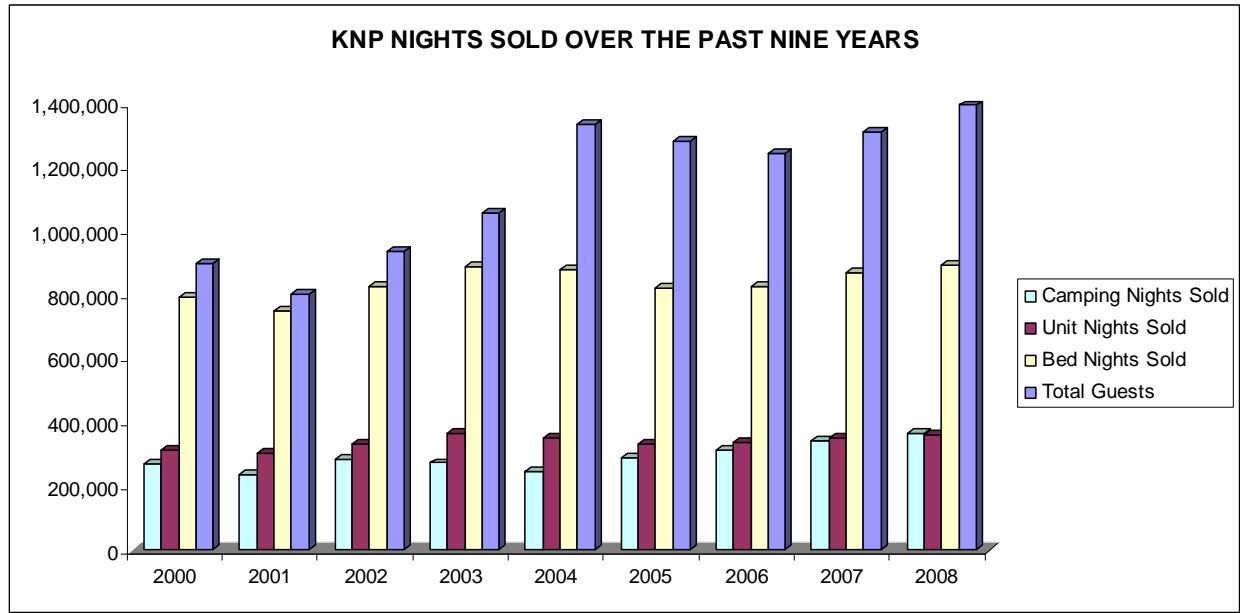
Kruger acts as a *de facto* hub of economic, especially tourism, development in the lowveld region. The Kruger National Park offers a variety of tourist accommodation and currently has 12 main rest camps, five bushveld camps, two bush lodges and four satellite camps; a total of more than 4 500 beds. There are also seven luxury lodges that have been granted concessions. It is one of the world's most popular public entry game parks and receives in excess of 1 million visitors per year. Malaria has a potentially negative impact on tourism, but is currently under tight control. The KNP provides some employment opportunities, a market outlet, and source of business custom for local communities, and stakeholder meetings in these communities always voice the desire to share structures (such as marketing channels), decision-making, and benefits. Adjacent land uses impact in various ways on the KNP and have to be incorporated in management considerations. Even though relationships between the park and immediate neighbours have been improving since 1994 there is still need to continuously discuss contentious issues and work towards a common purpose. Land claims may threaten management block sizes and/or management options within the park. Provincial borders and the limited jurisdiction of SANParks outside Kruger affects the efficiency with which management options can be exercised. Damage causing animals, employment issues and insufficient interaction affect neighbour-relations and require special attention.

For the financial year ending March 2008, guests to the Kruger National Park increased by 6.3% from 1,313,185 to 1,396,054 and average unit occupancies increased by 76.1% from 68.9% to 72.5%. Bed occupancies increased by 2.7% from 54.1% to 57.6% and Tourism Income was up by 11% compared to the previous financial year.

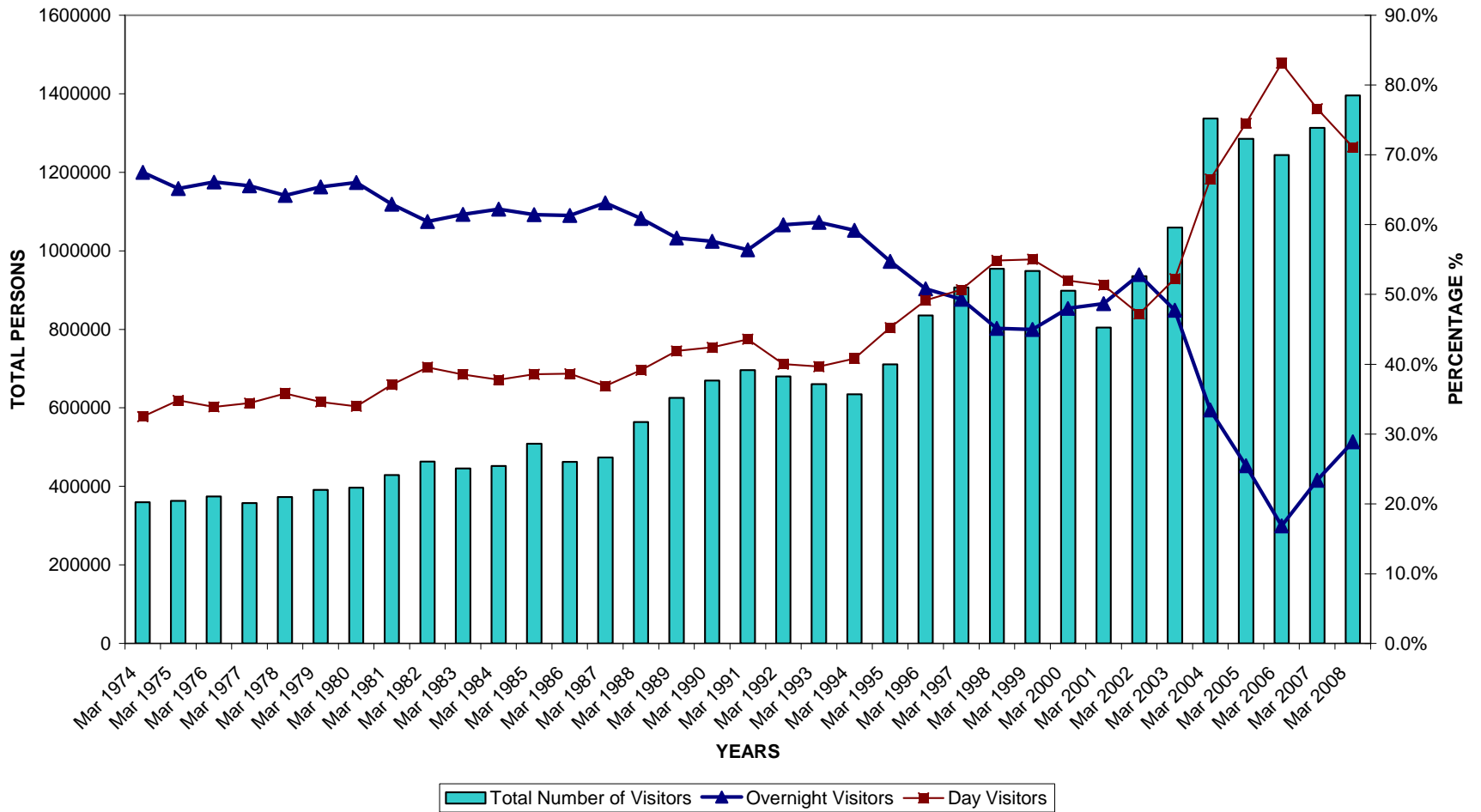
For the collective period of the ten month term of April 2008 to January 2009, with the exception of Guests to Park, overall KNP indicators are up. Activities increased by 9.0% from 128,935 to 140,514, Camping person nights are up by **7.7%** from **324,830** to **349,817** person-nights and Unit Nights sold are up by 7.7% from 308,211 to

332,004. Unit Occupancies increased by 3.9% and Unit Occupancies and Bed Nights sold by 3.9% and 6.6% respectively. For the period under review, total Guests to Parks for Kruger decreased by 2.9% from 1,201,922 to 1,167,371 persons.

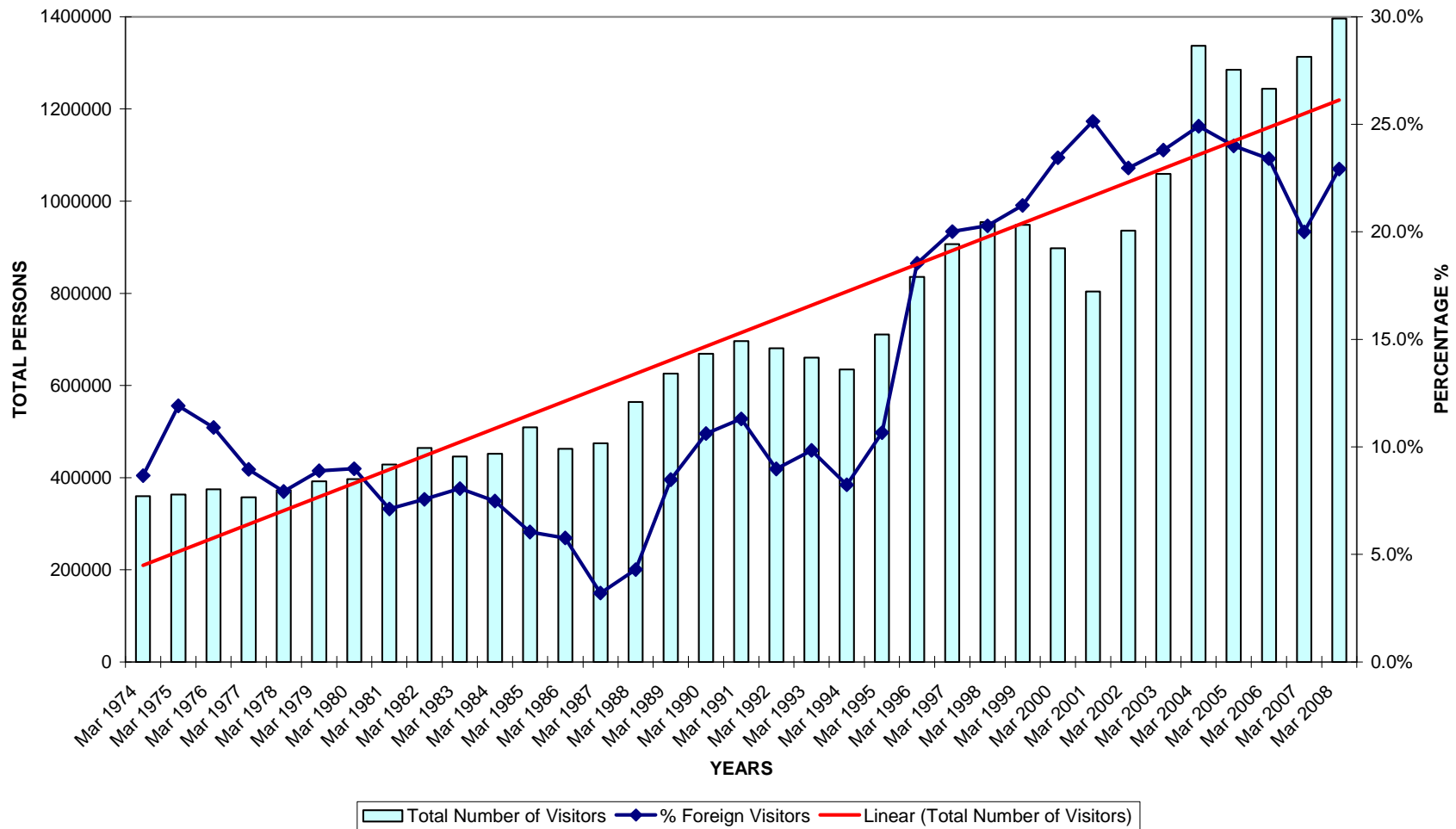
**Figure 13: KNP Nights Sold over the Past Nine Years**



**CHART INDICATING KNP OVERNIGHT AND DAY VISITORS AS A % OF TOTAL GUESTS OVER THE PAST THIRTY FOUR YEARS**



**CHART INDICATING FOREIGN VISITORS AS % OF TOTAL VISITORS TO KNP OVER THE PAST 34 YEARS**



## 14. THE HOSPITALITY INDUSTRY AND CURRENT ECONOMIC CLIMATE

### 14.1 Slowed tourist growth in line with global trends<sup>12</sup>

South African Tourism (SAT) has spoken out about the year that was in a press release regarding the 2008 arrival statistics.

The organisation stated that even though the second half of 2008 saw declines in arrivals, the significant growth of the beginning of the year offset these declines. The organisation has also repeated what appears to be its favourite mantra regarding statistics: “South African Tourism is encouraged by this growth and remains cautiously optimistic that the destination will achieve its target of 10 million arrivals in 2010.”

South Africa recorded a total 9 591 828 visitor arrivals last year. This was 5,5 percent up on 2007’s 9 090 881 total arrivals.

Although Moeketsi Mosola, CEO, is guarded about the outlook for the rest of this year, he said the big events that South Africa would host in coming months were sure to positively impact visitor growth. “The British Lions tour to South Africa, the Confederations Cup in June and, of course, the 2010 FIFA World Cup, will boost arrivals figures and will be a boon to the South African industry during a time when the global industry is sure to feel the pinch of continuing economic turbulence.

Many tourism businesses would be forced to reconsider their game plans, to restructure and downsize, Mosola said. However, it would be the businesses that did this intelligently and that planned for the inevitable market recovery that would bounce back most easily when conditions improved and tourism started growing robustly again.

We cannot say for sure when that recovery will happen. We believe that nobody can. However, the turnaround will come as quickly as the recession set in. The industry needs to be ready for this and it needs to be prepared to maximise positive conditions as soon as they return,” he said.

Mosola cautioned the industry to keep a tight rein on pricing policies. South Africa enjoyed an enviable reputation as an exceptionally good value-for-money foreign holiday destination. “Inflating prices now to compensate for depressed arrivals will

erode that reputation in the long term, and make it that much harder for the destination to regain lost ground later.”

SAT would continue investing in global marketing campaigns to maintain the destination’s top of mind awareness. “Indaba 2009 was going to be bigger and better than ever and marketing investment in the global television campaigns on CNN, BBC, EuroSport, National Geographic and others would go ahead as planned.

“We cannot afford to relax marketing now,” Mosola said. “The World Cup is almost upon us. Our competitors are hungry for our consumers. These are tough times. But we are determined to survive and thrive through them.”

#### 14.2 **Tourism industry stands strong**<sup>13</sup>

Despite the increases in the oil price, several interest rate hikes and a dismal South African retail sector performance, the local tourism industry performed exceptionally well over the recent festive season. Is this a sign of a maturing domestic tourism industry that is now sizeable enough to be resilient against economic pressures? Or is a buoyant foreign tourism industry propping up the festive tourism trade? Now Media, in collaboration with Grant Thornton Strategic Solution, surveyed industry performance over the recent festive season among accommodation establishments 25%, attractions 2%, tourist’s retailers 52%, tourists wholesalers 11%, and others 10%. The majority of the tourism business were located in Gauteng 34%, Western Cape 27% and KwaZulu Natal 17%. Tourism businesses reported that they dealt with a similar breakdown of foreign 43% on average to domestic 57% on average visitors compared with the previous festive season.

Number of guests and patrons to the respective businesses were higher in the recent festive season than in both 2006 and 2005 festive seasons. A significant 62% of businesses indicated higher numbers in the 2007 festive season compared with 2006. More than half of the accommodation establishments reported higher numbers of guests, the majority if which are located in domestic tourism hot spots, i.e. Western Cape and KwaZulu Natal. The majority of accommodation establishments either experienced little change in booking lead times 32% or an

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●<sup>12</sup> South African Tourism TravelHub ([www.travelhub.co.za](http://www.travelhub.co.za))

<sup>13</sup> Now Media & Grant Thornton Strategic Solution Industry Survey

increase in shorter booking lead times 30%. The shorter lead times are more related to the domestic markets, perhaps indicating that economic pressures on their budgets and delayed booking, but they still took their holidays. The strong tourists numbers were not at the expense of the length of a holiday- the majority of businesses 46% reported that the length of stay remained the same in the recent festive season. Surprisingly, a good proportion of holiday makers decided to stay longer 38%

The average rate achieved by accommodation establishments was higher in 2007 than in 2006 for 73% of the accommodation respondents, indicating that the higher guest numbers achieved was not at the expense of rates or due to heavy discounting.

All provinces reported higher rates. Almost 60% of accommodation establishments did not change their level of discounting for the festive season. Furthermore, 19% even did less discounting. The average spends per person across all non accommodation businesses was also higher compared with the festive season in 2006 for 65% of the respondent. The Western Cape had the highest number of non accommodation respondents indicating the higher average spend. Given that the breakdown of foreign to domestic tourists stayed more or less the same in the 2007 festive season compared with 2006, it points to resilience in the both domestic and foreign tourist markets. Perhaps South Africa's domestic market is becoming increasingly mature (in size and purchasing patterns) and boosted by buoyant foreign tourists markets, this provides for a more resilient and stable market for the local industry to draw on and develop and plan for. Whether it is due to the foreign or domestic market or both, what is clear is that South Africa's tourism industry had an outstanding 2007 festive season..... It stood strong, not only in tourist numbers but also in length of stay and spend.

#### 14.3 **Major global hotel operators target SA hospitality industry**<sup>14</sup>

While the global economic slowdown continues, South Africa's hospitality industry remains upbeat, with ongoing positive growth reflected in the hotel market and with major global operators clamouring to gain a presence.

At the outset of 2008, an increasingly positive trend in this industry was noted, which was evident despite widespread panic regarding the oil price, inflation and

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<sup>14</sup> TravelHub ([www.travelhub.co.za](http://www.travelhub.co.za)) Joop Demes CEO Pam Golding Hospitality

electricity shortages and tariff hikes. Now, a year later, we remain extremely optimistic regarding the prospects for the hospitality industry in South Africa and its ongoing resilience. To understand why our country is faring so well when compared to the rest of the world we need to bear in mind that in South Africa overall, approximately 91% of every single bed night that is sold in the hotel industry is sold to someone who lives in Africa. Over the past five years we have experienced exceptional growth in GDP and while this has slowed considerably, our economy is still growing. In addition, South Africa has two other unique global competitive advantages – strong liquidity and being host for the prestigious 2010 Soccer World Cup, which takes place in less than 500 days.

During 2008, and for the third year in succession, the SA hotel market as a whole experienced a double-digit increase in RevPar (revenue per available room), with 2008 up by an impressive 10% compared with 2007. There are some highly attractive areas to consider in terms of investment, generally referred to as 'honey spots'. Topping the priority list is Gauteng's three-, four- and five-star market, which recorded an overall 22.8% increase for 2008 with the six-month period ended 31 December 2008 up by a notable 18.8% compared with the same period the previous year.<sup>15</sup>

The constant growth of South Africa's hospitality industry and significant potential in a number of areas within the country are not unnoticed and have manifested themselves with unprecedented interest from developers, listed property companies and institutions. During the past 11 months, Pam Golding Hospitality and Tourism Consultants were engaged with 17 hotel development feasibility studies and we estimate that these alone will convert to R4,3 billion in investment, which in turn will create 2 060 permanent jobs. In addition, Pam Golding Hotels is currently engaged in the facilitation of no fewer than nine new hotel developments in Cape Town. Combined with a number of other hotels that are currently being completed, we anticipate that over the next two years alone this will result in an estimated investment of approximately R4 billion, with the creation of some 2 500 permanent jobs. Nearly every major branded hotel operator in the world has registered its requirements and credentials with us in search of an opportunity to be present or to expand in Southern Africa. Further to this, Pam Golding Lodges and Guest Houses is receiving an increasing number of enquiries for quality guest houses, boutique hotels and restaurants. Right now, the time and place for

investment in the hospitality industry seems to really favour South Africa.

At present, leases are favoured by a number of hotel operators, however in our opinion, this will change as and when South Africa experiences further much-anticipated reductions in interest rates. With a meaningful reduction in cost of capital, the appetite for private residence clubs and condominiums will also re-emerge and will feature strongly in the years ahead.

#### 14.4 **The French just keep coming!**<sup>16</sup>

The November 2008 arrival statistics by Statistics South Africa shows that despite sharp drops in most major markets, the French arrivals continue to show healthy growth all round.

South Africa's two biggest source markets, the UK and USA, have both indicated that the country is only just starting to see the full effects of the global economic crisis that has crippled the travel trade worldwide. Both markets are showing serious declines, with the UK down 15.5% compared with November 2007 and the USA down 6.7%. Up until a few months ago, both these markets indicated huge potential for further growth.

Other European source markets that have dropped are Belgium, Germany, Sweden and The Netherlands, among others. French arrivals have once again shown astonishing growth at 9.7%.

Asian markets are, however, not showing any promise with dismal decreases for both China (down 17.1%) and Japan (down 35.5%). Indian numbers are only slightly down.

The key source markets for overseas arrivals in November were:

- UK, down 15.5% from 49,934 to 42,196
- Germany, down 22.2% from 34,794 to 27,057
- USA, down 6.7% from 21,775 to 20,313
- France, up 9.7% from 13,600 to 14,914
- The Netherlands, down 12.3% from 15,132 to 13,266
- Australia, down 6.5% from 8,007 to 7,486

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<sup>15</sup> Smith Travel Research Global Survey

<sup>16</sup> TravelHub ([www.travelhub.co.za](http://www.travelhub.co.za))

- Sweden, down 13.9% from 6,788 to 5,842
- Ireland, down 13.5% from 5,752 to 4,975
- Canada, down 9.9% from 5,371 to 4,839
- Belgium, down 13% from 5,548 to 4,828

#### 14.5 **This is a time of opportunity<sup>17</sup>**

South African tourism is facing a challenging 2009, but there is no reason to panic. Speaking in Somerset West at a 'Back-to-Business' (B2B) function to kick-start the Cape business tourism year, Mr. Moeketsi Mokola said SAT expected tourism growth to slow down to 2.3% this year because of the world economic crisis. Forward hotel bookings for 2009 were down between 25% and 30%. Tourism growth declined from 6.8% in 2007 to 4.3% in 2008, despite 7.8% increased arrivals for the first half of 2008, to reach 5.4 million.

This is no time to panic. This is a time of opportunity for South Africa to catch up with other destinations. When everybody in the world withdraws (from markets), SA must move in. Despite the challenges, the first six months would be busy, with an Australian cricket tour to SA in February/March; the SAA Open golf championships in February; a British Lions tour; the Confederations Cup; and national elections, which meant people were travelling around the country and staying in hotels.

The 2010 FIFA World Cup in 2010 will be South Africa's biggest success story since 1994 in terms of marketing and branding the country internationally. Last year SAT spent R250m promoting South Africa on global television in the run-up to the 2010 FIFA World Cup, with ads flying on BBC, CNN, Sky News, Sky Sport, Fox TV, Eurosport, National Geographic Channel and selected movie houses worldwide. Government also spent R375m on improving its national star grading system.

The legacy of 2010 would be economic growth and improved tourism, communications and social infrastructure; exposure in new markets; better service levels; and the creation of national pride. It will be a truly African event, unlike any other, selling the humanity, friendliness and warmth of South Africans. The catch-phrase will be 'Ke Nako', meaning 'Celebrate Africa's Humanity'.

SAT has a strategy to maintain the 2010 momentum after the event, focusing on

attracting major events of culture, lifestyle and sport. SAT had prioritised soccer, rugby, athletics (including swimming) cricket and golf as major global TV audience attractions. SA was bidding to host the Rugby World Cup in 2015, the ICC Cricket Championship Trophy and the Presidents Cup (golf), amongst others.

#### 14.6 **Global Tourism Downturn**<sup>18</sup>

Significantly slower tourism growth in 2009 (a projected 1%) and 2010 (a projected 2%) is the expected impact of the economic downturn. There are no quick and easy fixes to the current crisis, which was many years in the making, and the situation is almost certain to get worse before it gets better. This is according to the ITB world travel trends report, commissioned every year by ITB Berlin from IPK international, which tracks trends in outbound travel demand and provides predictions for the year ahead. The report bullishly predicts that once the economic crisis is over, the demand for tourism will recover quickly, reflecting the pent up demand for travel that will be accumulated during the current downturn.

Attracting over 100 000 trade visitors, ITB Berlin remains one of world's largest specialist events. Southern Africa will show off its highlights in the run up to 2010 and the current economic crisis will take centre stage explains Natalie Thomson.

According to the ITB report, the fallout from the global economic crisis has driven the growth of niche markets such as luxury travel. For many tourists the definition of luxury travels changing - moving away from exclusivity and status symbols to pleasure and freedom to choose what one wants. For others, it maybe a desire to push ones physical limits. Also revealed is that youth travel has become one of the tourism market. It already account 20% of international tourist arrivals worldwide. According to the world youth student and educational travel Confederation, the age sub-segment with the greatest growth potential comprises travellers over the age of 30. In line with trends over the past decade, people will also be looking for more authentic tourism destinations and products. Slow food is one example because it allows people to enjoy the taste of different cuisines, reflecting local cultures.

The financial and economic crisis will be a key issue addressed at this year's ITB convention, running from March 11-14. Among the talking points at the convention will be how oil prices will impact on travellers' decisions to take holidays, aviation

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<sup>17</sup> TravelHub ([www.travelhub.co.za](http://www.travelhub.co.za)) **Moeketsi Mosola**, CEO of SA Tourism (SAT)

<sup>18</sup> Travel Hub ([www.travelhub.co.za](http://www.travelhub.co.za)) ITB World Travel Trends Report

and climate change and how to make the most out of city tourism. This is also the first time that the event will devote an entire day to corporate Social Responsibility (SCR) in tourism. ITB Berlin Future Day will see innovators and researchers highlighting global mega trends, including a debate on tourism in times of the global equity market crisis, while ITB Berlin Hospitality Day will address such issues as the eco-guest of the future, travel management, integrated resorts and hotels and lifestyle. A controversial discussion on low cost airline travel on long haul routes will be held during the ITB Berlin Aviation Day. The new programme item MICE is sure to stir up great interest at the Business Travel Days. Tourism industry experts will be discussing every aspect of this dynamic growth market.

#### 14.7 **Emerging tourism markets – the coming economic boom<sup>19</sup>**

<http://www.travelwires.com/wp/wp-content/uploads/2008/07/uk-tourism-society-conference.gif> International tourism in emerging & developing markets has grown at an average rate of 6-8% over the past decade. Twice the rate of industrialised countries. Tourism is a crucial contributor to these countries' income - up to 70% for the world's poorest countries. Development financing from global Trade; Poverty Alleviation and Climate Response should recognize the long-term potential of tourism as a sustainable growth engine.

With international travellers projected to almost double by 2020, the most significant increases are expected to take place in markets like China, India and destinations in South-East Asia. The Gulf States and emerging Eastern Europe complete this picture, followed by the Latin American and finally African markets.

Many of these are becoming important outbound markets, backed by growing middle classes on the one hand, and liberalizing policies promoting mobility on the other. Chinese tourists already spent about US\$ 30 billion abroad in 2007, according to UNWTO figures.

The domestic travel potential of emerging markets – in 2006 China registered 1.6 billion trips and India 461 million - is a further proof of their long term importance for international tourism.

Between 1996 and 2006, international tourism in developing countries expanded by 6% as a whole, by 9% for Least Developed Countries, and 8% for other low and lower-middle income economies. Against this backdrop, the sector will be more and

more recognized as a key agent in national poverty reduction strategies and in development financing.

Addressing the UK Tourism Society Conference, Assistant Secretary-General Geoffrey Lipman identified investment in infrastructure and human resource training, as key issues to make this trend sustainable. He also discussed the importance of credible long term climate response strategies – which allow these countries to realize their tourism growth potential.

Lipman said “It is fair to assume that this growth scenario will suffer from the economic downturn and more than fair to say that massive prolonged increases in fuel price, with few short term options (at least for airlines), as well as other ‘mega crises’ will have a fundamental depressant effect. But the numbers of potential travellers are so huge and the logic of targeting tourism for development so pervasive that the long term growth prospects will remain substantial by any measure”.

He noted further that substantial resources are expected to be earmarked in the coming years for Aid to Trade from the Doha Round, development financing related to the Millennium Development Goals, as well as climate response and clean technology transfer. Finally he stressed the importance of public private partnerships to ensure that poor and emerging states access these funds for tourism development, underscoring the role of UNWTO in supporting this process.

#### **14.8 SA’s tourism industry growing in leaps and bounds**

SA’s tourism sector has experienced amazing growth in the past decade. According to SA Tourism data, in the six years since the tourism growth strategy was introduced in 2002, there has been a compound annual growth rate of more than 6.9%, with 13.9% growth recorded in 2006 (8,4-million tourist arrivals to SA then). Seen in context of the global industry, which recorded only 4.5% growth in 2006, this arrivals growth is remarkable.

The sector has become one of SA’s largest contributors to gross domestic product. Foreign arrivals contributed R222 billion to SA’s economy between 2003 and 2006 with contributions from Southern African Development Community (SADC) countries comprising more than 60% of that revenue.

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<sup>19</sup> Travelwires ([www.travelwires.com](http://www.travelwires.com)) UK Tourism Society Conference Assistant Secretary General Geoffrey Lipman

Also, domestic tourism contributed a further R16,5bn to the economy last year alone. Tourism contributes significantly to job creation in the formal sector as well as creating opportunities for entrepreneurs, and it also results in a unique and vibrant informal sector.

It is now widely acknowledged that SA's tourism market has huge potential. The World Travel and Tourism Council said in a recent report the growth potential of SA's tourism market outstripped that of competing destinations in Africa.

Also, the government's Accelerated and Shared Growth Initiative for SA has designated the sector as "immediate high priority".

What has driven this huge growth in SA's tourism? SA Tourism chief operating officer Didi Moyle says the combined and focused efforts of tourism marketing organisations, increased awareness of the South African brand in SA's key markets, high levels of satisfaction that travellers who have been to SA report back to their friends and family, as well as a favourable global climate for travel have contributed to the sustained growth seen in recent years.

There are two aspects to the growth, she says. "In the growth in land arrivals out of our SADC neighbours, this has been the result of increased integrated economic development of the region and much of the travel is driven by shopping, whether for wholesale or retail purposes.

"The growth seen in the air markets is driven by business and leisure, which drive each other depending on the market. The growth is coming out of the markets that we have focused on since the adoption of the tourism growth strategy in 2002."

#### **14.9 SA tourism sector experiences growth, statistical data reveals**

South Africa's tourism sector has experienced amazing growth in the past decade, according to data from South Africa Tourism released on Wednesday at a press conference in Cape Town attended by leading tourism players. In the six years since the tourism growth strategy was introduced in 2002, there has been a compound annual growth rate of more than 6.9%, with 13.9% growth recorded in 2006 (8.4-million tourist arrivals in South Africa since then).

Seen in the context of the global industry, which recorded only 4.5% growth in 2006, this arrival growth is remarkable.

The sector has become one of South Africa's largest contributors to gross domestic product.

Foreign arrivals contributed US\$30 billion to South Africa's economy between 2003 and 2006 with contributions from Southern African Development Community (SADC) countries comprising more than 60% of that revenue.

Also, domestic tourism contributed a further US\$5 billion to the economy last year alone.

Tourism contributes significantly to job creation in the formal sector as well as creating opportunities for entrepreneurs, and it also results in a unique and vibrant informal sector.

#### 14.10 **December 2008 Arrivals to South Africa**<sup>20</sup>

The December arrivals have been released by Statistics South Africa, and although not as severe as months prior, still paint a disappointing picture of tourism arrivals into the country with an overall drop of 5,8%.

European markets did not perform as badly as in previous months with both France and Italy showing positive growth. Key source market, Germany showed a significant decrease of 9%, while the UK indicated the extent to which the global economic crisis is affecting that market with an 8,9% drop.

The US market waivered only slightly with a 2% decrease, while Canada showed positive growth.

Asian markets stuck to their downward trend for December with China and Japan showing further decreases. India dropped its place for the month in the top ten source markets for that month.

The top source markets for December were:

- UK, down 8.9% from 57,563 to 52,441
- Germany, down 9% from 25,660 to 23,349
- USA, down 2% from 21,450 to 21,206
- The Netherlands, down 0.9% from 12,825 to 12,707
- Australia, down 5.3% from 10,427 to 9,871
- France, up 3.6% from 9,171 to 9,499
- Sweden, down 4.2% from 6,949 to 6,654

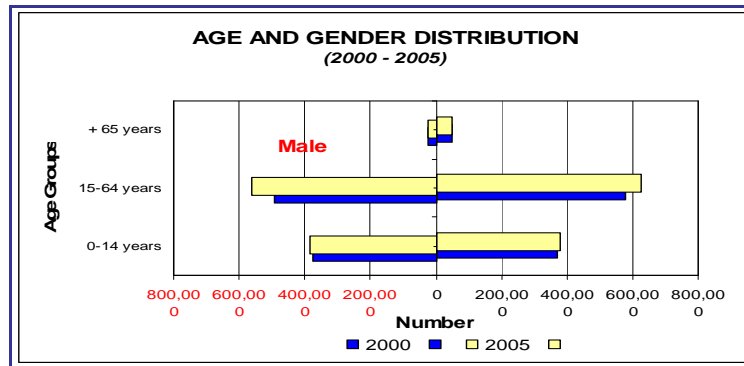
- Canada, up 1.7% from 5,500 to 5,596
- Italy, up 13% from 4,842 to 5,471
- Ireland, down 19.2% from 5,443 to 4,399

**15. THE SOCIO ECONOMIC PROFILE OF THE KRUGER DISTRICT**

A socio-economic study concluded in 2006 reflected the following:

**15.1 Age and Gender Distribution**

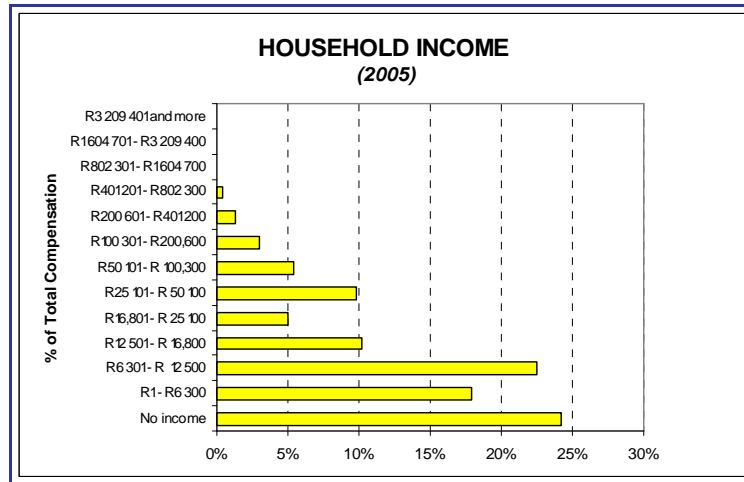
- 48% Males and 52% Females
- (0-14) Years – 38%
- (15-64) Years – 58%
- 65+ Years – 4%



**15.2 Household Income**

- Weighted Average Income (WAI): **R 30,328.13**
- 25,2% of population receive income > WAI
- 74,8% of population live in poverty
- 24,2% of population receive no income
- No income is the main bracket

<sup>20</sup> TravelHub ([www.travelhub.co.za](http://www.travelhub.co.za))



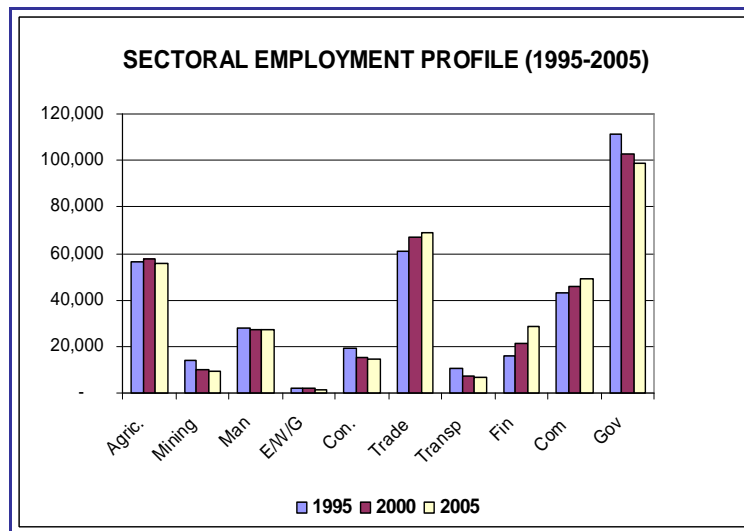
**15.3 Sectoral Employment**

Dominant sector.....Government (27%)

Other Important sectors.....Trade (19%)

.....Agriculture (15%)

Worst Sector.....E/W/G (0%)



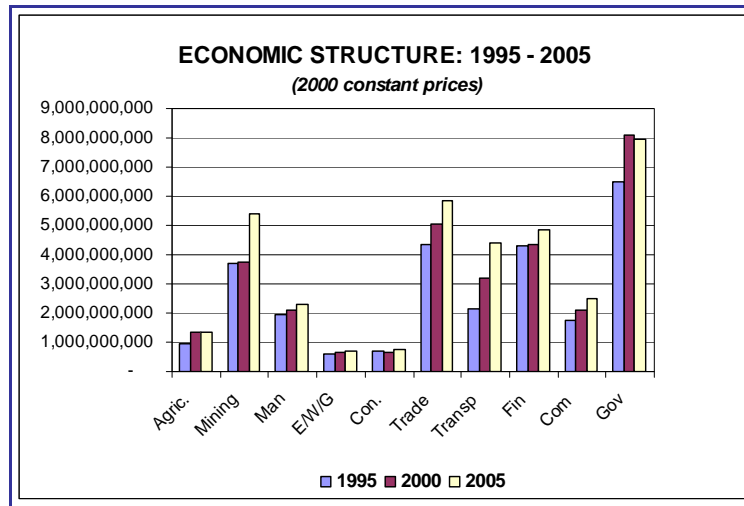
**15.4 Economic Structure**

Dominant sector.....Government (22%)

Other Important sectors.....Trade (16%)

.....Mining (15%)

Worst Sector.....EW/G (0%)

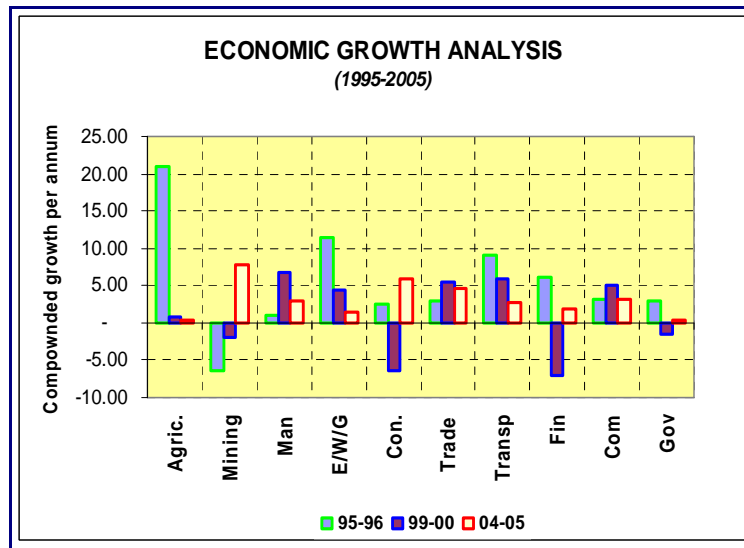


15.5 Economic growth

Growth Rate (1995 – 2005).....3.1%

Best performance.....Mining (7,9%)

Worst performance.....Government (0,3%)

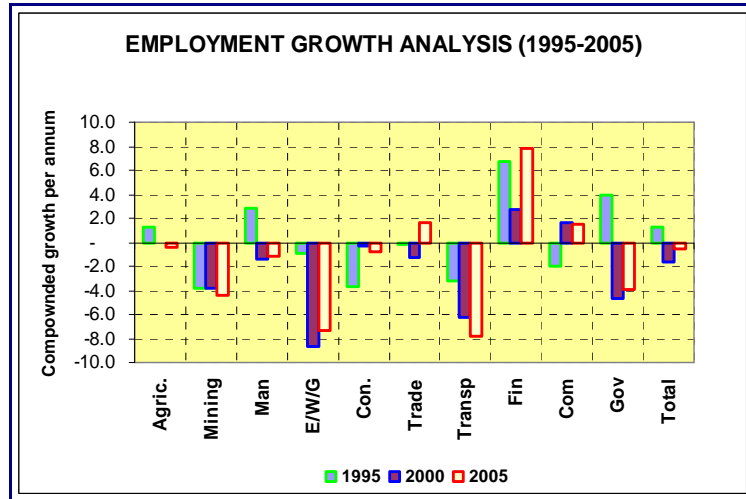


15.6 Employment growth

Growth Rate (1995 – 2005).....-0,52%

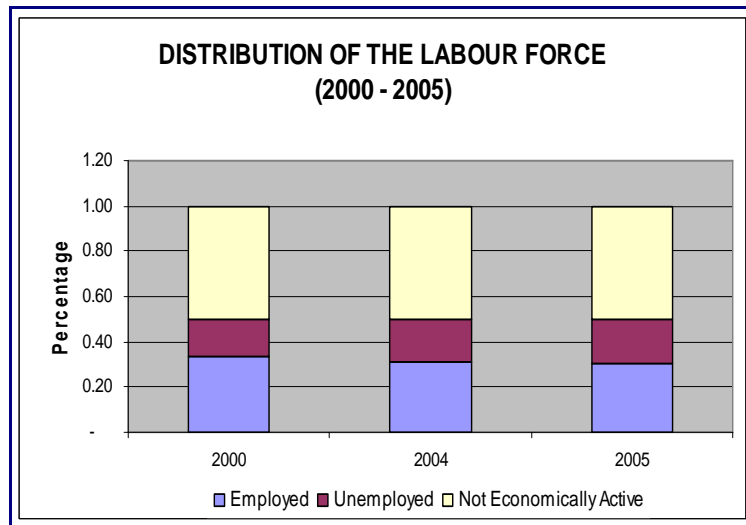
Best performance.....Finance (7,8%)

Worst performance.....Transportation (-7,9%)



**15.7 Labour Distribution**

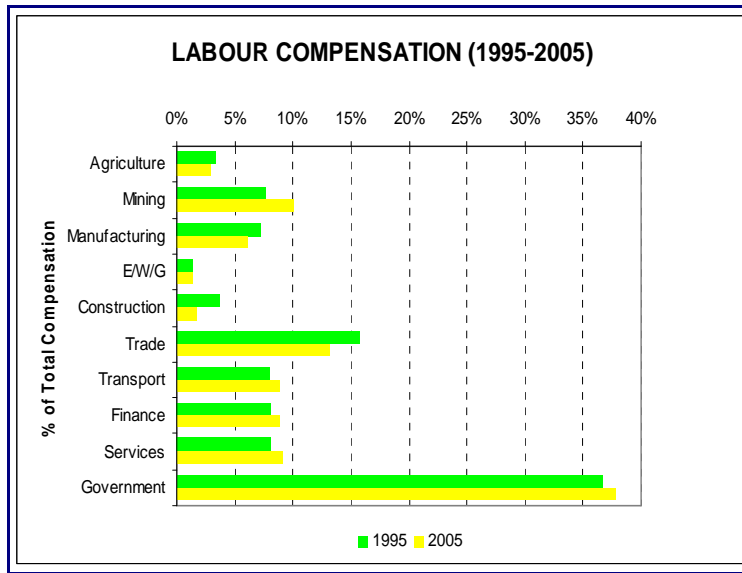
Employed.....	30%
Unemployed.....	19%
Not economically active.....	49%
Not potentially economically active.....	41%



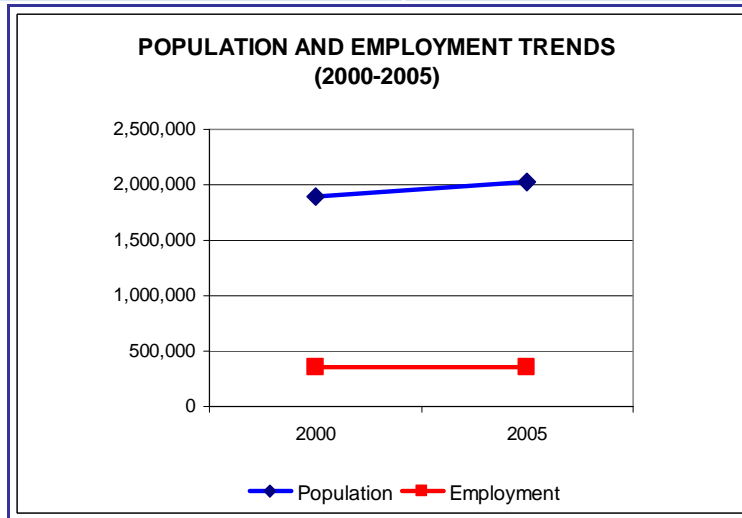
**15.8 Labour Compensation**

Value 2005.....	R 26, 371, 101, 195
Dominant sector.....	Government (37.8%)
Other Important sector.....	Trade (13.1%)

Worst sector.....E/W/G (1.4%)



Population and Employment growth trend (2000-2005)	
Variable	Compounded growth per annum
Population	1,4%
Employment	0,2%

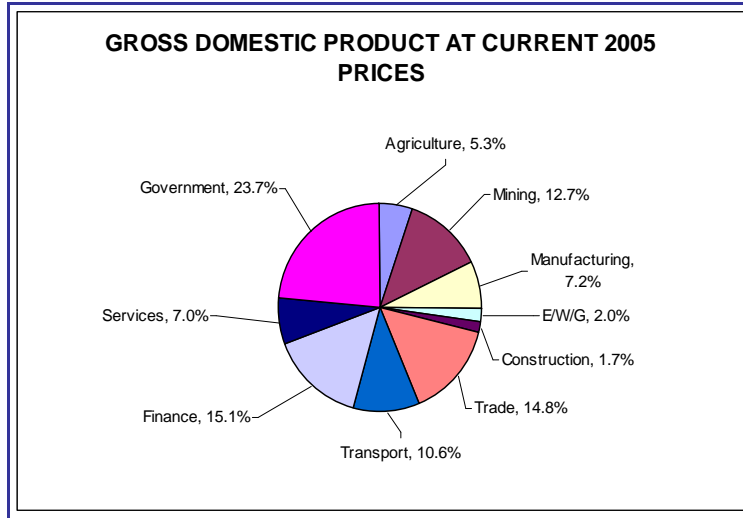


15.9 Gross Domestic Product

Gross Domestic Product (2005 Prices)

<b>Total Value</b>	<b>R 48,708,978,556</b>
Dominant Sector -	Government (23,7%)
Other important sectors -	Trade (14,8%)
-	Mining (12,7%)
Worst Sector -	Construction (1,7%)

<b>GROSS DOMESTIC PRODUCT (CURRENT PRICES)</b>		
<b>Sector</b>	<b>Current Prices</b>	<b>Distribution (%)</b>
Agriculture	2,586,868,331	5.3
Mining	6,196,806,749	12.7
Manufacturing	3,483,575,175	7.2
E/W/G	957,256,158	2.0
Construction	838,131,973	1.7
Trade	7,184,620,319	14.8
Transport	5,176,755,708	10.6
Finance	7,331,334,021	15.1
Services	3,385,834,471	7.0
Government	11,567,795,651	23.7
<b>Total</b>	<b>48,708,978,556</b>	<b>100.0</b>



## 16. SUMMARY PROJECT TIMETABLE

Summary Project Timetable	
Action	Dates
Public Advertisements for Malelane Hotel Development	31 May 2009
Provide Information Memorandum and RFP to Interested Parties	1 June 2009
Provide PPP Agreement to Interested Bidders	8 June 2009
Interested Parties Registration for Site Visits	12 June 2009
Due Diligence (Site Visits)	18 June 2009
Receive Bidders Comments and Questions	26 Jun 2009
Registration of Interested Bidders for Bidders Conference	26 Jun 2009
Facilitate Bidders Conference	9 Jul 2009
Facilitate and distribute minutes of Conference Qs and As	17 Jul 2009
Tender Submissions	28 Aug 2009
Tender Adjudication of Technical Scores	1 – 2 Sep 2009
EXCO Ratification of Technical Scores	17 Sep 2009
Board Ratification of Technical Scores	23 Sep 2009
Opening of Financial Envelopes and notification of winning bidder	28 Sep 2009
Contract Award	1 Oct 2009

## 17. ANNEXURE A – BLACK ECONOMIC EMPOWERMENT

### 17.1 Definitions

In this Section any term, defined in the Broad-based Black Economic Empowerment Act, No. 53 of 2003 ("**BEE Act**"), or in terms of any Codes of Good Practice issued in terms of section 9 of the BEE Act, when used in the scorecard below shall have the same meaning as there defined, save where such meaning may be in conflict with the provisions of the Tourism BEE Charter and Scorecard, in which case the provisions of the Tourism BEE Charter and Scorecard will prevail.

The following terms, as used herein, shall have the following meanings:

- 17.1.1 "**Black Empowered SMME**" means a small, medium or micro enterprise (with a turnover of up to R10 million per annum) which has between 25 percent and 50 percent direct ownership and management by Black People;
- 17.1.2 "**Black Owned SMME**" means a small, medium or micro enterprise (with a turnover of up to R10 million per annum) which has more than 50 percent direct ownership and management by black people;
- 17.1.3 "**Black People**" is as defined in the BEE Act, save that it is limited to South African citizens. In other words, Black People are Africans, Coloureds and Indians who are South African citizens. For avoidance of doubt, this term does not include juristic persons or any form of enterprise other than a sole proprietor. "**Black Person**" means any such citizen;
- 17.1.4 "**Black Women**" means female Black People;
- 17.1.5 "**Board Representation**" refers to membership by Black People of the duly constituted board of directors (or equivalent structure) of an enterprise and is calculated upon the basis of the percentage that black directors hold to the total number of directors of that enterprise;
- 17.1.6 "**Community Trust**" means the a trust registered in terms of the Trust Property Control Act;
- 17.1.7 "**Direct Ownership**" means ownership of an equity interest in an enterprise where such equity interest comprises:

- 1.1.1.1 the right to participate in the voting rights in that enterprise;
- 1.1.1.2 the right to receive unencumbered economic interest (such as dividends) flowing to the shareholders of that enterprise; and
- 1.1.1.3 Broad-based BEE schemes, employee share option schemes (ESOPs) and other employee share schemes, where the beneficiaries have the unconditional right to receive economic benefits and the capacity to elect and remove trustees, are specifically recognised as direct ownership. The flow-through principle will be applied to determine the level of black ownership represented by the employee share option scheme;
- 1.1.1.4 Direct ownership is measured as being the lower of the level of black participation in voting rights and black participation in the unencumbered economic interest of an enterprise, measured using the flow-through principle;
- 17.1.8 "**Discretionary Procurement**" includes all amounts expended by an enterprise subject to measurement. Discretionary procurement excludes:
  - 1.1.1.5 employment related expenditure;
  - 1.1.1.6 procurement from public utilities and natural monopolies; and
  - 1.1.1.7 facilitated procurement by travel agencies or other travel distribution providers where the choice of service providers remains with the consumer;
- 17.1.9 "**Employees with no prior working experience**" refers to those employees who have no formal employment experience prior to joining an enterprise in tourism. Formal employment does not include learnerships, traineeships or short-term and temporary assignments;
- 17.1.10 "**Enterprise Development**" may take a variety of forms, including:
  - 1.1.1.8 direct investment in Black Owned and Black Empowered SMMEs;
  - 1.1.1.9 joint ventures with Black Owned and Black Empowered SMMEs that result in "substantive" skills transfer;
  - 1.1.1.10 support and funding for the grading of emerging tourism companies, as

- well as providing mentorship, business relationships and linkages which, in turn, provide business opportunities to these enterprises; and
- 1.1.1.11 twinning initiatives with Black Owned and Black Empowered SMMEs which result in cost savings or revenue generation for those SMMEs;
- 17.1.11 "**Executive Representation**" refers to the participation by Black People in the senior non-board level management of an enterprise and more specifically, targets management levels which influence the strategic and operational management of an enterprise. Participation is measured upon the basis of the percentage that black executive managers hold to the total number of executive managers of that enterprise;
- 17.1.12 "**Learnership**" refers to learnerships as defined in the Skills Development Act, No. 97 of 1998, amended in 2003;
- 17.1.13 "**Local**" means the geographic area being within a 50 km kilometre radius of the Project Site or Park;
- 17.1.14 "**Local Community Trust Ownership**" means Equity in the Private Party which must, as a mandatory provision of the Project, be acquired by a Local Community Trust;
- 17.1.15 "**Management**" refers to all senior and middle management who do not form part of the executive management of the board of directors of the Private Party;
- 17.1.16 "**Ownership**" refers to equity participation and the ability to exercise rights and obligations, including voting rights and the rights to the flow of economic benefits, which accrue under such ownership;
- 17.1.17 "**Preferential Procurement**" refers to all spend with BEE compliant suppliers, to be calculated as follows:
- 1.1.1.12 one Rand (R1) for every one Rand (R1) spent with Excellent BEE Contributors, Good BEE Contributors, BEE Compliant SMMEs and Black Women Owned BEE Contributors; and
- 1.1.1.13 fifty cents (50c) for every one Rand (R1) spent with Satisfactory BEE Contributors;

all of which terms are defined as follows:

- 1.1.1.14 an Excellent BEE Contributor means a company which has scored in excess of 90 percent on a BEE scorecard under a scorecard governing that company's sector or a BEE scorecard issued in the Codes of Good Practice and under the BEE Act;
- 1.1.1.15 a Good BEE Contributor means a company which has scored in excess of 65 percent, but less than 90 percent, on a BEE scorecard under a scorecard governing that company's sector or a BEE scorecard issued in the Codes of Good Practice and under the BEE Act;
- 1.1.1.16 a Satisfactory BEE Contributor means a company which has scored in excess of 40 percent but less than 65 percent, on a BEE scorecard under a scorecard governing that company's sector or a BEE scorecard issued in the Codes of Good Practice and under the BEE Act;
- 1.1.1.17 a Limited BEE Contributor means a company which has scored less than 40 percent, on a BEE scorecard under a scorecard governing that company's sector or a BEE scorecard issued in the Codes of Good Practice and under the BEE Act;
- 1.1.1.18 a BEE Compliant SMME means a small, medium or micro enterprise (with a turnover of up to R10 million per annum) which is either an Excellent, Good or Satisfactory Contributor to BEE; and
- 1.1.1.19 a Black Women Owned BEE Contributor is a company which is more than 30 percent owned by black women and which is also an Excellent, Good or Satisfactory contributor to BEE;
  
- 17.1.18 "**Skills Development Spend**" refers to investment in skills development initiatives through both external training providers and the quantifiable costs of accredited internal training programmes. Internal training spend does not include the opportunity cost of employees attending the skills development initiatives;
- 17.1.19 "**Supervisory**" refers to the junior management and professional staff;
- 17.1.20 "**TOMSA (Tourism Marketing South Africa) Levy Collectors**" refers to tourism enterprises who are registered to raise funds on behalf of the trust;

17.1.21 "Total Employee Time" refers to the total working hours calculated as the product of the total number of employees and their standard working hours;

17.1.22 "Total Staff" refers to all employees and/or contractors, excluding those accounted for under Strategic Representation, from whom the tourism enterprise is responsible for the collection and payment of applicable employee tax. The intention of the scorecard below is to include temporary staff in the definition of total staff, since tourism is an industry that relies heavily on temporary, casual and seasonal staff.

17.2 **2104 Milestones and Targets**

17.2.1 The Private Party shall from Effective Date to 31 December 2014 comply with the commitments and undertakings set out in the following table.

	2014 Weightings		2014 MILESTONES	
Indicator	Weighting	Sub-weighting	Indicators to measure BEE achievement	2014 Milestone
				Target
	A	B		C
Ownership	20%	13%	Percentage share of economic benefits as reflected by direct shareholding by black people	20%
		7.0%	Local Community trust ownership	10%
Strategic representation	12%	2.5%	Black people as a percentage of board of directors	50%
		2.5%	Black women as a percentage of board of directors	25%
		2.0%	Local people as a percentage of board of directors	20%
		2.5%	Black people as a percentage of executive management	50%
		2.5%	Black women as a percentage of executive management	25%
Employment equity	12%	1.0%	Black people as a percentage of management	50%
		1.0%	Black women as a percentage of management	25%
		2.0%	Local people as a percentage of management	25%
		1.0%	Black people as a percentage of supervisors, junior and skilled employees	65%

	2014 Weightings		2014 MILESTONES	
Indicator			Indicators to measure BEE achievement	2014 Milestone
	Weighting	Sub-weighting		Target
	A	B		C
		1.0%	Black women as a percentage of supervisors, junior and skilled employees	35%
		2.0%	Local people as a percentage of supervisors, junior and skilled employees	45%
		1.0%	Black people as a percentage of total staff	75%
		1.0%	Black women as a percentage of total staff	40%
		2.0%	Local people as a percentage of total staff	60%
<b>Skills development</b>	18%	4.5%	Percentage of payroll spend on skills development (including skills development levy) on all accredited training	3%
		4.5%	Percentage of skills development spend on all black employees	75%
		4.5%	Number of learnerships as a percentage of total employees	2%
		4.5%	Number of black learners as a percentage of total learners	80%
<b>Preferential procurement</b>	18%	12.0%	Spend on BEE compliant companies as a percentage of total procurement spend	50%
		6.0%	Spend on local BEE compliant companies as a percentage of total procurement spend	25%
<b>Enterprise development</b>	10%	5.0%	The sum of percentage spend of post-tax profits on enterprise development and percentage employee time contributed to enterprise development over total management time	1%
		5.0%	Enhanced revenue and/or cost savings and/or twining initiatives facilitated for black owned SMMEs, as a percentage of revenue.	1%

		2014 Weightings		2014 MILESTONES	
Indicator			Indicators to measure BEE achievement	2014 Milestone	
	Weighting	Sub-weighting		Target	
	A	B		C	
<b>Social development and industry specific</b>	10%	6.0%	Percentage CSI spend of post-tax profits on education, community programmes, job creation, training, health, conservation, community tourism and marketing activities to develop local black tourist market (or percentage management time over total employee time)	1%	
		1.0%	Percentage of new recruits with no prior work experience	10%	
		3.0%	Status of TOMSA levy collector	Yes	
<b>Total BEE points</b>	<b>100</b>	<b>100</b>			

### 17.3 Milestones and Targets Post-2014

- 17.3.1 The BEE Milestones and Targets for the duration of the PPP Term and in particular for the period from 1 January 2015 to the end of the PPP Term shall be determined by the restructured editions of the Tourism Charter and Scorecard as gazetted from time to time.
- 17.3.2 The Tourism BEE Charter was developed to be in line with the Department of Trade and Industry’s first phase of the Codes of Good Practice. Once the Codes of Good Practice has been gazetted, the Tourism Charter will be guided of how best it can be aligned to the final draft Codes of Good Practice.
- 17.3.3 The milestones and targets of the Tourism BEE Charter and Scorecard could thus be amended from time to time and the provisions of this Section and PPP Agreement would be modified accordingly. The Private Party would receive notification of such amendments and be provided with a satisfactory remedy period to address the amendments.

### 17.4 External BEE Verification

- 17.4.1 The Private Party shall appoint a reputable external verification agency to determine the Private Party's BEE status and a copy of such an independent verification certificate shall be provided to SANParks within 15 (fifteen days) after the end of each Project Year.
- 17.4.2 The Private Party shall be obliged in terms of the PPP Agreement to, at a minimum, obtain an A-rating from the external verification agency for each Project Year. In the event of default by the Private Party to comply with this provisions and the Private Party default is not remedied before the expiry of the period referred to in the notice by SANParks, SANParks will have the right to terminate the PPP Agreement with immediate effect by written notice to the Private Party.

## **18. ANNEXURE B – NATIONAL RESPONSIBLE TOURISM GUIDELINES FOR SOUTH AFRICA (MAY 2002)**

### **18.1 Guiding Principles for Economic Responsibility**

Tourism still plays a relatively small role in the South African economy and it has a long way to go if it is to fulfill its potential to significantly contribute to national income. Traditionally the main focus of governments has been on the growth in international arrivals and total foreign exchange earnings, and is now than on fostering entrepreneurial opportunities for the historically disadvantaged, poverty relief, employment and local economic development. Both domestic and international tourism can create employment; it is a relatively labour intensive industry and it employs a multiplicity of skills from accountants and hairdressers to tour guides and trackers. Tourism can provide very good skills development opportunities for local communities.

The White Paper concluded in 1996 that tourism development in South Africa had largely been a missed opportunity; and that the focus on a narrow market has reduced the potential of the industry to spawn entrepreneurship and to create new services, like local entertainment and handicrafts, and to drive local economic development. In fact formal tourism sector provides major opportunities for the informal sector. Tourists travel to the 'factory' to consume the product; they travel to the destination to enjoy their holiday. Tourism is a "final good", all the final touches have to be provided in South Africa and so the value is captured here. The value of a taxi ride from the airport, wildlife viewing and restaurant meals all accrue to the local economy – the challenge is to maximize it by reducing leakages and developing the multiplier effect. Tourist enterprises attract domestic and international tourists and create opportunities for small entrepreneurs and economic linkages, for example agriculture, hunting, handicraft production, and a wide range of service industries which tourists are likely to consume in the destination.

South Africa is now beginning to work on maximizing the local economic benefits which tourism can bring to an area, there is much to be gained from creating a more diversified tourism product and marketing a wider range of experiences, activities and services to tourists. Established enterprises can gain by encouraging and assisting the development of complementary product – the larger and more diversified the local tourism base, the more successful enterprises in the area will

be. The White Paper identified a wide range of opportunities for historically disadvantaged groups ranging from small guesthouses, shebeens and restaurants with local cuisine, through community tour guiding, music, dance and story-telling, arts and crafts, traditional hunting and medicine to laundry, gardening and speciality agriculture. Tourism provides particular opportunities for local economic development in rural areas where it can provide people with an alternative to moving to urban areas. Tourism must be market related. If community-based and other tourism development processes are not planned, implemented and managed according to market demands then far too many South Africans, especially the poor, are facing not merely “missed” opportunities, but the hard realities of failed or under-performing products to which tourists simply do not come. The African cultural tourism experience needs to be woven into the fabric of the mainstream South African tourism product.

Domestic tourism plays an important part in the South African tourism sector and it is expected to continue to grow, as historically disadvantaged people become tourists and travellers themselves. Whether the tourists are domestic or international, their expenditure in local communities contributes to the economic development of the area. The greater the proportion of total tourism spending that stays in the local area, the stronger and more diverse the local economic base. The multiplier effect is greatest where the local linkages are strongest – the imperative is clear, source the inputs for all tourism enterprises as locally as possible in order to maximize local economic benefit and to assist in diversifying the local economy. Reducing economic leakages from the local area and increasing linkages will bring significant local economic development and assist in local economic diversification. Similarly the development of complementary product will strengthen the local economy and local enterprises, groups of established enterprises working together can make a significant difference. Strong economic linkages at the local level were identified in the White Paper as a critical success factor in the local economy.

There is an increasing aspiration for Fair Trade in Tourism in several of the international originating markets; part of a trend towards increasing demand for equitably traded products. Increasing numbers of consumers are purchasing products that demonstrably benefit local communities more fairly than competitor products. The IUCN South Africa Fair Trade in Tourism marketing initiative has identified a set of principles that embody a strong commitment to responsible tourism. It is a good example of a responsible tourism marketing association with a vision of just, participatory and ethical tourism that provides meaningful benefits to

hosts and visitors alike. The principles of Fair Trade should be part of the culture of responsible tourism.

## 18.2 **Economic Objectives and Indicators**

### 18.2.1 **Assess economic impacts as a pre-requisite to developing tourism**

- (a) Extend the season of enterprises by developing new products to create better employment conditions and to provide a stronger base for local economic development. Monitor occupancies or seasonality of employment over the year to show progress in extending the season.
- (b) The historically disadvantaged are a significant emerging domestic tourism market. Identify and encourage commercial responses to this opportunity.
- (c) Recognize that our cultural heritage should not only be assessed in economic terms, and that tourism can create revenue from cultural heritage, traditional ways of life and wildlife and habitats.
- (d) Encourage business relationships between foreign entrepreneurs and local and emerging entrepreneurs.
- (e) Always consider the opportunity costs of tourism for local communities and their livelihoods, and be prepared to accept that there may be more appropriate economic opportunities for the area. Maintain and encourage economic diversity, avoid over dependency on tourism.
- (f) Plan initiatives and investment to contribute to the broader local economic development strategy (for example, Integrated Development Plans (IDP's) for the area).
- (g) Planning authorities need to consider how they can intervene to avoid tourism developments where they may cause adverse effects such as local land price inflation, loss of access to resources or undermining sustainable livelihoods.
- (h) Exercise a preference for business and land tenure arrangements that directly benefit local communities and/or conservation.
- (i) Conduct market and financial feasibility assessments before raising expectations and exposing the community or local entrepreneurs to risk.

**18.2.2 Maximizing local economic benefits – increasing linkages and reducing leakages**

- (a) Encourage all establishments to upgrade their standards of service, particularly small, medium and micro-enterprises and emerging entrepreneurs, and to maximize their revenue earning potential by adding value.
- (b) Encourage the informal sector to become part of the formal sector.
- (c) Buy locally-made goods and use locally-provided services from locally-owned businesses wherever quality, quantity, and consistency permits. Monitor the proportion of goods and services the enterprise sourced from businesses with 50 km and set 20% target for improvement over three years.
- (d) Help local communities or emergent entrepreneurs to develop their product so that it can be more easily used by others and marketed to tourists.
- (e) Co-operate with other formal sector businesses to maximize benefits for local community enterprises – for example, a community laundry or tailoring business may only be viable if a group of enterprises commit to source supplies there. Showcase the initiative and be explicit about whether community projects are funded by tourism revenue to the enterprise, donations from tourists or tour operators, or funds from donor aid agencies.
- (f) Give customers the opportunity to purchase locally produced crafts and curios, set targets to increase the proportion of sales of goods sourced within 20 km of the enterprise. Assist local craft workers to develop new products to meet market demand as evidenced in the enterprise.

**18.2.3 Ensure communities are involved in and benefit from tourism**

- (a) Government and established businesses need to redress previous imbalances, and to enable the historically disadvantaged to engage in the tourism sector. For example they should source 15% of services and 15% of products, increasing by 5% per year, for 3 years, from historically disadvantaged groups, and/or individuals, and report on purchasing activities.

- (b) Work closely with local communities, small, medium and micro-enterprises and emerging entrepreneurs to develop new products that provide complementary products for formal sector tourism enterprises.
- (c) Develop partnerships and joint ventures in which communities have a significant stake, and with appropriate capacity building, a substantial role in management. Communal land ownership can provide equity in enterprises.
- (d) Identify projects that the enterprise can support that will benefit the poor. Identify at least one project.
- (e) Assist the development of local communities and emergent entrepreneurs with visitor feedback on their products.
- (f) Consider guaranteeing loans for promising projects in communities or with emerging entrepreneurs, and providing marketing, training and managerial support.
- (g) Foster the development of community-based tourism products by providing marketing and mentoring support.
- (h) Encourage visitors to spend more money in the local economy, and to visit local bars and restaurants and participate in tours to local areas, bringing business to local communities. Where appropriate treat this as part of the business of the enterprise and charge a booking fee or commission, or sell craft and local food products through the mainstream enterprise.
- (i) Encourage tour operators be more innovative in their itineraries, by for example including shebeens, local museums, arts and craft shops and local ethnic restaurants in their tour itineraries, and by doing so encourage visitor spend.
- (j) Consider using local entrepreneurs (particularly emerging and historically disadvantaged entrepreneurs), experienced consultants and non-governmental organizations in developing community initiatives.
- (k) Be transparent when reporting community benefits distinguish between benefits to employees, benefits to emerging or community based entrepreneurs and community benefits, for example leasehold payments that go to community projects (grinding mills or school books) or are distributed as household income in the local area.

- (l) Consider establishing targets to monitor progress in achieving objectives.

#### 18.2.4 **Marketing & Product Development**

- (a) Lack of market access is a major constraint on the growth of new enterprises. Enterprises should provide information about local services and attractions provided in local communities, and encourage their clients (individuals and operators) to use them.
- (b) Consider co-operative advertising, marketing and the promotion of new and emerging products and attractions.
- (c) Ensure that the visual way in which the product is presented includes local cultural elements and emphasizes the richness of the local complementary product.
- (d) Consider developing and marketing fairly traded tourism products.
- (e) Foster the development of access opportunities for all visitors and potential visitors, regardless of physical, or mental conditions of the visitor. Public authorities and enterprises need to understand and embrace financial incentives that enhanced accessibility will create, and the positive image such 'access to all' will provide.

#### 18.2.5 **Equitable Business**

- (a) Enterprises should pay fair prices for local services purchased or packaged as part of mainstream itineraries. Beware of abusing market power and imposing unfair commissions or pushing down prices inequitably.
- (b) Develop transparent systems of sharing the benefits of tourism through equitable contracts. (e.g. This can be applied through tendering processes.)
- (c) When entering into agreements with local communities or emerging entrepreneurs ensure that the risk is equitably shared.
- (d) Recruit and employ staff in an equitable and transparent manner and maximize the proportion of staff employed from the local community. Set targets for increasing the proportion of staff and/or of the enterprise

wage bill going to communities within 20 km of the enterprise.

- (e) Develop a community labour agreement with targets for employment and for progression. Recognize that the enterprise can play a significant role in increasing the skills and capacity of the local community and that the enterprise benefits from that.
- (f) Go beyond the bare minimum wage rate and invest in local staff – quality is dependent upon well-motivated staff.

### 18.3 **Guiding Principles for Social Responsibility**

*Batho Pele: Putting People First – One and all should get their fair share*

Tourism and the travel industry “is essentially the renting out for short-term lets, of other people’s environments, whether that is a coastline, a city, a mountain range or a rainforest.” Tourism is dependent upon the social, cultural and natural environment within which it occurs, and its success is dependent upon the environment that it operates within. Good relationships with neighbours and with the historically disadvantaged make good business sense. These relationships need to be based on trust, empowerment, co-operation and partnerships. Too few of the benefits from tourism currently accrue to local communities whose environment is visited.

As was pointed out in the White Paper, the majority of South Africans have never been meaningfully exposed to the tourism sector. In the new South Africa, the government’s objective is to ensure that all citizens have equal access to tourism services as consumers and providers. Enterprises and communities need to identify ways in which they can provide a range of tourism experiences sufficiently wide to be accessible to the average South African. Programmes are being established to allow South Africans, and particularly front-line tourism employees, to become “tourists at home”. To this end, the notion of *Batho Pele* is a guiding principle.

The opportunity costs of the creation of national parks and subsequent reduced access to natural and cultural resources was often borne by local disadvantaged communities in the past. Such communities did not perceive or receive any significant direct benefits from the change in land use from conservation and tourism. Communities must be empowered to take part in the management of areas so that they can have a say in the distribution of the benefits and the

sustainable use of their environment. Efforts are not being made to enable local communities to experience wildlife in the parks.

One of the key challenges for business, local government and educators is to develop knowledge amongst the historically disadvantaged regarding what tourism is, and how it can benefit local communities. In the 1996 White Paper the involvement of local communities and historically disadvantaged groups was identified as a critical success factor. Communities need to be involved in the planning, decision-making and the development of tourism; and in all operational aspects of the industry as tourists, employees and entrepreneurs. Social exclusion has contributed to the historically narrow, myopic focus of the industry in South Africa. Responsible tourism is about enabling and encouraging historically disadvantaged local communities to access lucrative tourism markets. This is to overcome the problem of visitors being kept within the hotels and resorts and only venturing out to 'sanitized' places of interest. For example local shebeens and craft vendors rarely see a tourist.

One of the key challenges for the formal sector is to develop ways of engaging with community entrepreneurs and community groups to develop new products and diversify the industry. The success of township tours is one example of the product development opportunities that exist in the new South Africa. Much more effort needs to be made to improve the linkages between the formal and informal sectors of the tourism sector. The exclusion of the historically disadvantaged has contributed towards poverty and crime – the 'township tours' demonstrate that where local guides act as hosts, and where there are clear benefits both to communities and to historically disadvantaged entrepreneurs, tourists can have a good experience and be assured of their safety. In 1995, involving local communities in tourism, creating employment and training and awareness programmes were identified as solutions to the problem of security for tourists. There is much still to be done and this is a core challenge for responsible tourism. National priorities for action are described within 3.1: Social objectives and indicators.

The meaningful involvement of historically disadvantaged communities as employees and as entrepreneurs in South Africa is a priority. This requires both market access and capacity building. Training at all levels is essential to the development of a more inclusive industry, able to demonstrate its social responsibility and to develop new products which meet the cultural and "meet the people" interests of tourists. The development and delivery of new quality products

for the changing market place is of central importance to enable the historically disadvantaged to become part of mainstream tourism. It is also required for social justice and the avoidance of exploitation of local cultures and community groups. The value of the culture of historically disadvantaged people needs to be recognized and new tourism products developed. Their awareness of the opportunities in tourism needs to be a key element in training and education, and it is important that these opportunities are presented in a realistic commercial framework.

#### 18.4 **Social Objectives and Indicators**

##### 18.4.1 **Involve the local community in planning and decision-making**

- (a) Understand the historical, political and cultural context of local and host communities, and historical relationships with tourism development and protected areas.
- (b) Creating opportunities and eliminating barriers to access mainstream tourism markets for local communities, historically disadvantaged people and individuals.
- (c) Understand the local, safety and security, infrastructural, resource, educational, poverty, disability and health constraints (e.g. HIV/AIDS), when designing, operating and marketing tourism.
- (d) Encourage proactive participation and involvement by all stakeholders - including the private sector, government at all levels, labour, local communities (their leaders and structures) - at all stages of the tourism life cycle.
- (e) Encourage formal and informal sector enterprises to develop effective structures, or join existing bodies, for marketing and tourism development. Create the environment to do so by providing resources, technical and management capacity.
- (f) Encourage successful entrepreneurs, particularly those from the emerging tourism fraternity, to mentor others.
- (g) Planning authorities should work to include stakeholders as part of a decision-making process at the destination level, to determine what constitutes sustainable levels of tourism in the social, natural, and

economic context.

- (h) Programmes of education within school curriculums, and public awareness within communities, are needed regarding the potential positive and negative aspects of tourism.
- (i) Post employment education and training programmes within the framework of the Skills Development Act and South African Qualifications Authority (SAQA) are required to educate employees regarding the potential pros and cons of tourism, and comparative costs and benefits of alternative enterprises in order to aid decision making.
- (j) Involve the local communities in growing the local tourism business by using existing facilities and by developing new activities and attractions. Individual enterprises and groups of enterprises need to develop complementary products. (Report number of new activities/ attractions; number of visitors).
- (k) Empower communities to market their cultural traditions and products as assets and enhance their economic opportunities.
- (l) Interpretation material and visitor information centres should be developed in consultation with local communities.
- (m) Integrate community development goals as identified in the Integrated Development Plan (and similar processes) into the enterprise's social and sustainability mission and objectives.

#### 18.4.2 **Assess social impacts as a prerequisite to developing tourism**

- (a) Identify and monitor potential adverse social impacts of tourism and minimize them in the short and the long-term, and ensure that communities actively participate in the monitoring.
- (b) Larger enterprises should appoint a member of staff to take responsibility for developing better local relationships and partnerships. Implement social audits of tourism projects. These can be conducted in an inexpensive, rapid and participatory way.
- (c) Consider schemes to encourage local co-operation and civic pride like an “adopt a school” initiative or ‘adopt a street’, or other local area near the enterprise. Work with local government and the local community to

identify priority sites, and make them safe and attractive for tourists.

- (d) Enterprises should develop strategies to promote equality in terms of gender, ethnicity, age, and disability, and report progress on implementation.

#### 18.4.3 **Maintain and encourage social and cultural diversity**

- (a) Develop tourism with dignity, respect and nurture local cultures (including religion), so that they enrich the tourism experience and build pride and confidence among local communities.
- (b) Use tourism as a catalyst for human development, focusing on gender equality, career development and the implementation of national labour standards. (Report on gender equality and career development)
- (c) Tourism development should not compromise respect for social and cultural and religious rights, or the essential human rights of people to food, a safe and clean environment, work, health, and education.
- (d) Support the development of sustainable local handicraft enterprise by assisting with improvement of design, marketing, production and packaging skills for craft workers in relation to market demand. Consider specifically what can be done to enhance the skills and earnings of women, particularly in rural areas.
- (e) Support visits by local school children to tourism sites that promote and display their heritage.
- (f) Consider what contributions the enterprise can make to scholarships, local youth sports teams and other community causes. Monitor and report increasing contributions with respect to the number of projects and level of investment.
- (g) Showcase local cultural artifacts in your enterprise and encourage the development and sale of traditional cultural products, crafts and folklore. Aim for 25% items for sale at enterprise from within 50 km, with tours offered to local markets, and try to increase these by 25% over 3 years. Provide customer feedback in order to raise standards.
- (h) Be wary of the dangers of commoditization, and encourage craft and other cultural workers to maintain the authenticity and cultural values of

their products. Encourage craft workers to explain the cultural values and history of their crafts.

- (i) Give enterprises a local flavour by serving local dishes and source soft furnishings, arts and crafts locally. Monitor the proportion of local dishes on menu; and the proportion of furnishings & crafts locally made, and aim to increase these proportions by 25% over 3 years. Visitors expect to find at least one local dish their menus.
- (j) Identify cultural heritage resources in the local area and where there is sufficient demand from tourists and work with the local community to develop them as sustainable tourism attractions. Consider mission settlements, sites of slave occupation, festivals, struggle related monuments and places, rock art sites, cultural monuments, food, drink, arts and crafts, music, dance and storytelling.
- (k) Encourage tourists to show respect by learning a few words of the local language, (and to use them when talking to local people!) and to learn about the host culture and traditions.
- (l) Share enterprise level knowledge regarding informal sector tourism skills and products. Draw the attention of ground handlers, the media and tour operators to complementary product opportunities in the local community.

#### 18.4.4 **Be sensitive to the host culture**

- (a) Respect, invest in and develop local cultures and protect them from over-commercialisation and over-exploitation. Encourage workers and staff to observe their religious and cultural practices.
- (b) Respect indigenous intellectual property, especially when setting up contractual arrangements for the use of indigenous knowledge.
- (c) Use local guides, and encourage them to continually improve their quality, to ensure that the community speaks for itself and to increase the revenues going into the local community (by higher fees for quality tours). Monitor and report this economic contribution to the community and set targets to increase it annually.
- (d) Develop a local social contract for interactions and behaviour between the local community and tourists (including responsible bargaining),

developed with the participation and contributions from the community, and display it prominently for visitors and publicly within the community.

- (e) Create opportunities for visitors to interact with locals in an unstructured, spontaneous manner (e.g. through sporting activities, visits to local schools, shebeens, taverns, restaurants in townships).
- (f) In accordance with the Batho Pele principle, provide visitors with inclusive, honest and reliable information about history and contemporary life in South Africa, local tourism attractions and facilities.
- (g) Promote a sound, proud, service ethic among all participants in the tourism sector.
- (h) Promote and ensure the respect and dignity of people in the development, marketing and promotion of tourism.
- (i) Ensure that tourism does not undermine the resource rights, traditional knowledge and skills of local communities.
- (j) Negative social and cultural impacts associated with tourism, such as increased crime, drug and alcohol abuse, prostitution, and crime should be monitored and be proactively addressed in cooperation with the community.
- (k) Educate tourists regarding local culture and where necessary make them aware of how they should behave to respect it.
- (l) The exploitation of human beings in any form, particularly sexual and when applied to women and children, should be energetically combated with the co-operation of all concerned.

## 18.5 **Guiding Principles for Environmental Responsibility**

Responsible tourism implies a proactive approach by the tourism sector to the environment through the promotion of balanced and sustainable tourism. This is particularly important where the focus of the tourism sector and of the activities of tourists is the natural environment, as is the case with wildlife viewing, hunting and marine tourism. There are particular challenges in making nature based tourism sustainable. Responsible tourism development has to be underpinned by sustainable environmental practices. In the environmental sphere only conservative decisions based on the precautionary principle can be considered responsible.

Cultural heritage is also part of the environment, and the responsibility of the tourism sector towards the cultural environment was considered in the social responsibility guidelines.

Central to environmental responsibility is thinking about the life cycle impact of an enterprise or product, and so these guidelines apply to the stages of design, planning, construction, operation and decommissioning. The process of managing the business should be fully integrated with environmental management, throughout the project life-cycle (from conceptualization to decommissioning). In constructing concessions and leasehold developments it is particularly important to ensure that during decommissioning it will be possible to remove all structures and restore the area. Larger businesses should be using Environmental Management Systems to exercise environmental responsibility; for businesses above a defined size in each sector it would be irresponsible to operate without one.

All tourism enterprises can make a contribution to environmental sustainability by exercising care in purchasing decisions – by seeking out and supporting responsible producers of the products that are required to run the enterprise, and by making clients aware of the responsible purchasing policy. The practical guidelines and indicators that follow are organized around the key environmental elements of responsible tourism identified in the 1996 White Paper.

## **18.6 Environmental Objectives and Indicators**

### **18.6.1 Assess environmental impacts as a prerequisite to developing tourism**

- (a) Plan new developments only in areas where the use of water and other natural resources for tourism will not conflict with local community needs, now or in the foreseeable future. Integrate environmental management into the project planning cycle.
- (b) Follow best practice guidelines on the design, planning and construction of buildings and associated infrastructure to minimize environmental impacts and to reduce energy requirements for lighting, cooling and heating.
- (c) Use local materials (where sustainable) and local architectural styles on a scale that does not create a negative aesthetic impact.
- (d) Avoid damaging the environmental quality of the enterprise's

neighbourhood by noise or light pollution.

- (e) Design buildings with natural ventilation and actively plan to reduce resource use during the construction and operational phases. Tell visitors what has been done to make the enterprise more environmentally friendly. Quantify the resources “saved”.
- (f) Plan new developments to have the lowest possible ecological impact, particularly in environmentally sensitive areas such as the coastal zone, indigenous forests, wildlife habitats and wetlands. Minimize the transformation of the environment around the enterprise.
- (g) When developing plans for a new enterprise include elements which contribute to the maintenance of biodiversity by planting local indigenous and non-invasive species which provide habitats for birds, bees, and butterflies.

#### 18.6.2 **Use local resources sustainably, avoid waste and over-consumption**

- (a) Meter the quantity of water consumed and manage consumption and leakage so as to reduce water consumption by 5% per annum for 3 years, and report water consumption and performance in monitoring.
- (b) Measure electricity consumption and introduce energy saving measures to achieve 5% reduction in use per annum over three years. This can be done by for example dimming lights, using low energy appliances and light bulbs and enhancing the use of natural ventilation.
- (c) Monitor the use of diesel, paraffin and petrol and set targets to reduce consumption and switch to less polluting fuels.
- (d) Set targets to increase the proportion of energy used from renewable resources – for example solar, wind, hydroelectric (increase by 10% over 3 years). Sustainable use of wood, from indigenous and plantation forests is complex, and great care needs to be taken.
- (e) Install and showcase appropriate technology to reduce consumption of natural resources, production of waste and incidences of pollution.
- (f) Monitor the sewage system and demonstrate how pure the outflow back into the environment is. If the enterprise has one, make the reed bed a valuable habitat feature.

- (g) Set percentage targets and time scales for the reduction of waste produced, levels of recycling and reuse of waste from the enterprise. Set appropriate targets for reduction and/or recycling of waste produced per year for paper (5%), plastics (5%), metal (5%) and glass (5%). Report on progress towards 15% targets over 3 years.
- (h) Work with suppliers to minimize the amount of packaging purchased with supplies, and therefore reduce the amount of waste that needs to be disposed of. It may be appropriate for trade associations to conduct these discussions on behalf of members.
- (i) Reduce “food miles” by using locally produced food.
- (j) Enterprises should assist conservation by investing in sustainable trails, hides and interpretation. Tell visitors what the enterprise is doing, and claim credit for activities.
- (k) Encourage the use of environmentally friendly transport.

### 18.6.3 **Maintain and encourage natural diversity**

- (a) Encourage visitor behaviour that respects natural heritage and has a low impact upon it.
- (b) Discourage the purchase of products that exploit wildlife unsustainably or contribute to the destruction of species or habitats (e.g. some handicrafts; bush meat).
- (c) Look for ways in which the enterprise and its guests can assist with the conservation of natural heritage, for example through removing litter.
- (d) Invest a percentage of profits or turnover in species conservation or habitat restoration and management. Report the investment, and try to increase this by 5% per year.
- (e) Avoid pollution by using environmentally friendly chemicals, and by using biodegradable soaps and detergents – tell visitors and staff why the enterprise is doing this and how it benefits the environment.
- (f) Work with conservation authorities to ensure that visitors to natural heritage areas are aware of the impacts that they may have on the ecology of the area and how they should behave in order to minimize those impacts.

- (g) Ensure that relevant members of staff are familiar with the issues and ways of avoiding environmental impacts – they should abide by the advice and communicate it to guests, and use the services of companies that abide by local environmental Best Practice.
- (h) Do not market tourism resources to encourage tourists into ecologically sensitive areas which are vulnerable to irresponsible tourism practices, particular sports or recreational uses discourage these activities (e.g. irresponsible 4x4 use, hunting, diving or sand boarding).

## 19. ANNEXURE C - ENVIRONMENTAL GUIDELINES FOR PRIVATE PARTY'S OPERATION WITHIN THE SOUTH AFRICAN NATIONAL PARKS

### **Part 1 – Institution's Environmental Guidelines for the Protected area and Project site:**

The Private Party should outline the Environmental Guidelines that will be applied to the Protected Area and Project Site – as referenced in the RFP under the Development and Environmental proposal. The following is the minimum that should be contained in the PPP Agreement:

- The process that the Private Party will follow to obtain the required authorisations. The different authorisations should also be outlined;
- The Development and Environment Proposal must be sufficiently detailed regarding key aspects of the development to enable evaluation at the time the Bids are reviewed. Development and Environment Proposals lacking sufficient detail may be disqualified. These should include but are not limited to the location of all bulk services such as electricity, water, sewerage etc;
- All EIA findings and recommendations, including the detailed Environmental Management Plan (EMP) that addresses both the Restoration, Renovation and Refurbishment and Operational and Maintenance Phases of the development, should be incorporated by reference and in full to the PPP Agreement; and
- SANParks requires the Private Party to appoint an ECO during both the Construction, Operational and Maintenance Phases.

### **Part 2 – Park Management Plan**

The Park Management Plan forms an integral part that should be taken into consideration when operating in a park. It should be noted that the Park Management Plan was completed in 2008 but updates are made on a regular basis.

### **Part 3 - The Specific Environmental Requirements and Guidelines for the Project**

#### 19.1 Introduction

SANParks, in line with its Strategic Plan for Commercialisation, is granting a

concession for a Hotel in the Malelane area of the Kruger National Park. As the custodian for the Parks, however, SANParks will retain broad oversight responsibility for the land on which the facilities will be built. In this context, SANParks has established Guidelines for the Construction, Operational and Maintenance phases of the PPP opportunity.

## 19.2 Legislative Basis for these Guidelines

SANParks is bound by a number of statutes with relevance to environmental and conservation management of Parks, including (without limitation) the National Environmental Management: Protected Areas Act, 2003 (Act no. 57 of 2003) (NEMPAA); the National Water Act 36 of 1998; the Water Services Act, 108 of 1997; the National Environmental Management Act, 107 of 1998 (NEMA); the National Environmental Management: Air Quality Act; the Hazardous Substances Act, 15 of 1973; and the National Heritage Resources Act.

Authorizations of any developments in a Protected Area are governed by the NEMA and the NEMPAA, and regulations. Any changes to infrastructure or operations require written approval from SANParks and are subject to the prescribed policies and procedures. This includes the Kruger National Park water use policy.

The process of development of new lodges in the Malelane area will be undertaken as per SANParks' internal policies and procedures, and authorizations given by the Department of Environmental Affairs and Tourism (where relevant) and by SANParks.

Key requirements resulting from these various statutes are discussed below.

The South African Department of Environmental Affairs and Tourism (DEAT) has adopted an Integrated Environmental Management (IEM) Procedure<sup>21</sup> to guide the planning and implementation of development proposals. According to DEAT, the purpose of the IEM procedure is *“to ensure that the possible environmental consequences of development proposals are investigated and understood before decisions are taken, enabling informed decision-making and accountability for decisions taken.”* The IEM procedure applies to a prescribed set of activities, as well as to any development that might affect a “designated area or feature,” one of

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<sup>21</sup> See Department of Environment Affairs, 1992. *The Integrated Environmental Management Procedure* (Guideline document 1) and the *Integrated Environmental Management Guideline Series* (Guideline documents 2-6).

which is “*national, provincial and municipal nature reserves.*”

A key component of the IEM procedure is the preparation of an Environmental Impact Assessment (EIA) of the proposed development. Under the IEM framework, EIA's must be prepared for prescribed activities and/or activities that might affect a designated area such as a national park. In March 1994 DEAT published draft legislation for compulsory EIA's. In April 1998, under the authority of the Environment Conservation Act, DEAT promulgated a Guideline Document for implementing the EIA regulations.<sup>22</sup> The Guideline Document further specifies activities for which an EIA is required to include “*public and private resorts and associated infrastructure,*” where a resort is defined as “a place frequented by people for holiday, recreation, health or similar purpose.” Under the EIA Guidelines, EIA's must be prepared by an independent consultant.<sup>23</sup>

The EIA for each Project Site must rely on detailed information provided by the Private Party in the Development and Environment Proposal, supplemented by specialists' reports and input from interested and affected parties (IAPs) during the EIA process.<sup>24</sup> The Development and Environment Proposal must be sufficiently detailed regarding key aspects of the development to enable evaluation at the time the Bids are reviewed. Development and Environment Proposals lacking sufficient detail may be disqualified.

The EIA's for all Project Site developments will be reviewed by DEAT, the “relevant environmental authority” as defined in the EIA Guideline documents.<sup>25</sup> SANParks also will have a role in the review of the EIA's, both as an IAP and as the regulatory authority with jurisdiction over the Parks. All EIA findings and recommendations, including the detailed Environmental Management Plan (EMP) that addresses both the Construction and Operational Phases of the development, will be incorporated by reference and in full to the PPP Agreement.

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<sup>22</sup> Department of Environmental Affairs, 1998. *Guideline Document: EIA Regulations - Implementation of sections 21, 22 and 26 of the Environment Conservation Act.*

<sup>23</sup> Under the Guidelines, the definition of “independent consultant” is: “A consultant not in the permanent service of the applicant [i.e., the developer]. In addition a consultant ceases to be independent if (1) involved in any design or work of the same project; (2) earns more than 50% of his or her income from the same company; (3) payment depends on the successful authorisation of the application [i.e., the development].”

<sup>24</sup> The recently promulgated *National Environmental Management Act* (No. 107 of 1998) reiterates the need to consider input from IAPs: “The participation of all interested and affected parties in environmental governance must be *promoted* (chapter 1(4)(f)), emphasis added); and “Decisions must take into account the interests, needs and values of all interested and affected parties...” (chapter 1(4)(g)).

<sup>25</sup> In the case of the SANParks Project Sites, the ‘relevant environmental authority’ for review of EIA's conducted in National Parks is the national Department of Environmental Affairs and Tourism.

Apart from the EIA, SANParks might request the Private Party to compile an Operational Management Plan (OMP) according to SANParks requirements to ensure alignment with the Park's Management Plan, corporate policies and all procedures and standards. Pre-ceding this, SANParks may request that a risk analysis be conducted and this will inform the contents of the OMP.

### 19.3 **Guidelines Based on SANParks Internal Requirements**

SANParks anticipates that national EIA regulations will adequately cover many of the issues that will arise during the assessment of Project Site developments within the Parks. In addition, SANParks has undertaken a review of its internal policies that may impact on Project Site developments.

As a result, some of the Guidelines contained herein flow from internal SANParks management documents, such as the Kruger National Park Management Plan. In some instances, however, these documents were neither sufficiently comprehensive nor sufficiently detailed to provide clear guidance as to the allowable parameters for development by commercial operators. Where this occurred, SANParks undertook an internal effort to develop the necessary Guidelines.

A series of workshops was held with conservation staff from within SANParks, and specifically from KNP, who assisted in establishing standards to be applied to commercial tourism developments within the Parks. Draft standards were reviewed by a wide range of professionals within SANParks, including the Manager, Environmental Management, and Park rangers and staff from Scientific Services, Conservation Services, Park Planning and Technical Services. The Guidelines contained herein are the result of these efforts.

The Environmental Guidelines set out and referred to in this document must be regarded as a first step in SANParks' efforts to compile a comprehensive Environmental Management System (EMS) for the entire Parks. Once in place, the EMS likely will be modified and refined over time, as and when needed to take into account new information, standards and conditions. Private Parties must be aware, therefore, that the terms and conditions set forth in these Guidelines are subject to amendment. Private Parties will be expected to comply at all times with the provisions of the Environmental Guidelines as they may change from time to time.

The remainder of this document presents the specific standards or parameters that

the Private Party will be expected to apply to activities in its Project Site.

#### 19.3.1 **Precautionary Principle**

Ecological and natural resource processes are not always clearly understood, nor are the interactions among such processes. SANParks recognises that issues may arise suddenly, or circumstances change, due to limitations in current knowledge. SANParks has endeavoured to identify these limitations wherever possible, and to design the concessioning process in a way that minimises the environmental risk to the national assets under its control. However, situations may arise where changes which have not been anticipated may cause SANParks to require adaptations to the management of the area.

#### 19.3.2 **Preparation of an Environmental Management Plan**

The Republic of South Africa's IEM Guidelines require that the EIA report for each Project Site include a detailed Environmental Management Plan (EMP).<sup>26</sup> The EMP typically becomes part of the Record of Decision (ROD) prepared by the relevant environmental authority that reviews the EIA report (in this instance, DEAT). The ROD is a legally binding agreement between the project developer and the environmental authority, and becomes the basis for monitoring compliance with the recommendations of the EIA both during the Construction and Operational Phases. The EMP will form the basis of the environmental performance conditions in the PPP Agreement between the Private Party and SANParks. The EMP must address both the Construction and Operational Phases.

#### 19.3.3 **Appointment of an Environmental Control Officer**

Sponsors of many large scale developments undertaken in the Republic of South Africa in recent years have appointed an Environmental Control Officer (ECO) to ensure that mitigation measures and other requirements set forth in the EMP are adhered to. SANParks endorses this measure and will require all Private Parties to appoint an ECO during both the Construction and Operational Phases. The cost of the ECO shall be borne by the Private Party.

The individual appointed must be an independent consultant, as defined by the EIA Guidelines (see fn. 3 above), and be acceptable to SANParks. During the Construction Phase the ECO shall submit monthly reports, and during the Operational Phase the ECO shall submit twice-yearly reports. In both cases, reports must be submitted to both SANParks and the Private Party.

#### 19.3.4 **Code of Conduct**

The KNP Code of Conduct provides comprehensive rules and regulations applicable to KNP and the Private Parties alike. The Code of Conduct is considered to be internal rules and regulations in terms of the NEMPAA and is legally binding. All staff and personnel associated with the Private Party is obliged to comply to the requirements of the Code of Conduct at all times.

#### 19.4 **Environmental Guidelines and Specifications**

Environmental impacts will occur during both the Construction and Operational Phases of the development. These impacts and the Guidelines that apply to each are described below.

##### 19.4.1 **Cultural and Natural Resources**

SANParks is not presently aware of any cultural or archaeological sites within the Project Site that will preclude development. A more detailed survey will be required during the EIA process, however, and must include a specialist report on the cultural and archaeological resources that occur in the Project Site. Prior to commencement of the Construction Phase, the Private Party shall be responsible for arranging a pre-construction 'walk through' of the Development Site by a qualified archaeologist to identify undocumented cultural or archaeological resources.

The Private Party's construction supervisors and crews must be trained to recognise cultural resources, in the event of 'chance finds' during construction. If the Private Party discovers undocumented cultural sites or artefacts of any type at any time during the Development Period and Project Term, these must not be disturbed, damaged or removed. All such finds shall be brought to the

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<sup>26</sup> See Department of Environmental Affairs, 1992. *Guidelines for Report Requirements* (volume 3), section 4.2 (p.17).

immediate attention of the Section Ranger or other relevant SANParks staff member and this could lead to the construction temporarily being stopped.

#### 19.4.2 **Natural Environment Manipulation**

PPP Project Site developments and activities must adhere to all relevant SANParks rules regarding natural environment modification and habitat manipulation. In the context of commercial tourism developments, several requirements must be emphasised. No bush clearing is allowed, either to enhance game viewing, obtain firewood, or for any other purpose. Limited bush clearing will be allowed within the Development Site for the purposes of clearing and levelling prior to the Construction Phase, subject to any restrictions identified by the EIA and included in the EMP. Introduction of alien vegetation is not permitted under any circumstances.

During the operational phase gardening must be according to the KNP Code of Conduct, as follows:

**“Large rest camps, gates and border posts:** Landscaping and cultivation are allowed, but only within the following limits:

- I. Trees: All trees are to be restricted to those known to be indigenous within the landscape in which the camp is situated, i.e. indigenous tree species that occur within a 20 km range from the camp.
- II. Shrubs: Any shrub occurring naturally in the KNP.
- III. Flowers: Flowerbeds must be restricted to the absolute minimum and only flowers indigenous to the Lowveld and the Mpumalanga and Limpopo escarpment ecosystems, as well as adjoining river catchments are allowed. The planting of indigenous aloes is encouraged.
- IV. Lawns: Lawns should be restricted to Couch Grass or “Kweek” (*Cynodon dactylon* – preferred lawn grass due to its resistance to droughts) and Coastal Buffalo Grass (*Stenotaphrum secundatum*) in sunny areas and L. M. Grass (*Dactyloctenium australe*) in shady areas. Kikuyu Grass is an alien and not allowed.”

Baiting of wildlife is not permitted.

A survey of the natural resources occurring in the Project Site must be undertaken by appropriate specialists during the EIA. The purpose of such a

survey is to ensure that no rare, threatened or endangered species or habitats will be affected by construction-related disturbances to the natural environment.

#### 19.4.3 **Carrying Capacity**

The Private Party must adhere to the bed limit that SANParks has established for the particular Project Site. It must be noted that the bed limit **includes** all staff beds used in SANParks rest camps, and relates to the ***maximum number of persons on the Project Site at any point in time***. The Development and Environment Proposal must include (i) the number of guest and staff beds the Private Party intends to have within the Project Site, and (ii) the number of staff the Private Party intends to house elsewhere.

SANParks acknowledges that tourism operations of the type to be operated in these PPPs generally have approximately 25% of their resident staff on leave at any given time. SANParks will take this 25% leave factor into account in determining the actual number of beds at each PPP. In other words, *if a site has a carrying capacity of 100, of which 70 beds are allocated to guests and 30 to staff, then a design that proposes 40 staff beds (to accommodate the 25% leave factor) will be acceptable*. SANParks will expect that the limit of 100 persons is respected, however, and failure to respect it will constitute a breach of the contract. *This factor applies to all PPPs.*

#### 19.4.4 **Visual Impacts**

Any development within the Parks must take due cognisance of the visual impacts it may have on surrounding areas and other Park users. The Private Party will be provided with a selected site, however, the site will be subject to the findings of the EIA process.

SANParks has based its guidelines for visual impacts on interpretations of existing management documents, specifically on the KNP Management Plan section on *Recreational Opportunity Zoning (ROZ)*. ROZ zoned all of KNP into categories of 'Recreational Opportunities' representing different degrees of 'wilderness qualities' ranging from '*wilderness areas*' to '*high density development areas*.'

In terms of zoning, the Private Party should take cognisance of the following:

“High Intensity Leisure zones” are defined as follows: “Large camps with fully equipped self contained units. Interpretative centres, restaurant, shops ...”. Wilderness is defined as an area “...in which small groups can hike on foot and overnight anywhere in self-carried tents with a ‘no trace left’ camping ethic.”

These definitions suggest that no developments should be visible from wilderness areas. It is assumed that ‘visible’ means to the naked eye as well as glares of lights at night. The structures also must not be visible from existing public Park roads.

Irrespective of the zonation designation of the area, SANParks believes that visual impacts must be reduced further by utilising aesthetically pleasing structures that blend into the environment. For example, structures that break the skyline will be more visible than will those that lie below the treeline. Careful design both reduces visibility over large distances and affords the Private Party an attractive product that satisfies guests’ desire to enjoy a ‘wild’ experience. Developments that are well hidden within broken topography, hills, or mountains result in less visual impact than those situated on hilltops or plains. The EIA must specifically address the visual impacts of all structures, lights, signage and other significant aspects of the development, and the Private Party must implement the mitigation measures set forth in the EIA in regard to visual impacts. The Development and Environment Proposal must contain sufficient detail regarding the design, location, and orientation of all structures to enable evaluation during the Bid evaluation process.

The building style -- structure, materials and design -- must be in harmony with the environment including relief, local culture and physiognomy. The height of buildings is important. Only single story structures are permitted.

There are many ‘unnatural’ features visible from within many Project Sites, and the Private Party must consider these features in siting the development, so as to reduce their visual impact on guests.

#### 19.4.4.1 Building Materials

The use of building materials sourced from within the KNP will not be permitted as a general rule. In exceptional circumstances, it may be appropriate to use certain local materials such as thatch. In such instances, the use of such materials must be subject to the findings of the

EIA, and the Private Party must obtain written approval from SANParks.

19.4.4.2 Lighting

Developments that blend into the landscape during daylight hours may nonetheless be visible over long distances at night as a result of artificial lighting. The Private Party shall therefore take the impacts of lighting into consideration in siting and designing the development. Such impacts can be minimised, for example, by utilising reflected light off low reflective surfaces. Lights illuminating pathways and other areas must be low to the ground and directed downwards. The design must consider the need to obscure fires and other light sources away from areas of the Park where they may be visible.

19.4.4.3 Lightning Arrestors and Radio Masts

Such structures likely will be required at most developments to comply with insurance provisions and ensure adequate communications. If the Private Party envisages a need for such structures, same shall be included in the Development and Environment Proposal. The visual impacts of any and all such structures must be assessed fully in the EIA.

SANParks is well aware that standards and "best practices" with regard to telecommunications technology are currently changing at a rapid pace. SANParks is currently in the process of determining which sorts of communications are most appropriate within a National Park. The Private Party acknowledges, therefore, that SANParks' determination as to what is acceptable may change over time, and that it will be expected to comply at all times with recommended "best practices."

19.4.5 **Bulk Infrastructure**

19.4.5.1 Electricity

Provision of electricity from the national grid to a Project Site can have a significant environmental impact. The Private Party shall ensure, therefore, that if electricity is brought into the Project Site, the environmental impacts of doing so are considered fully.

For this development only underground cables from the national grid will be considered. These must be brought to the Development Site along the route with the lowest cumulative impacts, as determined by the EIA, but preferably along the access road.

SANParks envisages that, for some Project Sites, alternative energy sources will be the only viable alternative option, especially in the light of frequent power cuts. Solar power or generators generally will be the most practical of these. Some Project Sites already have solar power that may prove adequate for the proposed development. If new solar panels are installed, their visual impacts must be considered, along with the disposal of batteries and their by-products, in the context of the EIA. The size of the development must take into account the limitations of these alternative sources, with the likely result that smaller developments will be most appropriate for certain Project Sites. Generators will be permitted, although the potential environmental impacts (noise, potential contamination from oil and fuel spills) must be considered in the EIA and effective mitigation measures implemented to address these impacts.

#### 19.4.5.2

##### Water

Reliable water of good quality and sufficient quantity is essential for any tourism development. Identification of an adequate source of water must be a key factor in determining where a development should be sited. Water is a limiting factor throughout the Republic of South Africa, and the Project Site's 'carrying capacity' in respect to available water resources must be a major issue for consideration in the EIA.

Given constraints on water supplies in many areas where National Parks are located, and especially along the Crocodile River, SANParks will insist on systems that enable reuse of treated water. Indeed, no matter how abundant the water supply, SANParks encourages Private Parties to implement water conservation measures in the design of their developments. This will include recycling of grey water for flushing of toilets and water for garden irrigation and other water-intensive amenities. As a general rule, total water extraction from any and all sources within the Park must be limited as per the KNP water policy for concessionaires. The number contained in this policy must be viewed as a *maximum*, and

Bidders are encouraged to take steps to keep actual water use below this amount. Gardens, lawns and water features must be designed to meet this limit.

The proposed source(s) of water for both the Construction and Development Phases must be presented in the Development and Environment Proposal. It is envisaged that this will be from the Crocodile River. One artificial water feature to attract game may be supplied from an additional quota, subject to the capacity of the water source(s) as determined by the EIA. Under the provisions of the National Water Act,<sup>27</sup> South African law requires that a permit be obtained from the Department of Water Affairs and Forestry (DWAF) for use of water from both surface and underground sources. The DWAF permit requirement applies to both new Project Sites and existing developments, and to sources within and outside of the Park. SANParks will monitor all water extraction points. The Private Party must therefore ensure that appropriate meters are installed at all extraction points and that these are functional at all times. If the extraction limit proves insufficient, the Private Party must reduce water use. High use activities such as laundry must be outsourced from the inception of the project. In extreme cases the number of tourists accommodated at a particular Project Site may have to be reduced, either permanently or temporarily during severe dry periods. In cases where certain activities of the Private Party are being undertaken away from the Project Site (e.g., laundry) but on other SANParks property, the overall quota will apply *collectively* to all water sources used by the Private Party.

If water is supplied to the Project Site from a distant source, the EIA must consider the impacts of the supply pipeline. It is important to remember that elephants occur in abundance in the KNP and any underground water pipes must be buried to a minimum depth of 1 meter to ensure that they are not unearthed or otherwise damaged.

#### 19.4.5.3 Water Sources for Attracting Wildlife

SANParks reserves the right to close any water features as necessary to carry out its Park management activities. Every effort will be made not to

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<sup>27</sup> Government of South Africa, 1998. *National Water Act (No, 36 of 1998)*.

close water features in the Project Sites over the life of the Development Period and Project Term. The EIA must include an assessment of any artificial water features. The exact design, size and location of new water features must be determined in consultation with SANParks.

In cases where an artificial water feature is destroyed by natural causes, SANParks will allow the Private Party to develop an alternative source for the remainder of the Development Period and Project Term. The location of this alternative feature must be determined in consultation with SANParks, and the cost of developing it will be for the Private Party's account, as will routine maintenance of all such features.

#### 19.4.6 **Communications Infrastructure**

##### 19.4.6.1 Telephones

Given the increasingly widespread availability of microwave and other wireless telephone systems, Private Parties must make use of these types of systems for their telephonic communication needs. The Ruhrtel system used by Telkom is available in most Project Sites. The Private Party must arrange for service with the appropriate telephone company.

##### 19.4.6.2 Radios

Most Private Parties will require radios for communicating with their staff in the field, and for maintaining contact with relevant SANParks staff in the event of emergencies. It must be noted that, in addition to normal South African licensing laws, the Private Party will require permission from SANParks to operate any radio frequency within a National Park.

Private Parties may not utilise SANParks radio networks. SANParks will, however, add the Private Party's channel to the relevant Park's radio network, to enable the Private Party to contact both the Section Ranger and Regional Ranger in the event of an emergency. The cost of adding a channel to SANParks' network will be for the Private Party's account. Installation of radio masts is a prescribed activity under the Republic of South Africa's EIA Guidelines.

## 19.4.7 **Waste Management**

### 19.4.7.1 Liquid Wastes

The Private Party must provide a wastewater management system capable of ensuring that liquid wastes are treated to a level that meets or exceeds South African water quality regulations prior to discharge or reuse. Sufficient detail regarding the proposed sewerage system must be provided at the time the EIA is undertaken to enable the EIA consultant to evaluate the soundness of the proposed approach. SANParks prohibits the use of either French drains or French drains used in conjunction with septic tanks at any Project Site. Given constraints on water supplies in many areas where National Parks are located, SANParks encourages the use of systems that enable reuse of treated water. The Private Party must make provision for monitoring the quality of wastewater discharge, on at least a monthly basis, by a qualified, independent body acceptable to SANParks. Monthly monitoring reports must be made available to SANParks, which will oversee compliance with relevant standards.

Fuels, solvents and other liquid wastes (e.g., used oils from vehicles) may be stored on site in vessels equipped with secondary containment structures to prevent contamination of soil, groundwater and surface waters due to accidental spills or releases. These must be removed from the Project Site and disposed of in accordance with all applicable national, local or SANParks requirements.

The Development and Environment Proposal must include an estimate of the approximate volume of wastewater that the development will produce daily, as well as a description of the method of treatment and recycling that the Private Party intends to install.

The EMP must include a liquid waste management plan for both the Construction and Operational Phases, which will be monitored by the ECO.

### 19.4.7.2 Solid Wastes

SANParks encourages Private Parties to implement a policy of sorting and recycling solid wastes. Wastes that cannot be recycled must be

removed from both the Project Site and the Park and disposed of appropriately. Landfills are not permitted in any Project Sites. Biodegradable wastes must be disposed of in approved waste sites outside the Park.

The Private Party must include in the Development and Environment Proposal estimates of the volumes of solid waste, for different waste categories, that the development is expected to generate. Solid wastes may need to be stored before being processed or removed from the Project Site. In these instances, the storage facilities must be secured from wildlife and ensure pollution does not arise. SANParks has developed appropriate design standards and specifications for such storage facilities. The EIA must address the siting and design of all storage facilities.

Solid waste management during both the Construction and Operational Phases, including site rehabilitation after construction is completed, must be addressed in the EIA and included as items in the EMP.

#### 19.4.8 **Roads and Tracks**

SANParks will allow the construction of one road to the Project Site, both for access to and from the Project Site for guests and supplies, as well as for guided game viewing for guests. The Private Party must take responsibility for maintaining same to SANParks' satisfaction (as per the Roads Manual).

##### 19.4.8.1 Siting and Design of Access Road

Roads and tracks can have a major impact on ecosystems, particularly in terms of erosion and sedimentation of local watercourses, creating corridors for alien vegetation, disrupting migration routes, road kills, etc. To minimise these impacts, the siting of the new road must take into account the type(s) of soils, presence of water, and other factors related to the degree of impact it will have. The new road must be subjected to a detailed assessment as part of the EIA process. Roads shall be sited on soils conducive to road development (such as those that are not highly erodible or with lower clay contents) and which will enable access throughout the year. Such roads will generally entail the lowest cost both

in terms of construction and maintenance, and likely will result in fewer negative environmental impacts.

#### 19.4.8.2 Standards for Roads and Tracks

The type of road built must be consistent with the use for which it is intended, and must comply with relevant Park standards. The Private Party must indicate in its Development and Environment Proposal the type and quantity of traffic that is expected on this road. The design, layout, construction and maintenance of roads will vary among Project Sites (refer Roads Manual).

The road must be kept to the narrowest width possible to accommodate one vehicle at a time. Wide roads are costly, not in keeping with the type of product being offered, and typically have greater environmental impacts and higher costs. The road must be designed with minimal disturbance to the environment as a priority.

If possible the road must be built with in situ material rather than by importing gravel into the area, because of the potential environmental impacts, possible introduction of alien species, and cost of transporting such materials. In some areas, however, it may be necessary to import gravel for hardening and capping certain sections of the road to ensure year-round access. The location of 'borrow pits' or quarries for this purpose must be done in consultation with Park staff and subject to an EIA, which will also address maintenance, management and final reclamation of all roads and tracks. If gravel must be imported from outside the Park, the Private Party must notify SANParks, and SANParks will ensure that the gravel comes from an acceptable source.

The Private Party must indicate in its Development and Environment Proposal that it agrees to abide by the limits set for the new road to be developed. Detailed siting, alignment and 'ground truthing' of the road will be done at the time the EIA is conducted, in conjunction with the relevant Section Ranger and SANParks soil scientist.

#### 19.4.9 **Fire Management**

Natural veld fire management is an important concern at all Parks, and a major

policy and operational issue at Parks such as Kruger and Golden Gate. The KNP uses a patch mosaic fire policy and certain areas are burnt by rangers on an annual basis. SANParks recognises the need to balance the intent of its fire management policies with the understandable desire of the Private Party to protect its investment in the event of a major fire. SANParks agrees that:

- lightning ('natural') fires in the KNP must be allowed to burn;
- consistent with current policy, however, SANParks will endeavour within its capacity to ensure that the area in the vicinity of the Project Site do not burn every year as a result of the approved patch mosaic programme, although it may still burn due to lightning; and
- the Private Party must implement fire prevention and life safety measures on the Project Site that comply fully with South African standards (SABS 0400).

Natural fires may not be controlled, except in the immediate surrounds of the Project Site, and/or to save human life or property. Control of natural fires that occur elsewhere in the vicinity of the Project Site is the responsibility of SANParks. Under no circumstances may a Private Party attempt to control natural fires without SANParks consent and direction. SANParks encourages Private Parties to train their staffs in fire protection and response techniques, and to make staff available to assist SANParks in fire response activities.

The EIA must address issues relating to fire safety and management as they apply to the Project Site. At the time the EIA is undertaken, the Private Party must subject its designs and safety specifications to a 'fire safety audit' carried out by a qualified fire safety expert. Should this expert make any modifications or recommendations, these must be incorporated into the EMP.

#### 19.4.10 **Staff Issues**

##### 19.4.10.1 Construction Workers

SANParks will make arrangements for gate access to the Project Site for all permanent and casual workers involved in the Construction Phase. The total number of people to be employed on site during Construction must be provided and addressed in the EIA. The EIA will assess all of the key Construction issues, including access to site, temporary accommodation, source of water, provisions for solid and liquid waste

removal, etc. The Private Party must abide by all of the recommendations presented in the EMP. SANParks will require the Private Party to maintain close communication and co-ordination with Parks staff throughout the Construction Phase.

#### 19.4.10.2 Staff Accommodation

The Private Party must accommodate as many staff as practical off-site, as doing so commonly reduces the environmental and social impacts of the development. Only staff that are essential for the operation of the Project after normal KNP gate closing times are to be housed on site. All staff accommodation must comply with national building regulations and standards. SANParks will allow only single accommodation units; no dormitory structures will be permitted. This restriction applies to all Project Sites, including those utilising tented structures. On-site staff accommodation requirements, including design and location of all units and associated facilities, must be included in the Development and Environment Proposal. The Development and Environment Proposal also must indicate the number of people to be accommodated on site, including family members. The health and safety of staff and their families must be ensured at all times, including when commuting between accommodation facilities and place of work.

#### 19.4.10.3 Collection of Natural Resources by Staff

No natural resources may be collected and used within any Park without written approval from SANParks. Specifically, the collection of firewood for cooking and other uses is not permitted, during either the Construction or Operational Phase. If firewood is brought in from outside the Park, it must be done in accordance with relevant Park policies. Some Parks may only permit the use of firewood from approved alien vegetation clearing operations.

#### 19.4.10.4 Staff Health and Safety

The Private Party must implement a staff medical plan that complies with the Health and Safety Act. The Private Party also must have an emergency medical evacuation policy that covers both guests and staff in the event of a serious injury or acute medical emergency. Relevant staff

must be trained in and aware of this policy. All buildings, vehicles, machinery and other structures (including their operation) must comply with relevant South African legislation and standards. The design, construction and layout of facilities must take cognisance of dangerous animals that occur at all the Project Sites.

#### 19.4.11 **Access**

##### 19.4.11.1 Park Entrance Gates

All guests, deliveries and other vehicles entering the KNP will have to do so through SANParks designated or otherwise agreed entrance gates. In general, standard opening and closing times will apply. The Private Party may negotiate special provisions with SANParks to accommodate late guest arrivals or to allow staff to leave the Park outside of normal hours. Such provisions must be agreed in writing by the relevant Park Manager. All Project Site guests must pay relevant Conservation levies, although SANParks will allow Private Parties to pay these fees on a monthly basis rather than at the time of entry. Such entry fees are separate from and in addition to the PPP Fee. Private Party staff commuting to and from the Project Site to carry out the terms of their employment do not pay Conservation levies.

Control of gates lie with SANParks. For some Project Sites, access by guests and staff may be required beyond normal gate opening times. SANParks will allow extended access times under the following conditions:

Extended gate opening times to accommodate late arriving or early departing guests, as well as staff commuting to and from work, will be permitted subject to the approval of SANParks.

Any additional costs that SANParks may incur as a result will be for the Private Party's account.

An extended permit to enter or leave outside of normal gate times must be obtained from the Park Manager. This permit may impose additional limitations to those defined herein, such as speed limits, type of vehicles permitted, and other operational provisions.

The Private Party must ensure that only designated staff are permitted to transfer guests and staff, either in Private Party vehicles or in a convoy between the Project Site and a specified exit/entry point to the Park. All designated staff must be identified on the SANParks permit. Such staff must observe all normal speed limits and other traffic regulations. In addition, staff must be made aware of the environmental and conservation issues relating to night driving, especially with regard to other Park users (i.e., on night drives), and animals and birds that may be temporarily blinded by vehicle headlights. Deviating from the designated route will not be permitted.

19.4.11.2 Access by Private Aircraft

Air traffic over and into all National Parks is limited by law. No private aircraft may land except at designated landing areas. As a general rule, private airstrips or helipads will not be permitted within the Project Sites.

The Private Party is entitled to use the 1.2 kilometre airstrip that is situated about 10 kilometres north of the current lodge at the Malelane.

19.4.11.3 Access to Project Sites by SANParks staff

SANParks staff or their agents will have access to all Project Sites at all times for the purpose of carrying out normal management activities.

19.4.12 **Private Party Vehicles**

19.4.12.1 Vehicle Standards

All Private Party vehicles must conform to minimum standards, as detailed below.

- All drivers must be in possession of a license for the category of vehicle they are operating, and of SANParks permits for both the vehicle and the driver;
- All vehicles must be licensed with the relevant authorities, and operators must ensure they are roadworthy;
- All vehicles must be fully insured against all perils and third party

liabilities;

- Prior to commencing operations, the Private Party must provide SANParks and the relevant Section Ranger with a list of all of its vehicles, including the vehicle specifications and registration numbers of each;
- Vehicles may not exceed the size of a typical LWB Toyota Land Cruiser with a 1-ton net capacity. The exception to this restriction is a delivery vehicle travelling on the main designated arterial access road;
- Basic tools for typical repairs and first aid kits must be carried on all vehicles;
- All vehicles must be fitted with a two-way radio that is in communication with the Private Party's base facility at all times;
- A rack for carrying a firearm must be fitted in an appropriate place;
- Seating must be fixed to the vehicle. Loose seats are not permitted;
- Vehicles must have an appearance that suits the character of the experience being offered;
- Guests may not stand up in the vehicle while at a sighting of a dangerous animal;
- Vehicles must be designed and built to ensure visitor safety at all times, especially from wild animals;
- An overhead cover for rain and sun is advised; and
- Protection of guests must be provided on the sides of the vehicle where appropriate.

SANParks will provide the Private Party with a detailed "Operations Manual" prior to the commencement of the Operational Phase, which will contain all relevant standards and codes of conduct in force at that time. SANParks may update this Operations Manual as needed, and will

provide the Private Party with updated copies of the Manual in due course.

19.4.12.2 Other vehicles

Only SANParks management vehicles are permitted on game viewing tracks. All Private Party vehicles must remain on the main designated arterial access route(s) or official public roads within the Parks.

19.4.13 **Project Site Activities**

19.4.13.1 Game drives (Day & Night) and Guided Walks

The primary guest activities for the Malelane Hotel Development will be accompanied game drives (both during the day and at night and guided walks.

Such activities will not be operated by the Private Party as with the other KNP Concessions but the Private Party will be required to make use of SANParks' vehicles and guides to provide this service to their guests.

The Private Party shall indemnify SANParks against any liability in the event of an accident or other incident involving a guest to the Project Site.

19.4.13.2 Campfires

No natural resources may be collected and used within any Parks without written approval from SANParks. Specifically in this regard, the collection of firewood for campfires, cooking or any other use is not permitted. If firewood is brought in from outside it should comply with policies that may be in place for different Parks. For this development only the use of cleared alien vegetation from approved clearing operations to be used for fires. Campfires and/or gas cookers will be allowed only in designated areas and at specified times, as agreed to by SANParks in writing.

19.4.13.3 Monitoring of Compliance with Codes of Conduct

Private Parties must take reasonable steps to ensure that guests are aware of all provisions and standards of performance. This shall be done by posting these standards in guest rooms and in other areas where they

will be visible to guests. SANParks will provide a letter to guests welcoming them to the Park and advising them of relevant Park rules and regulations. Provision must be made for guests to report to the Private Party and SANParks on their experiences while visiting the Park and Project Site. This may be accomplished by providing an evaluation form and requesting all guests to complete this form before they depart. Both SANParks and the Private Party will review comments received in this manner.

19.4.13.4 General guest safety

The Private Party must have an emergency medical evacuation policy that covers both guests and staff in the event of a serious injury or acute medical emergency. Relevant staff must be trained in and aware of this policy.

All buildings, vehicles, machinery and other structures including their operation must comply with the relevant legislation and standards in the Republic of South Africa.

The Project Sites are located in areas where dangerous animals occur and design, construction and layout of the facilities must bear this in mind

19.4.13.5 Other activities

Private Parties wishing to fund and/or undertake research projects within the Project Site must first obtain approval for the project and all of its details from Park management and the SANParks Scientific Services Department. Any commercial wildlife filming that takes place in the Project Site is governed by SANParks' filming policy, and must be undertaken after discussions with and approval of SANParks. SANParks will consider the use of Web cams within Project Sites within the framework of SANParks' agreement with Africam or any other similar or substitute service provider.

SANParks will permit Private Parties to undertake any necessary security precautions in the Development Site and its immediate surroundings. Security in the rest of the Project Site, e.g., against poachers, is the responsibility of Park personnel. Private Parties will be expected to report

any poaching activity or other incursions into the Project Site to the appropriate Section Ranger.

19.4.14 **Monitoring**

All of the issues discussed and described in this document will require monitoring. SANParks reserves the right to monitor all these issues according to the standards set out in these Guidelines, the findings of the EIA, and/or in a manner agreed between the parties as the process develops.

SANParks reserves the right to undertake all conservation management activities -- including monitoring, culling, capture, and research -- in all of the Project Sites. Where such activities have been adversely impacted by a Private Party's activities, any additional costs to SANParks resulting from these impacts shall be borne by the Private Party. Should the adverse impacts be of a level unacceptable to SANParks, the Private Party will be considered in material breach of the contract and SANParks will have the right to terminate the contract with immediate effect.

If certain Project Site standards are difficult to determine at present, SANParks will, in conjunction with the Private Party, facilitate the establishment of a Private Parties' forum. This forum will establish a process whereby standards of performance, within thresholds of acceptable change can be discussed and agreed to (issues might include, for example, gate opening and closing times; modifications to SANParks game drive vehicle standards; routine infrastructure issues associated with waste disposal, etc.). The Private Party must comply with any standards thereby agreed established.

## 20. ANNEXURE D - KNP SUSTAINABLE DESIGN GUIDING PRINCIPLES AND GUIDELINES

### 20.1 Sustainable Design and Planning Principles.

#### 20.1.1 Ecological Sensitivities

20.1.1.1 The type of development will determine the level of permanence and should if necessary, be easily removed from the landscape with minimum impact or permanent damage to the site category of development.

20.1.1.2 The site selection and foundation conditions need to enhance the application of ecological sensitivity principles.

20.1.1.3 Natural materials, textures and colours should be utilized wherever possible to ensure structures blend into the natural landscape.

20.1.1.4 The natural landscapes should in effect “flow” through and over structures where possible.

#### 20.1.2 Green Building Principles

20.1.2.1 Passive design principles should allow for maximum use of natural renewable resources like light and ventilation, etc. to reduce energy requirements.

20.1.2.2 Passive as well as energy efficient designs should be applied holistically to all the development components, including the support services.

20.1.2.3 The promotion of usage of re – useable, recyclable and non hazardous materials in designs.

#### 20.1.3 Operational Efficiency Principles

20.1.3.1 Designs should be cost effective in terms of the life cycle of the development.

20.1.3.2 Designs should incorporate material specification that will sustain the infrastructure throughout its life expectancy.

20.1.3.3 Designs should incorporate all latest innovative technology.

#### 20.1.4 **Natural & Cultural Resource Optimization Principles**

20.1.4.1 Designs must follow an iterative process that is strongly underpinned by a thorough analysis and understanding of all natural, biophysical, socio-economic attributes and the legal requirements of the site.

20.1.4.2 Designs should not compete with or detract from the historical and cultural values of the site and the immediate surrounding areas. This should not preclude cultural elements from being incorporated into designs.

20.1.4.3 Designs should promote the visitors sense of wilderness experience.

20.1.5 Refer to the design norms and standards as detailed in the “Sustainable design principles and norms for Technical Services”

20.1.6 Ensure compliance in terms of design and planning requirements as per all relevant SOUTH AFRICAN NATIONAL STANDARDS CODES OF PRACTICE.

#### 20.2 **Technical Services procedures guidelines**

Ensure compliance of the Kruger National Park Technical Services procedures manual regarding planning, design, upgrading, renovations and new projects.

#### 20.3 **Maintenance Principles**

- Buildings
- Water provisioning
- Waste sites
- Electrical reticulation
- Roads

Each category should detail the following principles:

20.3.1 Systematic / Routine Maintenance - Maintain all infrastructures to set standards and specifications – services, roads, bridges, dams, waterlines, sewer lines, sewer works.

20.3.2 Renovation works - Apply cycled renovation of all infrastructures including replacement to Pre – determined intervals.

20.3.3 Upgrading works - Apply cycled renovation of all infrastructures including replacement programs in terms of pre – determined life cycle planning and costing.

20.3.4 Ensure compliance with all known engineering maintenance principles and procedures.

20.4 **Safe working procedures**

20.4.1 Ensure compliance with Technical Services safe working procedures.

20.4.2 Ensure compliance with National Construction safety regulations.

20.5 **Environment Management Principles**

20.5.1 Ensure compliance with current environment management practices legislation.

20.5.2 Ensure compliance with project specific environment management plans – project specific.

20.5.3 Ensure compliance with generic environment management plans – renovations, upgrading, replacement programs.

20.6 **Rehabilitation of redundant infrastructure**

20.6.1 Ensure compliance to planning and removed programs, annually of all declared redundant infrastructure.

20.6.2 Ensure removal programs in terms of pre-determined planned implementation.

## 21. ANNEXURE E - MONTHLY OPERATIONAL CHECKLIST FOR CONCESSIONS

### 21.1 **Contraventions (legislation, Code of Conduct, contracts)**

- 21.1.1 Has damage to the environment been avoided?
- 21.1.2 Are pets kept within requirements of Code of Conduct?
- 21.1.3 Has all after hours driving been undertaken according to procedure?
- 21.1.4 Have all night drives been conducted within designated area/s?
- 21.1.5 Has there been compliance with the rules and regulations of the park and the Code of Conduct?
- 21.1.6 Is the firearm management procedure complied to?
- 21.1.7 Were all incident reports completed and handed in to the Ranger and Environmental Control Officer?
- 21.1.8 Is construction work undertaken as per Environmental Framework?
- 21.1.9 Is the ECO ensuring that all contractors have been inducted?
- 21.1.10 Have all external complaints been reported to the Ranger and Environmental Control Officer? (e.g. from a tourist)

### 21.2 **Roads, gravel pits and airstrips**

- 21.2.1 Are gravel pits being managed in accordance with roads manual?
- 21.2.2 Is the airstrip maintained according to agreed standard?
- 21.2.3 Is the airstrip operated in accordance with procedure?
- 21.2.4 Is the road network being maintained according to the roads manual?

### 21.3 **Resource use**

- 21.3.1 Were the necessary approvals obtained for the removal of any biotic or abiotic material? (e.g. skulls, seeds, wood, plants etc.)

21.3.2 Is sustainable resource use being practiced (solar power, energy efficient appliances, dual flush toilets etc.)?

21.3.3 Is water harvesting or re-cycling being practiced? (e.g. rainwater tanks, grey water used for irrigation)

**21.4 Noise pollution**

21.4.1 Has sound proofing measures been implemented to damp the generator noise?

21.4.2 Are all vehicles fitted with official vehicle specified silences?

21.4.3 Are noise levels from medium to long term operational activities (i.e., >2 hours/day) less than 60dBA measured at the nearest activity/facility?

**21.5 Materials Handling, Use and Storage**

21.5.1 Are materials and chemicals stored to prevent a fire hazard?

21.5.2 Are all grease traps and bunded areas cleaned and maintained?

21.5.3 Is the storage of new and old materials, equipment, chemicals in order? (neat & tidy, in cages, secured, no pollution, no spillage, clean-up materials on site, polluted soil collection bins available, polluted materials disposed of to licensed waste facility)

**21.6 Hazardous Substances**

21.6.1 Are hazardous chemical spillages prevented and recorded? (diesel, oil, generators etc.)

21.6.2 Is the storage of hazardous materials and/or chemicals in order? (no pollution, no spillage, neat and tidy)

**21.7 Activities**

21.7.1 Are game drive vehicles licenced and operated according to standard?

21.7.2 Are all game drive vehicles within specified standard?

21.7.3 Are all activities being undertaken according to approved conditions?

**21.8 Aesthetics**

21.8.1 Is the concession's lighting limited to the camps?

21.8.2 Are all activities and development in accordance with the 'sense of place'?

**21.9 Water management**

21.9.1 Have adequate measures been put in place to prevent access by animals to artificial water features? (swimming pool, Jacuzzi, etc.)

21.9.2 Do the bulk water meters work and is there a water meter replacement program?

21.9.3 Are water meter readings up to date? (Insert latest reading in comment column)

21.9.4 Is water tested according to SANS and within standard?

21.9.5 Is a water management programme in place that records all water usage and unaccounted for water (i.e., no water loss through leaking pipes or taps)?

21.9.6 Is the artificial drinking trough/hole adequately maintained? (i.e., no erosion, clean, no excessive trampling)

**21.10 Liquid waste management**

21.10.1 Are sewer reticulation lines and traps in place and fully operational (e.g. grease trap & gully outside kitchens, french drains etc.)?

21.10.2 Are liquid waste traps and drains odour free?

21.10.3 Are permit conditions complied to?

21.10.4 Is the reed bed outflow effluent being monitored as required in the permit conditions? (outflow is odour free & clear)

21.10.5 Are the oxidation pond / reed bed walls cleared of woody vegetation and vegetation kept short?

**21.11 Solid Waste Management**

- 21.11.1 Is the site free of litter?
- 21.11.2 Are eco-friendly, biodegradable and recyclable materials being used where possible?
- 21.11.3 Are materials recycled where possible?
- 21.11.4 Is the handling and storage of solid waste in order (no pollution, no burning of waste, neat & tidy, no odours, no run-off, clean)?
- 21.11.5 Are animals prevented from having access to waste?
- 21.11.6 Is the disposal of ash undertaken according to procedure?

**21.12 Soil and biota management**

- 21.12.1 Has erosion by anthropogenic factors been prevented?
- 21.12.2 Are erosion prevention measures constructed and maintained?
- 21.12.3 Are all species indigenous to the landscape in which the operations occur? (no alien biota observed)
- 21.12.4 Have storm water management measures been implemented? (no flooding, erosion, ponding, etc.)
- 21.12.5 Are the camps and lodges free of problem animals?
- 21.12.6 Is the camp using approved chemicals? (e.g. pesticides, herbicides, insect repellents)?
- 21.12.7 If any bush clearing took place, was it approved?
- 21.12.8 Are disturbed areas rehabilitated?

**21.13 Air pollution**

- 21.13.1 Are scrubbers part of the generator outlet systems?
- 21.13.2 Are dust suppression measures in place?

**21.14 Off-road driving**

21.14.1 Are Off-Road-Driving incidences recorded according to procedure?

21.14.2 Where necessary, have ORD impacts been rehabilitated?

**21.15 Infrastructure maintenance**

21.15.1 Are boreholes and pumping systems maintained, operational and volumes recorded?

21.15.2 Are the electric fences maintained and in working order?

21.15.3 Are electric fences clear of vegetation?

**21.16 Emergency and Disaster Management**

21.16.1 Are fires limited within designated areas?

21.16.2 Has the vegetation or fire burning materials that could increase the fire hazard within the perimeter of camps been removed?

21.16.3 Is fire fighting equipment available and serviced?

21.16.4 Are firebreaks around lodges, camps and reed beds in place?

**21.17 Vehicles**

21.17.1 Are all polluting events (e.g. oil leaks) of parked vehicles prevented or mitigated (e.g. drip trays)?

21.17.2 Is vehicle servicing undertaken (where permitted) in accordance with the standard?

21.17.3 Do all vehicles requiring a kudu kop have one?

**21.18 Suppliers**

21.18.1 Are all suppliers complying to all rules and regulations of the park?

**21.19 Fines and Penalties**

21.19.1 Fines issues (insert value in comments column)

## 22. ANNEXURE F - BIANNUAL ENVIRONMENTAL MONITORING AND AUDIT REPORT FORMAT

### 22.1 ABBREVIATIONS AND ACRONYMS

The following abbreviations and acronyms shall apply:

<b>CA</b>	Concession Area
<b>CC</b>	Concession Contract
<b>CMP</b>	Construction Management Plan
<b>COD</b>	Chemical Oxygen Demand
<b>CRE</b>	Current Risk Exposure
<b>DEAT</b>	Department of Environmental Affairs and Tourism
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>ECA</b>	Environment Conservation Act, Act No. 73 of 1989
<b>ECO</b>	Environmental Control Officer
<b>EIA</b>	Environmental Impact Assessment
<b>EIR</b>	Environmental Impact Report
<b>EM&amp;A</b>	Environmental Monitoring and Auditing
<b>EMP</b>	Environmental Management Plan
<b>EMS</b>	Environmental Management System
<b>EO</b>	Environmental Officer
<b>FGASA</b>	Field Guide Association of South Africa
<b>IEM</b>	Integrated Environmental Management
<b>KNP</b>	Kruger National Park
<b>NEMA</b>	National Environmental Management Act No 107 (1998)
<b>OMP</b>	Operational Management Plan
<b>ROD</b>	Record of Decision
<b>SABS</b>	South African Bureau of Standards
<b>SANParks</b>	South African National Parks
<b>SR</b>	Section Ranger

### 22.2 SUPPORTING DOCUMENTATION

The monitoring and auditing process is guided by, and frequently refers to, a number of reports, policy documents, etc. as appropriate. These include:

- Specifications for the Construction of Roads in the KNP and Concession Areas

- (June 2001) ('Roads Spec. Manual')
- Concession Final Scoping Report
- Concession Final Environmental Impact Report
- Concession Environmental Management Plan
- Record of Decision
- Concessions Operations Manual (Including all KNP Policies, Regulations and Codes of Conduct) (May 2002)
- Various 'activity specific' EMP's, including
  - EMP - River sand and gravel abstraction
  - EMP - Borehole drilling
  - EMP - Vehicle Servicing
  - EMP's - Road construction (various)
  - Concession procedures and codes of conduct.

### 22.3 **APPROACH**

The purpose of the environmental monitoring and auditing procedure is to assess compliance of the operational phase of the Concession with the various procedures and requirements developed during the EIA process. Such includes, but is not necessarily limited to, the provisions of the Record of Decision (ROD) and the Environmental Management Plan (EMP). See also 'Supporting Documentation'. The EMP is monitored for compliance and audited for effectiveness.

### 22.4 **FORMAT OF THE REPORT**

The report essentially uses the conditions of the ROD and specifications and performance requirements of the EMP (actionable elements of the operational EMP) as a checklist, against which compliance is measured. Where necessary, additional specifications are included under the various aspects or activities of the construction phase. Items highlighted in **bold red text** are critical issues requiring urgent attention.

#### 22.4.1 Scoring of Environmental Aspects

22.4.1.1 As per SANParks requirements, each element of the ROD and EMP has been scored on the following basis:

- 3 - best practice/full compliance
- 2 - satisfactory (viz. >50% compliance)
- 1 - unsatisfactory (viz. <50% compliance)

0 - nothing in place

n/a - not applicable

The total score, average score and percentage compliance for each aspect (all elements) is calculated.

'Summary of Results' tabulates the results (total score, average and percentage compliance of each environmental aspect). Further to this, a current risk exposure has been determined using the above scoring for each environmental aspect and the following formula:

**CRE = ER x (100-C)/100 where**

CRE = current risk exposure

ER = averaged environmental risk for environmental aspects scored in EIR

C = percentage compliance for the environmental aspect.

A CRE is calculated for every environmental aspect; and an average Project (all aspects) CRE is calculated.

- 22.4.2 A trajectory of the average CRE over time (per six monthly audit) is plotted
- 22.4.3 'Records' tabulates all relevant statistical data.
- 22.4.4 'Incident Report' includes all incidents reported on during the 6 month audit period.
- 22.4.5 'Conclusion' highlights problem areas as FINDINGS or RECOMMENDATIONS. A FINDING is a critical problem that must be addressed immediately; otherwise it could be considered a breach of contract. A RECOMMENDATION can grow into a FINDING in time, if not addressed.
- 22.4.6 A Photo Record and list of all Procedures and Codes of Conduct is presented at the end of the report.
- 22.5 **ROD General Conditions**
- 22.5.1 Are activities confined to those authorized and listed in ROD?
- 22.5.2 Notify DEAT within 24hrs if any condition of ROD is not adhered to.
- 22.5.3 Is a copy of ROD available to staff and contractors at all times?

- 22.5.4 Are staff and contractors familiar with the contents of the ROD?
- 22.5.5 Measures are taken to bind staff, contractors & subcontractors to ROD.
- 22.5.6 Contracts entered into between Concessionaire and contractors performance-based.
- 22.5.7 Records on compliance/non-compliance with ROD are kept and made available to DEAT.
- 22.5.8 ROD & all conditions provided for all registered I&APs within 5 days of issue
- 22.5.9 Written approval obtained from DEAT for project changes involving significant environmental impact.
- 22.5.10 DEAT advised of change of ownership within 30 days.
- 22.5.11 A new owner must be advised of the ROD.
- 22.5.12 DEAT must be advised of owner's change of address.
- 22.5.13 Proof of compliance with ROD is to be forwarded to DEAT 1 week prior to start of operation?
- 22.5.14 Has one week's prior written notice been given to DEAT before start of operation?
- 22.5.15 Is the principle of sustainability implemented throughout the project life cycle?
- 22.5.16 Is the principle of 'tread lightly' implemented throughout the project life cycle?

**22.6 ROD Specific Conditions**

- 22.6.1 Have the requirements of the EMP & preferred alternatives & options in Scoping Report & supplementary documents been implemented?
- 22.6.2 Have any alterations to EMP been approved by DEAT?
- 22.6.3 Has the EMP been made part of construction contract (legally enforceable)?
- 22.6.4 Are monitoring and auditing reports made available to DEAT & available for inspection?
- 22.6.5 Has a decommissioning EMP submitted to DEAT prior to decommissioning of

any infrastructure?

- 22.6.6 Has an ECO is appointed and announced to DEAT?
- 22.6.7 Is the contractors compliance with ROD monitored and regularly audited?
- 22.6.8 Is a complaints register maintained & available? Are complaints attended to promptly?
- 22.6.9 Is vegetation disturbance kept to minimum & appropriately rehabilitated?
- 22.6.10 Is it ensured that the transport of workers, staff, products & waste does not disturb KNP visitors?
- 22.6.11 Are the construction of water points & features in line with SANParks policy?
- 22.6.12 Does the use of gravel pits comply with SANParks policy and legislation?
- 22.6.13 Does grey & sewage water discharge comply with DWAF specifications & standards?
- 22.6.14 Have any significant spillages of hazardous substance been reported to Regional Director DWAF?
- 22.6.15 Is the possible pollution of surface / ground water appropriately prevented? Are spillages / leakages monitored?
- 22.6.16 Is swimming pool water disposed of in accordance with DWAF requirements?
- 22.6.17 Is building rubble appropriately disposed of?
- 22.6.18 Is waste temporarily stored on site in accordance with DEAT or other relevant authority's directives?
- 22.6.19 Have all access roads been aligned according to approved plans?
- 22.6.20 Does road construction comply with SANParks policy? Has an EMP been compiled for each new section?
- 22.6.21 Does off-road driving comply with SANParks policy? Is it regularly monitored and documented?
- 22.6.22 Does the water point siting take cognisance of soil sensitivity? Is there regular monitoring on operation?

- 22.6.23 Does the Concessionaire accommodate all KNP management and research activities?
- 22.6.24 Has an independent post construction audit been done and submitted to DEAT?
- 22.6.25 Is an independent annual operational phase audit done and submitted to DEAT?

## 22.7 ENVIRONMENTAL MANAGEMENT SYSTEM

- 22.7.1 Concessionaire will develop and maintain an EMS
- 22.7.2 Concessionaire will systematically identify impacts, rate significance, prioritise avoidance & mitigation, set targets, implement, monitor, review & revise, and train & equip staff
- 22.7.3 The EMS will be subject to 6-monthly audit during the Operation Phase
- 22.7.4 Following submission of the audit reports the EMS will be reviewed, and revised if necessary

## 22.8 POWER SUPPLY

- 22.8.1 Locate & build to effect noise abatement, as per Specialist Study
- 22.8.2 No lights visible from tourist roads
- 22.8.3 Subdue all external lighting
- 22.8.4 Transport tankers serviceable
- 22.8.5 Tanker driver schooled in & practice game reserve driving etiquette
- 22.8.6 Tanker drivers observe gate closing times, speed limits & other KNP rules
- 22.8.7 Fuel storage & engine fuel supply designed to preclude leakage & spillage
- 22.8.8 Fuel storage tanks bunded or double-skinned and checked periodically
- 22.8.9 Fuel storage monitored for leakage
- 22.8.10 Leaks & spills cleaned up immediately

## 22.9 ROADS, ACCESS AND STAFF MOVEMENT

- 22.9.1 Monitor & maintain access roads & tracks as required in the Roads Specifications Manual.
- 22.9.2 Gravel pits managed, maintained and rehabilitated in accordance with EIA & Roads Specifications Document.
- 22.9.3 Delivery timetable for contractors and suppliers, strict control over entering and exiting traffic.
- 22.9.4 Adherence to KNP speed limit (concessionary speed: 65km/h-50km/h day-night), & other KNP driving rules.
- 22.9.5 Staff / workers transported in adequate vehicles (min. built up sides & roof cover).
- 22.9.6 Are all staff issued with ID cards?
- 22.9.7 Are all vehicles fitted with a Kudu Kop?
- 22.9.8 Access and movement of staff, contractors, deliveries and guests in accordance with requirements of the OMP.

## 22.10 GAME DRIVES, GAME WALKS AND OFF-ROAD DRIVING

- 22.10.1 Game drives in accordance with 'Game Drive Code of Conduct' OMP.
- 22.10.2 Game walks in accordance with 'Game Walks Code of Conduct' OMP.
- 22.10.3 Off-road driving in accordance with 'Off-road Driving Code of Conduct' OMP.
- 22.10.4 Off road driving incidences plotted on a map.
- 22.10.5 Off road driving incidences recorded in register on daily basis.
- 22.10.6 Off road driving impacts rehabilitated.

## 22.11 GUEST & STAFF SAFETY

- 22.11.1 Is guest and staff safety managed in accordance with the provisions of the OMP?

- 22.11.2 Is basic awareness information available in guest units (guest activities, safety, do's and don'ts etc.)?
- 22.11.3 Is a layout map of lodge posted at reception (including positioning of 100yr. flood line)?
- 22.11.4 Do all buildings, vehicles and machinery comply with SA legislation and safety standards?
- 22.11.5 Is a guest indemnity forms register kept?
- 22.11.6 Are guests escorted to and from rooms by guides in the evenings and early mornings?
- 22.11.7 Are staff provided with torches?
- 22.11.8 Is an emergency medical evacuation policy and procedure in place?
- 22.11.9 Is a fire evacuation procedure in place? Are extinguishers appropriately located?
- 22.11.10 Is a flood evacuation procedure in place?
- 22.11.11 Is a game drive or walk emergency procedure in place?
- 22.11.12 Is a staff medical plan compliant with the Health and Safety Act implemented?
- 22.11.13 Are all game viewing vehicles fitted with 2-way radios in contact with lodge?

## 22.12 **SOLID WASTE MANAGEMENT**

- 22.12.1 Is solid waste managed in accordance with the provisions of the OMP?
- 22.12.2 Is recycling of solid waste practiced (glass, tin, aluminium, paper)?
- 22.12.3 Are there designated refuse bins for glass, tin and aluminium cans, paper, and wet waste?
- 22.12.4 Is daily waste stored safely in sealed, leak-free, animal and rodent proof containers?
- 22.12.5 Are waste receptacles stored in fenced in and bunded enclosure?
- 22.12.6 Is sorting and reclamation of waste effected on a bunded slab?

22.12.7 Is sorted waste safely transported to a disposal site outside the KNP?

22.12.8 Is the waste disposal site and recycling firm registered?

**22.13 LIQUID WASTE MANAGEMENT**

22.13.1 Are old, inadequate or failing septic tank systems replaced or repaired as part of an integral on-site wastewater management programme?

22.13.2 Is a bi-monthly monitoring programme for the testing the quality of discharged water by an independent body instituted? Is monthly wastewater monitoring undertaken? Are reports available to SANParks?

22.13.3 Are acceptable construction, maintenance and operational practices followed to ensure the consistent, effective and safe performance of the wastewater disposal system?

22.13.4 All reasonable measures taken to prevent wastewater overflowing from any wastewater disposal system.

22.13.5 Are reasonable measures taken to provide for mechanical, electrical or operational failures and malfunctions of the wastewater disposal system?

22.13.6 Does wastewater which is used for irrigation comply with the DWAF standards?

**22.14 FIRE MANAGEMENT AND ACCIDENTS**

22.14.1 Fire management in accordance with guidelines described in the OMP.

22.14.2 Fire safety audit of all structures undertaken - compliant with SABS 0400.

22.14.3 Adequate fire fighting equipment provided at appropriate points at main complex, guest units & staff area.

22.14.4 A 30m fire break constructed, by the Section Ranger, around the lodge periphery.

**22.15 HAZARDOUS MATERIALS MANAGEMENT**

22.15.1 Is hazardous waste treated and managed in accordance with requirements of

the OMP?

- 22.15.2 Are all vehicle batteries, oils, fuels and other hazardous waste stored in secondary containers and removed to an approved waste site, licensed for this category of waste?
- 22.15.3 Is an absorptive material kept on site in order to immediately clean up any spills?
- 22.15.4 Are all storage containers clearly labelled and indicated that the stored substance is hazardous?
- 22.15.5 Is diesel stored in vessels equipped with secondary containment structures?
- 22.15.6 Are any accidental chemical / fuel spills corrected immediately?
- 22.15.7 Are storage and handling areas for fuels, lubricants, chemicals and other hazardous substances protected by an impermeable liner beneath the aboveground storage tanks?
- 22.15.8 Are bunded areas sufficiently large to contain a spillage = to volume of one container of the substances stored?
- 22.15.9 Are all products dispensed from 200 litre drums done so with appropriate equipment (e.g. hand pump)?

## 22.16 **WATER MANAGEMENT**

- 22.16.1 Has the sustainability of the resource been determined?
- 22.16.2 Is a backup source available that is capable of supplying 60% of normal requirement?
- 22.16.3 Is a 48 hour storage facility in place?
- 22.16.4 Are 2-monthly quality tests taken?
- 22.16.5 Does the quality conform with acceptable standards?
- 22.16.6 Are appropriate purification, desalination and / or disinfection measures instituted?
- 22.16.7 Is appropriate consumption measuring equipment installed? Are monthly

- readings recorded?
- 22.16.8 Is the water consumption within the contractual limit?
- 22.16.9 Is a leak detection system installed? Are leaks promptly attended to?
- 22.16.10 Are adequate efforts made to effectively reduce day to day consumption i.e. Use of 'dual flush' toilet cisterns / aerated shower nozzles etc?
- 22.16.11 Is preference given to showers over baths (staff units / fly-camps)?
- 22.16.12 Is waste water processed & treated in such a manner that it can be recycled for use in irrigating landscaped areas or to supplement drinking troughs?
- 22.16.13 Are guests and staff advised of the importance of water conservation via notices in the rooms?
- 22.16.14 Are high water usage operations such as laundry operations outsourced to an operator outside the KNP?
- 22.16.15 Do gardens require the minimum water by using indigenous arid type plants?
- 22.16.16 Has a separate grey water reticulation been installed and is the grey water used effectively for gardens or game?
- 22.16.17 Are the necessary licenses / permits / general authorizations, as required in terms of the NWA, in place?
- 22.17 **LAUNDRY**
- 22.17.1 Outsource most of laundry to contractor or empowered entity
- 22.17.2 On-site laundry subject to risk assessment of soaps & detergents
- 22.17.3 Off-site laundry contractor or empowered entity should comply with DWAF
- 22.17.4 Laundry transport by serviceable vehicle
- 22.17.5 Laundry transport comply with gate closing times, speed limits & other KNP rules
- 22.17.6 Laundry transport drivers schooled in & practice game reserve driving etiquette

## 22.18 STAFF ACCOMMODATION

- 22.18.1 Developments must not be visible from tourist roads
- 22.18.2 Sites with maintained fence
- 22.18.3 Sites clean at all times
- 22.18.4 Waste sorted according to type, stored enclosed from wildlife, & trucked out of KNP
- 22.18.5 Observe speed limits and game reserve driving etiquette
- 22.18.6 Special care driving roads at night to limit road kills
- 22.18.7 Fire control - emergency preparedness, fire prevention measures, fire fighting equipment maintained
- 22.18.8 Hazardous substances - keep secure, bund
- 22.18.9 Swimming pool - keep clean, hygienic, safe
- 22.18.10 Activities confined to footprint
- 22.18.11 Observe bed-limit imposed by KNP

## 22.19 LODGE

- 22.19.1 Developments not in sight of tourist roads, day and night
- 22.19.2 Development <2 storeys high
- 22.19.3 Developments blend in with surroundings
- 22.19.4 Layout & design as per architect's "touch the ground lightly"
- 22.19.5 Guests escorted around Lodge site as necessary to protect from wild animals
- 22.19.6 Protect archaeological site from damage
- 22.19.7 No alien plants allowed
- 22.19.8 On-going surveillance for Red Data plants

- 22.19.9 Archaeological sites to be used only subject to specific EIA
- 22.19.10 Fire control - emergency preparedness, fire prevention measures, fire fighting equipment maintained
- 22.19.11 Hazardous substances - keep secure, bund
- 22.19.12 Swimming pools - keep clean, hygienic, safe
- 22.19.13 Observe bed-limit imposed by KNP

## 22.20 **LODGE FINISH & DÉCOR**

- 22.20.1 Consistent with green image (environmental best practice, empowerment initiative)
- 22.20.2 Preferably procure from local communities in terms of empowerment program
- 22.20.3 Preferably procure natural materials (100% linen, cotton, wool)
- 22.20.4 Limit resort to dyes, bleaches & other unfriendly industrial process
- 22.20.5 Avoid animal products supporting animal cruelty & conflict with animal rights
- 22.20.6 Check out legality & legitimacy of suppliers
- 22.20.7 Preferably procure durable items

## 22.21 **OMP - KEEPING OF RECORDS, PROCEDURES AND REGISTERS**

- 22.21.1 Are regular (monthly) fuel consumption records taken?
- 22.21.2 Are guest accommodation figures recorded?
- 22.21.3 Are guest accommodation figures within the limits of the Concession Contract?
- 22.21.4 Are staff figures recorded?
- 22.21.5 Are staff figures within the limits of the Concession Contract?
- 22.21.6 Is an Incident Reporting Procedure in place & submitted to KNP?
- 22.21.7 Are records of weapons control procedures and permits kept?

- 22.21.8 Is a vehicle servicing record kept at workshop?
- 22.21.9 Are all vehicle permits in order?
- 22.21.10 Are all ranger permits in order?
- 22.21.11 Is a complaints register kept & are complaints attended to?
- 22.21.12 Are staff aware of the Procedures and Codes of Conduct?
- 22.21.13 Is there is proper Induction System in place where all new Employees are made aware of all relevant Documents (Concession Operational Manual, Procedures and Codes, etc.) and that they sign acknowledgement?
- 22.21.14 Are gravel abstraction records kept?