Objectives

A. To provide a brief background of South African National Parks
B. To discuss PPPs in Protected Areas & SANParks
C. To communicate key attributes of PPPs
D. To provide a clear understanding of the opportunities on offer
   - Opportunity 1: Nkuhlu Picnic site with 15-bed camp
   - Opportunity 2: Phalaborwa Gate Bush Braais
E. Allowing a forum to discuss the opportunities on offer and to clarify any concerns
A. Brief Background of SANParks

- SANParks is a state run Conservation body;

- Manage a system of National Parks:
  - 22 National Parks, i.e. Kruger & Table Mountain National Parks;
  - Over 4m Hectares of land, 6 Biomes;
  - Core Functions:
    - Nature Conservation;
    - Constituency Building; and
    - Tourism – State run tourism infrastructure – Beds (from budget to 5 Star) + 7500, Camping beds +7500
      - Public-Private Partnerships (PPP) is a key contributor to our ecotourism mandate.
B. PPP in Protected Areas

“To reduce the dependence on state funding and improving existing operational efficiencies.”

- Socio-Political Change
- Parks in remote areas / unlock potential for decent job creation
- Global: conservation bodies looking for smarter ways of funding
- SANParks – connect to society through Responsible Tourism (Vision 2020)
  - Community (People), Business (Profit), Conservation (Planet) – Responsible Tourism / Triple bottom line
B. PPP in SANParks

- SA has leading legislation – PFMA Regulation 16.10
- SANParks is an established player in PPP’s;
  - SANParks effectively engages in Lodge Concessions (11), Shops & various restaurants (+35);
  - In addition, Cape Point Partnership, Table Mountain Cable Way, Skukuza Airport, etc.
- SANParks:
  - Currently over 2000 jobs through PPPs;
  - Over 40 PPP contracts running;
  - Seen as good implementers of PPP.
C. Understanding PPP

- Commercialize (PPP) Vs Privatize
  - Assets are leased for a period of time (PPP) / Assets are sold (Privatize);
  - Risk Transfer (broad reason for PPP):
    - Commercial risk (market, capital, operation,..) e.g. restaurants, airport (site) to Private Party;
    - Brand alignment, reputation etc. joint – Conservation + marketing = demand.

Balanced & fair relationships are critical. “Partnership” understanding Private and Public sector objectives.
D. Opportunities on offer

**Opportunity nr 1:** Operation of the Nkuhlu Picnic Site with 15-bed camp

**Opportunity nr 2:** Operation of a bush braai product at the Phalaborwa Gate
Opportunity nr 1: Operation of the Nkuhlu Picnic Site with 15-bed camp
Nkuhlu Picnic Site

Principle contractual terms:

- 15 year operating term (Land Claimants equity share increase over term)
- Development period of 12 months allowed
- Optimal utilisation of under performing asset, job creation, revenue generation for SANParks
- Investment required
  - Upgrade of facilities at the Nkuhlu Picnic site
  - Building of a 15-bed wilderness camp above 100 year flood level following EIA/BA processes
  - Upgrade and addition of staff accommodation
  - No ownership interest (Build/refurbish->Operate->Transfer/revert back) – new operator/SANParks option to purchase capital investment assets at residual value
Nkuhlu Picnic Site

- Section 197 – no current staff to be taken over
- Food preparation, retail and activities (bush braais for max of 40 people and star gazing)
- Both Private Party and SANParks to benefit from the partnership
- SANParks solely responsible for conservation management of area
- Fees payable to SANParks for the right to use a state asset, but operator to collect – units could be sold from SANParks' platform / reservation system
- Minimum rental: **Highest of** (1) Minimum rental of R 20,000 per month (excl. VAT) or (2) Percentage of turnover – bid percentage forms part of the scoring (sealed envelope)
- Conservation fees payable per guest per night (local or foreign rates)
Nkuhlu Picnic Site

- Environmental audits to be done once every 6 months – cost for Private Parties account
Nkuhlu Picnic Site

Qualification criteria

➢ To apply (refer RFP document)

  o Financial Requirements:
    • Audited financial statements corresponding to the last two (2) years
    • Annual reports for the last two (2) years

  o Financial capacity
    • Outline ability to source suitable funding to perform under the PPP Agreement

  o Experience
    • Operated the following:
      • An accommodation establishment of at least five rooms
      • A retail outlet (selling directly to the public) and/or a restaurant operation
Qualification criteria

➢ To apply (refer RFP document)
   • Combined turnover of the accommodation establishment, retail outlet and restaurant operation of at least R 2.5 million per annum
     ▪ The operations should have been in existence for at least 2 years whilst achieving the above turnovers
   o Other:
     ▪ Demonstrate that its shareholders are solvent
Nkuhlu Picnic Site

Maintenance

- The Private Party shall be responsible for the maintenance and renovation of all finishes and fittings of the interior of the building including electrical light fittings, sanitary ware, ironmongery, tiling, plastering, and painting – please note that this includes upgrade to toilet facilities at the picnic site.

- The Private Party will also be responsible for maintenance to the water purification plant.

- The Private Party shall be required to develop and adhere to a five (5) year maintenance schedule which must be aligned to SANParks’ maintenance schedule.
The Private Party needs to maintain all walkways, stairs, handrails, retaining structures, Kentucky fencing and drainage structures to ensure that it is in good working order and safe for public use.

SANParks will be responsible for maintenance of the generators and/or hybrid power system.

SANParks will be responsible to increase capacity of the sewerage plant if visitation to the picnic site increases substantially.

SANParks shall be responsible for the maintenance and renovation of the exterior of the picnic site buildings, comprising of the roof structure, roof finishes and other exterior finishes which includes the following:

- foundations (structural integrity of foundations and bases);
superstructure (structural integrity of walls, columns and beams);
roof structure (roof timbers, trusses, ceilings and members);
floor construction (structural integrity of floor slabs and surface beds);
external wall finishes (plastering, tiling, and painting);
external roof finishes (thatching, roof tiles and roof sheeting);
external drainage (from after the fat trap or gulley);
external plumbing (up to the last shut off valve); and
external electrical system (supply up to Distribution Board excluding Distribution Board contents).
Please note: 10% free equity to Land Claimants compulsory – as per BEE Scorecard

Contract term: 15 years
Term to allow for an increased equity share – following model proposed:

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- **Successful Bidder**: 90% ownership in Year 1, decreasing to 10% in Year 10.
- **Community Trust Ownership**: 10% in Year 1, increasing to 90% in Year 10.
- **Successful Bidder Entitlement**: 90% in Year 1, decreasing to 0% in Year 10.

**Total BEE**:
- Community Trust Ownership PLUS other BEE commitments as outlined in the Tourism BEE Scorecard
- **Tourism Charter**: As per target of the Tourism Scorecard (90%/10%)
- **Tourism Charter Δ**: -30% to -40%
- **Agreement Δ**: 50% to 50%

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As Land Claimants have capital there is an opportunity to involve them as a funded equity partner (in exchange for greater equity share)
Evaluation process and criteria

- Functionality (80% weighting, minimum threshold 75%)
- BEE (10% weighting, minimum threshold 65%)
- PPP Fee offer (10%)
Evaluation process and criteria

- Functionality
  - Business, Operational and Design Plan (65%)
  - Financing and Capital Plan (10%)
  - Risk Matrix (5%)
  - Environmental Plan (20%)
Evaluation process and criteria

• Business, Operational and Design Plan:
  – **Background of the Operator (20%)**
    - **Track record (60%)**
      - Number of tourism beds (14%)
      - Number of operational restaurant outlets (8%)
      - Number of operational retail outlets (8%)
      - Number of years in business – accommodation (14%)
      - Number of years in business – restaurants (8%)
      - Number of years in business – retail (8%)
      - Turnover of accommodation establishment managed by the operator (8%)
      - Turnover of all restaurant outlets managed by the operator (6%)
Evaluation process and criteria

- Business, Operational and Design Plan:
  - **Background of the Operator (20%)**
    - **Track record (60%)** - Cont
      - Turnover of all retail outlets managed by the operator (6%)
      - Experience in running accommodation, restaurants and retail outlets in difficult areas (remote, no access to temp staff, challenges related to basic services and logistics, etc) (20%)
    - **Existing processes (40%)**
      - Standard Operation Procedures (SOP’s) in place to show that the operator will be able to run the operations (70%)
      - Provide detail on how staff at the picnic sites will be trained (30%)
Evaluation process and criteria

- **Operational Plan – Tourist Camp (40%)**
  - **Market (25%)**
    - Target market and associated model, i.e. if focussed on self catering then design of the unit should complement this or if not self-catering, how will meals be served (40%)
    - Pricing plan (40%)
    - Model to cater for families (20%)
  - **Camp Layout (25%)**
    - Practicality to allow for privacy (50%)
    - Model to ensure guest safety (i.e. accompanying the guest to their rooms or connecting the rooms via boardwalk, etc) (50%)
Evaluation process and criteria

- Operational Plan – Tourist Camp - Cont
  - Detailed floor plan (25%)
    - Physical floor plans submitted (40%)
    - Size and layout complements model and pricing of unit (60%)
  - Other designs (25%)
    - Internal design - decoration plan (30%)
    - Green design (30%)
    - Overall product design – picnic site vs retail vs restaurant vs accommodation – how do it integrate (40%)
Evaluation process and criteria

- Operational Plan - restaurant (18%)
  - Menu (40%)
  - Design (20%)
  - Décor Plans (15%)
  - Hygiene Initiatives (10%)
  - Safety Initiatives (5%)
  - Maintenance schedule (5%)
  - Matrix of understanding (5%)

- Operational Plan – retail (12%)
  - Concept (50%)
  - Design of shop (50%)

Nkuhlu Picnic Site
Nkuhlu Picnic Site

Evaluation process and criteria

- Operational Plan - general (10%)
  - Design – Housing and Transport (25%)
  - Design - Activities (25%)
  - Design - Electricity Usage (25%)
  - Labor (25%)
Important dates

- PPP Agreements currently revised – will be published as soon as approved
- Outstanding questions to be submitted to James on james.daniels@sanparks.org by **30 March 2017**
- All questions asked during site visits and bidders conference will be collated and send to bidders by **31 March 2017**
Important dates

- Finals tender docs (in case of amendment) and all outstanding answers (including legal answers) to be published on the SANParks website and communicated to the bidders on 31 March 2017
- Bids to be submitted before 11h00 on 28 April 2017
- Feedback from Site Visits (if not covered in presentation) -
- Open forum, discussions and questions -
THANK YOU
Opportunity nr 2: Operation of a bush braai product at the Phalaborwa Gate in the Kruger National Park