ADVENTURE PROVINCE
Eastern Cape
PARKS & TOURISM AGENCY

CAPE MORGAN NATURE RESERVE

PHASE 4:

TOURISM CONCEPT BUSINESS PLAN

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1. INTRODUCTION

1.1 BACKGROUND

The study area Cape Morgan Nature Reserve, falls along the Wild Coast. A popular tourist route and coastal area is gaining national and international recognition as a unique destination in Eastern Cape and South Africa. Two coastal villages, Kei Mouth and Morgan Bay have developed over the years in close proximity to the study area due to its natural beauty and abundance of coastal resources. It currently falls within the East London Coastal Nature Reserve managed by the Eastern Cape Parks and Tourism Agency (ECPTA), stretching from Hamburg to Kei Mouth including Cape Morgan. Cape Morgan inherited the name from the currently commissioned lighthouse managed by South African Ports Authority, which towers above the indigenous coastal vegetation that is bounded by the coastline. These two coastal villages have developed due to tourism activities relating to adventure, sports, beach and eco-tourism. Apart from the natural attributes of the coastline and rivers that surrounds the reserve, it has a variety of tourist attractions and activities in and around the coastal villages.

The ECPTA have seen the opportunity to investigate the possibilities of developing an eco-tourism venture within the reserves property, with the following objectives:

- Develop commercial eco-tourism activities/destination;
- Activities should offer value for money;
- Ensure financial sustainability;
- To attract tourists to the area;
- Investigate employment and career opportunities for eco-tourism industry;
- Promote tourist destination and ensure land use management guidelines are in place; and
- Analyse and propose opportunities for growth.

Eastern Cape Parks and Tourism Agency requested the assistance of Tshani Consulting c.c. to prepare a Feasibility Study and a Business Plan for the sustainable tourism enterprise. This document serves as a *Business Plan*, based on the outcomes of the *Cape Morgan Nature Reserve* Feasibility Study that was completed in March 2012.

This business plan describes the proposed tourism development option, the hospitality elements, cultural linkages and many varied experiences, which will be available for the guests who will stay in the premises. This Business Plan also sets out the envisaged financial implications of the project so as to assist the ECPTA with fund raising to implement the proposal contained in this Business Plan.

1.2 LOCALITY

The study area is located within the Great Kei Municipality on the south eastern seaboard of the Eastern Cape and is located within the Amathole District Municipality and part of eight local municipalities in the district namely Buffalo City Municipality, Amahlathi Local Municipality, Nxuba Local Municipality, Nkonkobe Local Municipality, Ngqushwa Local Municipality, Great Kei Local Municipality, Mnquma Local

Municipality and Mbashe Local Municipality. It is situated along the Eastern Cape coastline between the coastal villages of Kei Mouth and Morgan's Bay. These two coastal villages have developed due to tourism activity relating to adventure, sports, beach and surf and nature tourism.

Cape Morgan Nature Reserve falls within the East London Coast Nature Reserve and "include *inter alia* (from north-east to south-west) Cape Morgan, Double Mouth, Cape Henderson, Chintsa West, Kwelera, Blue Bend, Cove Rock, Winterstrand, Kidd's Beach, Kayser's Beach, Chalumna and Hamburg. These coastal reserves represent approximately 60% of the 300km coastline between these two rivers" (East London Coastal Nature Reserve Strategic Management Plan).
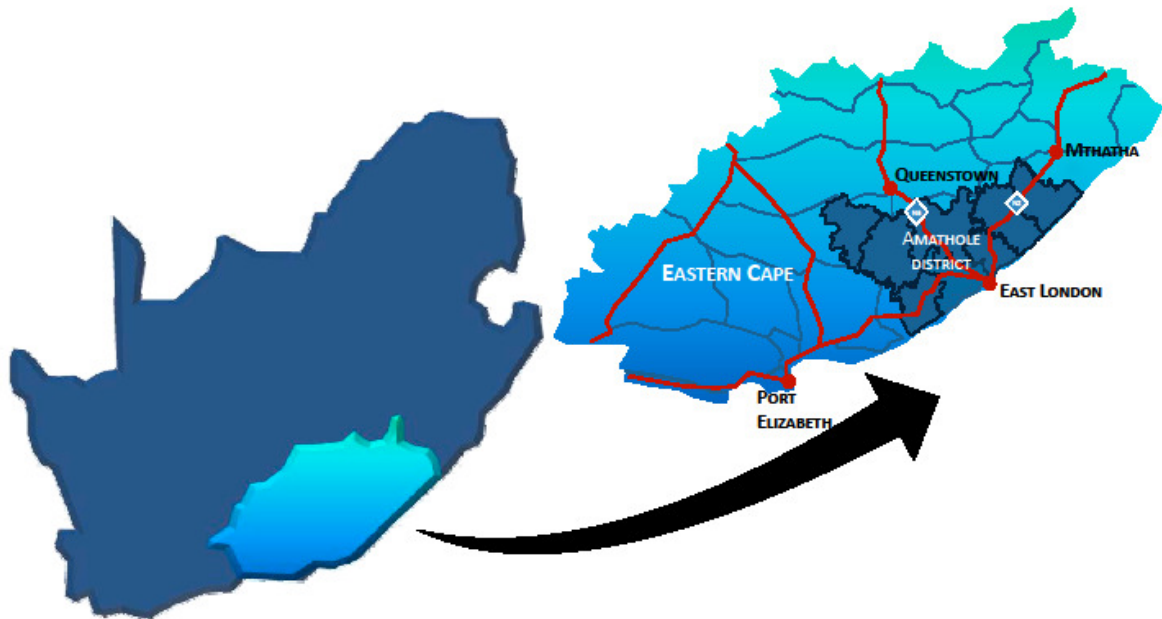
PLAN NO. 1: REGIONAL LOCALITY PLAN

1.3 PROPERTY CHARACTERISTICS

Cape Morgan Nature Reserve falls within the marine protected zone surrounded by coast line, dune vegetation and Estuary with highly variable suitable development land. The land ownership investigation has identified that the land was government owned and was proclimated as protected area. Cape Morgan Nature Reserve is currently managed and operated on small scale by the ECPTA mandate.

Due to land availability there are currently no significant revenue earning opportunities currently been exploited. The site is dedicated for conservation purposes consisting of coastal forest vegetation and dune formations.

2. PLANNING CONTEXT

There is a number of planning policy documents, which have an influence on *Cape Morgan Nature Reserve*. These include:

2.1 NATIONAL POLICY

2.1.1   Tourism White Paper on Development & Promotion of Tourism in SA 1996

The *Tourism White Paper on Development and Promotion of Tourism in South Africa (1996)* is used as basis for future national policing. Drafted by the Minister of Environmental Affairs and Tourism and Interim Tourism Task Team, it comprises the Business Sector, Tourism Stakeholders, National and Provincial Governments and Community Organizations.

According to the *White Paper on the Development and Promotion of Tourism in South Africa (1996)*, the following key principles will guide the development of responsible tourism in South Africa:

- *Tourism will be private sector driven*
- *Government will provide the enabling framework for the industry to flourish*
- *Effective community involvement will form the basis of tourism growth*
- *Tourism development will be underpinned by sustainable environmental practices*
- *Tourism development is dependent on and the establishment of cooperation and close partnerships among key stakeholders*
- *Tourism will be used as a development tool for the empowerment of previously neglected communities and should particularly focus on the empowerment of women in such communities*
- *Tourism development will take place in the context of close cooperation with other states within Southern Africa*
- *Tourism development will support the economic, social and environmental goals and policies of the government.*

For South Africa to achieve its vision, the following key conditions must be met:

- *Sustainable environmental management practices*
- *Involvement of local communities and previously neglected groups*
- *A safe and stable tourism environment*
- *Globally competitive practices, by offering quality services and value for money*
- *Innovative and responsive to customer needs*
- *Focus on product enhancement and emphasise diversity*
- *Effective tourism training, education and awareness*
- *Creative and aggressive marketing and promotion*
- *Strong economic linkages with other sectors of the economy*
- *Appropriate institutional structures*
- *Appropriate supportive infrastructure.*

The set vision is supported by the following objectives:

- *ECONOMIC OBJECTIVES:*

  - *To generate economic growth by aggressive development, marketing and promotion of tourism.*

  - *To establish tourism as a national priority*

  - *To create sustainable employment opportunities*

  - *To optimise opportunities for SMMEs*

  - *To utilise tourism to aid development in rural areas.*

  - *To promote domestic tourism amongst all South Africas*

  - *To encourage tourism growth and cooperation in South Africa*

  - *To facilitate balanced tourism development in South Africa*

  - *To create a conducive tourism investment climate*

  - *To encourage linkages between tourism and other industries to curb leakages and stimulate the multiplier effect.*

  - *To lengthen the tourism season in order to minimize negative effects of seasonality.*

- *SOCIAL OBJECTIVES:*

  - *To develop tourism with dignity – encouraging mutual respect for all cultures and eliminates all forms of discrimination*

  - *To provide appropriate tourism education, training, awareness and capacity building programmes especially aimed at previously neglected groups*

  - *To use tourism as a catalyst for human development*

  - *To encourage the active participation of all in tourism development, particularly at local level.*

  - *To promote pride in the cultural resources of the country*

  - *To empower local communities through community tourism initiatives*

  - *To ensure access to travel opportunities and tourism attraction to all*

  - *Encourage community participation in the planning development, implementation and management tourism projects*

  - *To monitor and minimize potential adverse social impacts of tourism.*

- *ENVIRONMENTAL OBJECTIVES:*

  - *To make the tourism industry a leader in responsible environmental practices*

  - *To require integrated environmental management principles for all tourism projects*

  - *To encourage the conservation and sustainable usage of tourism resources*

- *To contribute to the development of a coordinated country-wide environmental strategy.*

2.1.2   White Paper for Sustainable Coastal Development (2000)

The Policy sets out a vision for the coast, and principles, goals and objectives for coastal management. The following principles underpin the Policy:

TABLE NO. 1: PRINCIPLES, GOALS AND OBJECTIVES FOR COASTAL MANAGEMENT

Principle	Explanation
National Asset	The coast must be retained as a national asset, with public rights to access and benefit from the many opportunities provided by coastal resources.
Economic Development	Coastal economic development opportunities must be optimised to meet society's needs and to promote the wellbeing of coastal communities.
Social Equity	Coastal management efforts must ensure that all people, including future generations, enjoy the rights of human dignity, equality and freedom.
Ecological Integrity	The diversity, health and productivity of coastal ecosystems must be maintained and, where appropriate, rehabilitated.
Holism	The coast must be treated as a distinctive and indivisible system, recognising the interrelationships between coastal users and ecosystems and between the land, sea and air.
Risk Aversion and Precaution	Coastal management efforts must adopt a risk-averse and precautionary approach under conditions of uncertainty
Accountability and Responsibility	Coastal management is a shared responsibility. All people must be held responsible for the consequences of their actions, including financial responsibility for negative impacts.
Duty of Care	All people and organisations must act with due care to avoid negative impacts on the coastal environment and coastal resources.
Integration and Participation	A dedicated, co-ordinated and integrated coastal management approach must be developed and conducted in a participatory, inclusive and transparent manner.
Co-operative Governance	Partnerships between government, the private sector and civil society must be built in order to ensure co-responsibility for coastal management and to empower stakeholders to participate effectively.

2.1.3   National Environmental Management Act No. 107 of 1998 (NEMA)

NEMA serves as a framework legislation for South Africa and provides overarching principles that inform South Africa's Environmental Management and Governance. NEMA is mainly regarded as a legislative measure to fulfill the obligations imposed upon the State, by the constitutional environmental right to

protect the environment through reasonable legislative and other measures. Furthermore, NEMA is intended to give effect to the cooperative governance imperative contained in the Constitution.

NEMA Principles: The provisions of NEMA include various environmental principles, which apply throughout the Republic, to the actions of all organs of state that may significantly affect the environment.

Any proposed activity in the Cape Morgan area will have to be guided by these principles when exercising any function, or taking any decision in terms of NEMA, or any empowering provision concerning the protection of the environment. The following NEMA principles are the most relevant:

- *Development must be socially, environmentally and economically sustainable;*
- *Environmental management must be integrated;*
- *Equitable access to environmental resources, benefits and services to meet basic human needs and ensure human wellbeing must be pursued and special measures may be taken to ensure access thereto by categories of persons disadvantaged by unfair discrimination;*
- *Participation of all interested and affected parties in environmental governance must be promoted;*
- *Decisions must take into account the interests, needs and values of all interested and affected parties;*
- *Community wellbeing and empowerment must be promoted through environmental education and awareness, and the sharing of knowledge and experience;*
- *Decisions must be taken in an open and transparent manner, and access to information must be provided in accordance with the law; and*
- *There must be intergovernmental coordination and harmonisation of policies, legislation and actions relating to the environment;*
- *Integrated Environmental Management Regulations augment provisions of Section 24 of NEMA. Ultimately, these regulations put in place requirements for conducting Environmental Impact Assessment (EIA).*

This is discussed further below.

Duty of Care: Another important provision of NEMA is a "duty of care", which requires every person to take reasonable measures to prevent, minimize and rectify significant pollution and environmental degradation. Persons, on whom this duty is bestowed, are those who cause; have caused; or may cause significant pollution or degradation of the environment.

Revised EIA Regulations 2010: The revised EIA Regulations were promulgated in June 2010.   There have been significant changes made to the regulations, especially regarding the addition of Listing 3 – Geographical Areas (previously there were only two listings: one for Basic Assessments and one for full EIA's). This 'Listing (3)' requires an environmental assessment for an activity listed, however it is based solely on the location of the activity within a certain province.

Other changes are to Regulation 5, which will allow for Environmental Assessment Practitioners (EAP) to consult with the competent authority before an assessment is initiated, to ascertain the probable likelihood of the application being successful.

Timeframes for decisions have been significantly reduced and extensions to the timeframe will require the competent authority requesting permission from the MEC.

The Regulations also allow for integrated applications, where an applicant can apply for Environmental Authorization; Water Use Licenses, Waste Permits and Air Quality Permits, in one application.

Environmental Impact Assessment triggers: Certain activities proposed in the Cape Morgan area, will potentially trigger the need to conduct an Environmental Impact Assessment (EIA) in terms of the NEMA EIA Regulations (2006).

2.1.4   National Environmental Management: Integrated Coastal Management Act (2009)

The Integrated Coastal Management Act (ICMA) seeks to facilitate the implementation of the 'White Paper for Sustainable Coastal Development' and to simplify the legislative framework regulating the use of coastal resources.

Objectives of the Act: Section 2 describes the objectives of the Act as follows:

- *Sets out a new and integrated approach to managing the nation's coastal resources in order to promote social equity and to make best economic use of coastal resources, whilst protecting the natural environment. Specifically, the Act seeks to:*
- *Provide a legal and administrative framework that will promote cooperative, coordinated and integrated coastal management;*
- *Preserve, protect and enhance the status of the coastal environment as the heritage of all;*
- *Ensure that coastal resources are managed in the interest of the whole community;*
- *Ensure that there is equitable access to the opportunities and benefits derived from the coast; and*
- *Give effect to South Africa's international law obligations.*

Main features of the Act: The ICMA comprises twelve chapters, the main features of which are outlined below:

Chapter 2 defines the extent and legal status of the coastal zone and different areas therein. It identifies **coastal public property**, which includes the sea, the beach and state-owned land. The Act provides for improved protection of and access to, these public assets.

The Act also allows for a **coastal protection zone** (100 m in urban areas and 1,000 m in rural areas). This area can be made wider in more sensitive areas and narrower in less sensitive areas. The Act requires activities, such as developments in these areas, to take into account the dynamic nature of the coast; and to protect people and property from harm from natural causes, such as coastline erosion and flooding; or new threats like sea level rising as a consequence of global warming.

Clause 25 authorizes the MEC's to establish **coastal set-back lines**, making it necessary to obtain permission for erecting or altering a structure, situated seaward of the line.

Chapter 3 provides procedures for demarcating and **adjusting the boundaries of coastal public property;** the coastal protection zone; special management areas and coastal access land (clauses 26-29). It also sets out the considerations which must apply in respect of such demarcations and adjustments. Interested and affected parties have an opportunity to contribute to the process of demarcating or adjusting coastal boundaries. Provision is made for marking boundaries on zoning maps and endorsements by the Registrar of Deeds (clauses 31 and 32). Reference is made to 'coastal boundaries' throughout this chapter to make a distinction between these boundaries and municipal

zoning or other official territorial boundaries, governed by other legislation and processes. Coastal boundaries do not affect existing property rights, provincial, municipal or other legally recognized boundaries.

2.1.5 National Environmental Management: Protected Areas Act (57 of 2003)

The Protected Areas Act mainly provides for the following;

- *Declaration of nature reserves and determination of the type of reserve declared;*
- *Cooperative governance in the declaration and management of nature reserves;*
- *A system of protected areas in order to manage and conserve biodiversity; and*
- *Utilization and participation of local communities in the management of protected areas.*
- *The listed below bodies/persons, are empowered under Protected Areas Act, to declare an area as a 'Protected Area/Nature Reserve', namely:*
- *Minister;*
- *Member of the Executive Committee: and/or;*
- *Municipality.*

2.1.6 National Environmental Management: Biodiversity Act (10 of 2004)

The objectives of the Biodiversity Act include the following;

- *Management and conservation of biological diversity;*
- *Use of biological resource in a sustainable manner;*
- *Equitable sharing of benefits arising from bio-prospecting; and*
- *Cooperative governance in biodiversity management and conservation.*

The Biodiversity Act requires that in order to fulfill the rights contained in Section 24 of the Constitution, the state, through its organs that implement legislation applicable to biodiversity, must manage, conserve and sustain South Africa's biodiversity and its components and genetic resources; and must implement this Act to achieve the progressive realization of those rights.

2.2 PROVINCIAL POLICY

2.2.1 Eastern Cape Parks Board – Integrated Reserve Strategic Management Plan (SMP) – February 2010

The East London Coast Nature Reserve (ELCNR) comprises a number of small nature reserves and state forests, primarily along the eastern coastline, between the Great Fish River in South-West and stretching in a North-Easterly direction to the Great Kei.

The SMP is a 5year operational framework that strategically guides and coordinates the allocation of resources within the Reserve.

ELCN, within the Cape Morgan Nature Reserve area, is identified on the SDF as a 'Type 1 Protected Area,

meaning 'no development' and it's incorporated in the 'Dune Mega Conservancy', with Cape Morgan being a proposed conservancy area.

Key areas are as follows:-

- *Reserve planning/expansion*
- *Biodiversity/heritage resource management*
- *Stakeholder involvement*
- *Infrastructure and equipment management*
- *Visitor services*
- *Reserve administration*
- *Knowledge management.*

2.2.2   Eastern Cape Tourism Master Plan 2009-2014

The Eastern Cape Tourism Master Plan is the 'Provincial Tourism Industry 5 Year Plan and Guideline' used to shape and manage the tourism activity.

The Tourism Master Plan of the Eastern Cape defines 'tourism destination development', as a range of activities geared towards sustainable development and maintenance tourist attractions facilities, to meet the needs of tourists.   It is focused on three core principles namely; being economically, environmentally and socially compliant.

The following critical key issues, that inhibit tourism growth and development, were identified:

- *Political will;*
- *Tourism education/awareness;*
- *Tourism training/skills development;*
- *Tourism enterprise development;*
- *Tourism standards;*
- *Tourism policy;*
- *Community based tourism development;*
- *Tourism infrastructure development;*
- *Safety and security;*
- *Media communication strategy;*
- *Stakeholder communication;*
- *Tourism information network;*
- *Market research;*
- *Tourism marketing strategy; and*
- *Tourism development plan.*

The vision for the Eastern Cape tourism sector is as follows:

"A dynamic, innovative, responsible tourism sector offering unique, positive and memorable experience that exceeds stakeholder expectations that is a major contributor to the sustainable growth and development of the Eastern Cape"

Key priority areas identified are as follows:

TABLE NO. 2: KEY PRIORITY AREA	
TOURISM PRODUCT DEVELOPMENT	
The focus is mainly enhancing, expanding and diversifying Eastern Cape tourism products to improve and promote efficiency, increase investment and enhance quality of life. To achieve this, the following specific objectives and actions will be pursued:	
OBJECTIVE 1	Enhance capacity to strengthen and integrate tourism product development throughout the province by: ▶ *Developing an integrated product development framework* ▶ *Establishing strategic partnerships for product development*

OBJECTIVE 2	Improve and increase the value and volume of the product offering in the province to showcase its unique, manifold tourism assets, with:
	 ▶ *Product enhancement of high priority areas, so as to improve existing tourism assets*
	 ▶ *Product development in those areas not defined as high tourist attraction areas*
	 ▶ *Product expansion through the development of new iconic products*
	 ▶ *Diversification of product offerings, such as:*
	     ▪ *Agricultural tourism*
	     ▪ *Sport tourism*
	     ▪ *Business tourism*
	     ▪ *Cruise tourism*
	 ▶ *Enhancement of conservation and recreational values*

KEY PRIORITY AREA	
TOURISM MARKETING	
The key specific objectives and actions for tourism marketing are as follows:	
OBJECTIVE 1	Promote institutional alignment and strategic partnerships, by: ▪ Providing a marketing service by including all tourism products in the area, and creating alignment with other marketing strategies within the province.
OBJECTIVE 2	Attract a greater share of domestic, international and inter-provincial tourists to the province, with the following interventions: ▪ Developing a provincial marketing strategy ▪ Marketing the province at relevant trade shows and exhibitions ▪ Developing and implementing a communication plan with clear, compelling and consistent messages that integrate the provincial marketing strategies to targeted visitor markets
OBJECTIVE 3	Maximise tourism advantage from hosting major events, by: ▪ Ensuring that visitors extend their stay in the province during the major events

OBJECTIVE 4	Ensure that attractions are available to tourists through a variety of mediums to keep up with changing consumer trends by: ▪ Developing a media and advertising plan ▪ Redesigning the tourism website so that it is user-friendly, accessible and effectively markets all tourism products and experiences in the province. ▪ Establishing a tourism call centre to market the province
OBJECTIVE 5	Showcase the Eastern Cape destination to the world, making the desired connections with target audiences, through: ▪ Brand awareness ▪ Brand alignment
OBJECTIVE 6	Attract tourists to the province through targeted marketing, by: ▪ Developing, clustering and packaging experiences and products to promote product offering ▪ Developing customized experiences in line with consumer demand and preferences
KEY PRIORITY AREA	
HUMAN RESOURCE DEVELOPMENT	
The key specific objectives and actions for human resource development are as follows:	
OBJECTIVE 1	Promote capacity development of all persons working within the tourism sector to promote efficiency, by: ▪ Building capacity to manage planning, policy development and management of the sector ▪ Ensuring that relevant skills are developed for all persons in the tourism sector ▪ Promoting tourism education in the province ▪ Building core and generic competencies for the tourism sector ▪ Growing a tourism culture in the Eastern Cape ▪ Strengthen the role of industry in tourism training
OBJECTIVE 2	Provision of reliable information base on tourism skills to inform and influence planning and decision making, by: ▪ Conducting a tourism skills audit to ensure that HRD planning is based on knowledge and information management
OBJECTIVE 3	Ensure good governance of the tourism sector in HRD, by: ▪ Promoting integration and coordination of HRD in the Eastern Cape tourism sector ▪ Adopting a comprehensive tourism skills development coordinating structure
KEY PRIORITY AREA	
DEVELOPMENT OF TOURISM-RELEVANT INFRASTRUCTURE	
The key specific objectives and actions for development of tourism-relevant infrastructure are as follows:	
OBJECTIVE 1	Facilitate the creation of an enabling transport environment for easy access to tourism products, by: ▪ The enhancement of road and rail infrastructure relevant to tourism development. ▪ Facilitating the provision of greater air access for the province ▪ Facilitating the development of harbours in the province to promote cruise and sailing boat tourism to the province

OBJECTIVE 2	Enhance and sustain the infrastructure linkages to tourism products and facilities, by: ▪ Developing routes and corridors to link tourism products to offer tourists a "package of experiences" ▪ Facilitating infrastructure provision to new/planned and existing tourism products (accommodation and attractions) ▪ Developing and improving tourism information centres at key tourism nodes and gateways to the province
OBJECTIVE 3	Promote integration of tourism and infrastructure provision through integrated planning, by: ▪ Developing institutional linkages between tourism and infrastructure providing departments / entities
OBJECTIVE 4	Upgrading of signage in the province to be of high quality, directional and a good marketing mechanism for products, by: ▪ Developing a signage development plan to ensure standardisation of tourism signage ▪ Upgrading and develop new signage ▪ Developing large map signage at key road entry points to the province and key nodes

KEY PRIORITY AREA
TRANSFORMATION OF TOURISM SECTOR
The key specific objectives and actions for tourism section are as follows:

OBJECTIVE 1	Enhance institutional capacity to implement and monitor transformation, by: ▪ Establishing linkages between all stakeholders to promote transformation in the industry ▪ Creating and maintaining a provincial database of tourism product owners, service providers and suppliers ▪ Benchmarking and monitoring transformation in the provincial tourism sector
OBJECTIVE 2	Create an enabling environment for greater ownership and management of tourism enterprises by previously disadvantaged persons, by: ▪ Increasing the number of private sector stakeholders that comply with the Tourism BEE Charter and Scorecard ▪ Promoting transformation in tourism through new product development ▪ Promoting and encouraging government procurement for tourism services from BEE compliant companies and enterprises. ▪ Supporting BEE businesses through improving access to the markets
OBJECTIVE 3	The development of black, youth, disabled and women tourism entrepreneurs in the province, by: ▪ Assist targeted new entrepreneurs to enter tourism market ▪ Provide support to newly established entrepreneurs to maintain their tourism businesses
OBJECTIVE 4	Encourage the development of tourism SMMEs in the province, by: ▪ Developing a SMME support programme

KEY PRIORITY AREA
TOURISM RESEARCH AND INFORMATION
The key specific objectives and actions for tourism research and information are as follows:

OBJECTIVE 1	Ensure that up to date tourism research is conducted in the province to assess the profile of visitors and their preferences and demands, by: ▪ Enhancing institutional capacity to conduct and manage tourism research ▪ Providing decision makers and planners with reliable, accurate information to guide tourism interventions in the province ▪ Making research available to relevant tourism stakeholders
OBJECTIVE 2	Provide tourists with information on all tourism products, activities within the province, and easy access to that information, by: ▪ Operating tourism information centres at key tourism nodes and gateways to the province ▪ Developing an integrated tourism information database ▪ Developing an on line booking system
KEY PRIORITY AREA	
TOURISM SAFETY AND SECURITY	
The key specific objectives and actions for tourism safety and security are as follows:	
OBJECTIVE 1	Enhance institutional capacity to coordinate and manage tourism safety in the province, by: ▪ Establishing a provincial tourism safety and awareness working group ▪ Developing a tourism safety monitoring programme
OBJECTIVE 2	Ensure that tourists are safe and free from tourism related risks in key areas, by: ▪ Developing a tourism safety monitoring programme ▪ Increasing visibility of effective policing and law enforcement in the popular tourist attractions ▪ Promoting proper land-use planning and develop regulations ▪ Improving environmental management and planning ▪ Promoting environmental awareness in the tourism sector
OBJECTIVE 3	Communication and awareness to all residents and industry participants of safety and security, by: ▪ Creating tourism and safety awareness ▪ Increasing tourist awareness about safety in various communication channels
OBJECTIVE 4	Ensure that tourists who are victims of crime or other incidents in the province are afforded professional support, by: ▪ Facilitating fast track processing of criminal cases against tourists ▪ Establishing an effective victim after-care support programme
KEY PRIORITY AREA	
MANAGEMENT OF THE TOURISM SECTOR	
The key specific objectives and actions for the management of the tourism sector are as follows:	

OBJECTIVE 1	Legislation/Policy formulation and strategy development, by:
	▪ Developing and implementing policies, legislation and strategies / plans to respond to sector needs
	▪ Promoting institutional efficiency, which includes:
	  ▪ *Consolidation of the ECTB and ECTB into a single entity*
	  ▪ *The development of the monitoring and evaluation tool for the tourism program*

OBJECTIVE 2	To ensure communication and cooperation amongst all key stakeholders to grow tourism in the province, by: ▪ Establishing a Provincial Tourism Coordinating Committee (PTCC) ▪ Developing institutional linkages, communication, strategic partnerships and alignment of tourism stakeholders in the province ▪ Participating in national tourism structures, established by DEAT and SA Tourism
OBJECTIVE 3	To establish and maintain standards aligned with best practice for all tourism products in the province, by: ▪ The registration and grading of all tourism products in the province, with the possibility of: 　■ *Enforcing the registration of products as a means to develop a meaningful source of data for the industry to gain insight into the size and capacity of the tourism sector, improve, improving quality standards and as a source of revenue for the new entity.* ▪ The establishment of the office of the Registrar to deal with the registration of tourism products and tourist guides in the province.

Sourced: Eastern Cape Tourism Master Plan 2009-2014

2.2.3   Provincial growth and development plan 2004-2014 (PGDP)

The PGDP is the strategic plan for the medium-to-long range (10 year) of the province for the period 2004-14. It identifies the major structural deficiencies in the economy and the conditions of society; and develops strategic objectives and priorities to address these challenges. It articulates a consensus-based vision and quantified targets for Provincial Growth and Development through a clear strategy framework. This strategy framework is expected to guide strategy development and objectives for provincial and local government in the province.

The need for a strategic approach to growth and development came from the recognition that a comprehensive strategic response is needed to alleviate poverty and the associated structural constraints for growth and development. The PGDP therefore developed the following six strategic objectives, starting with poverty eradication and each strategic objective has a series of priority programmes:

▶ *STRATEGIC OBJECTIVE 1: POVERTY ERADICATION*

- *Promoting access to high-quality employment and economic opportunities;*
- *Boosting the physical asset base of the poor;*
- *Supporting access to basic services;*
- *Strengthening community management and organisation of own initiatives and external programmes;*
- *Deepening democratic participation; and*
- *Assuring access to legal entitlements and security.*

▶ *STRATEGIC OBJECTIVE 2: AGRARIAN TRANSFORMATION AND FOOD SECURITY*

- *Promoting food security through expanded smallholder production;*
- *Expanding the asset base of the poor through effective land tenure reform; and*
- *Increasing the use of land for commercial agriculture in the former homelands, especially through ownership and institutional mechanisms that benefit the poorest households.*

▶ *STRATEGIC OBJECTIVE 3: MANUFACTURING DIVERSIFICATION AND TOURISM*

- *Developing agro-industries to enhance local beneficiation and spread economic opportunity in rural communities;*
  - *Transforming the auto sector to enhance local content and increase competitiveness;*
- *Diversifying manufacturing by enhancing export capacity and downstream beneficiation; and*
  - *Promoting provincial tourism to create employment and raise incomes in rural areas.*

STRATEGIC OBJECTIVE 4: INFRASTRUCTURE DEVELOPMENT

- *Eliminate social backlogs in access roads, schools, clinics, electricity, water and sanitation;*
- *Leverage economic growth through improving transport infrastructure, as well as establishing and promoting development zones, nodes and corridors;*
- *Establish centralised infrastructure planning, implementation and monitoring capability to enhance the socioeconomic impact of such spending, and increase efficiency gains and job creation; and*
- *Identify and package strategic infrastructure projects and programmes that can help boost economic growth and attract private investment.*

STRATEGIC OBJECTIVE 5: HUMAN RESOURCE DEVELOPMENT

- *Further education and training (FET) transformation;*
- *Adult basic education and training (ABET);*
- *Early childhood development (ECD);*
- *Scarce skills for the public sector;*
- *Learnerships; and*
- *Producing a provincial human resource development strategy.*

STRATEGIC OBJECTIVE 6: PUBLIC SECTOR AND INSTITUTIONAL TRANSFORMATION

- *Improving service delivery in health, education, social development and public works   and strengthening the centre of government to drive PGDP implementation.*

The relationship between the strategic objectives, as illustrated in Diagram No. 1 below, the three foundational objectives of public sector transformation, human resources development and infrastructure development, support the three key objectives of poverty eradication, agrarian transformation and manufacturing diversification.

FIGURE NO. 1 PGDP STRATEGY
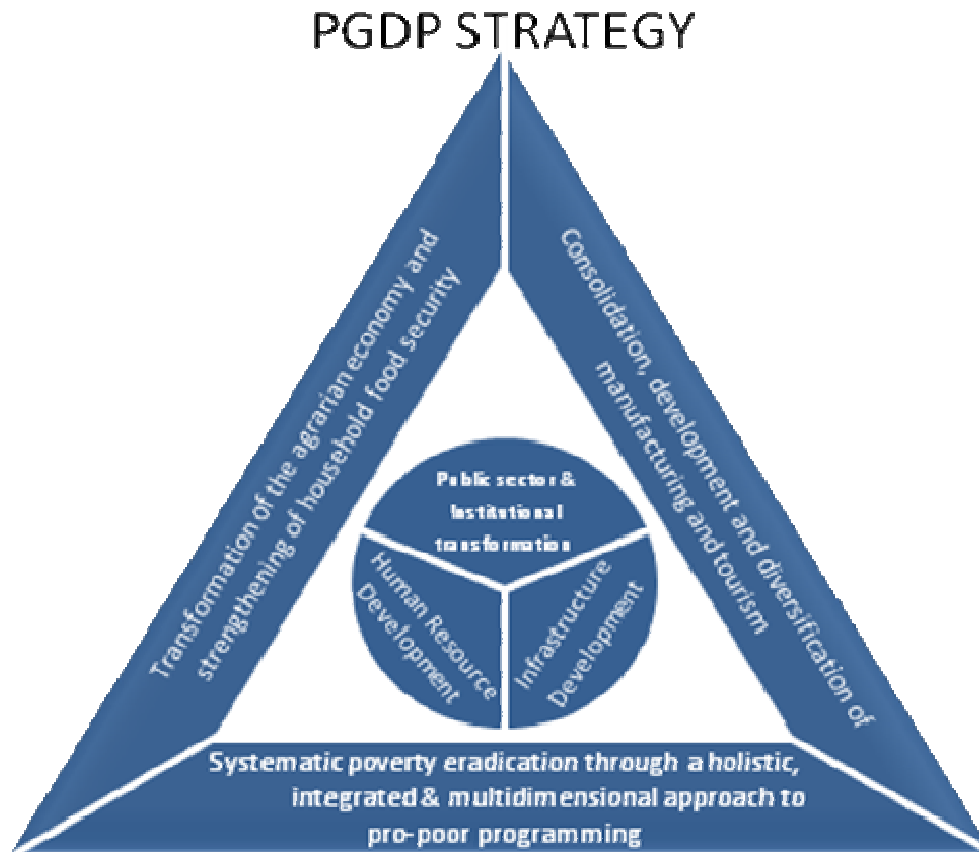
Sourced: Provincial Growth and Development Plan 2004-2014

In March 2009 an assessment of PGDP implementation was completed. It concluded that 'the PGDP has not yet had the desired impact on the lives and wellbeing of people in the Eastern Cape'. It cited the following four main elements as contributing to lack of progress, as indicated in Table No. 3 below:

TABLE NO. 3: FOUR MAIN ELEMENTS CONTRIBUTING TO LACK OF PROGRESS	
POLICY ENVIRONMENT	The absence of an overarching, integrated medium-to-long range national development strategy has severely impeded the implementation of the PGDP. The PGDP has been expected to align with myriad national policies, and this has affected the efficacy of intergovernmental coordination and undermined centralization.
RESOURCES	Lack of adequate funding and inadequate technical resources have acted to retard development progress. The absence of a national development policy has also affected the extent to which fiscal transfers and budgets have followed policy priorities.
IMPLEMENTATION	The weakness of the PGDP lies not in its underlying strategy, but in its implementation. Adequate capacity in the public sector is a key concern.
LEADERSHIP	The PGDP is not seen as the central enabling framework to which all initiatives must align. At the level of political leadership, the PGDP has no champion.
Sourced: Provincial Growth and Development Plan 2004-2014	

As an outcome of the assessment, the following revised PGDP pillars was prepared:

FIGURE NO. 2 PGDP PILLARS

A Poverty Free Eastern Cape PGDP REVISED PILLARS				
Social Protection and Basic Service Delivery **KPAs** ü Income Security ü Municipal Services ü Housing ü Comprehensive healthcare ü Expand EPWP towards sustainability ü Community safety ü Gender based violence ü Nutrition	**Agrarian Transformation & Rural Development** **KPAs** • Land Reform (redistribution, redress, tenure, land use) • Area based planning • Food security • Agricultural infrastructure • Agro processing • Institution building	**Human Resource Development and Education** **KPAs** • HRD plan • ECD • Improve access, throughput and quality of GET education band • Improve quality and status of FET • ABET and literacy • Public service (provincial and local) skills and training	**Infrastructure** **KPAs** • Integrated infrastructure plan • Establish project preparation fund • Infrastructure finance strategy • Strengthen state capacity • Technical support centre	**Manufacturing Diversification** **KPAs** • Industrial Development • Development finance • Tourism Development • Local Economic Development • Cooperatives development • Innovation and R+D • Institutional building and reconfiguration

Public Sector and Institutional Transformation
KPAs
    • Institutional arrangements for PGDP   • Central Planning
    • Improved research and M&E   • Strategic repositioning of Local
    • Stakeholder participation and coordination Government Organisational/Institutional gearing				

Sourced: Provincial Growth and Development Plan 2004-2014

2.2.4 Eastern Cape Provincial Spatial Development Plan, 2010

A review of the Eastern Cape Provincial Spatial Development Plan (PSDP) was completed at the end of 2010 and comprises a clear set of policies based on a development philosophy and long-term vision for the spatial framework for the province.

According to the PSDP and PGDP, the future spatial perspective of the Province, over the next 15 to 20 years, is of a *"poverty free Eastern Cape"*, with the ultimate objective of achieving sustainability through achieving a balance between the needs of society (communities), the ecology (nature) and the demands of the economy (capital). The PSDP is described as having "managed human settlements, clustered in settlement regions and corridors, alongside productive regions, managed ecological resource areas and connected to strategic transportation routes."

The PSDP provides an indicative planning tool for all spheres of Government, whereby the PGDP, Municipal IDPs and the National Spatial Development Perspectives, inform the identification of development potential/priorities in Government infrastructure investment and development spending, within respective areas of focus.

The purpose of the PSDP is to achieve the following:

▶ *Provide a co-ordinating provincial spatial framework, so as to direct public sector investment towards a common vision and set of objectives;*

▶ *Provide a broad policy framework that gives direction to all other development agencies in the Province, with regard to priorities of the Government;*

▶ *Enable public investment programmes to be more efficient;*

▶ *Create an environment within which communities and the private sector can operate more effectively, to achieve sustainable economic growth in the Province;*

▶ *Protect the natural environmental systems;*

▶ *Efficient use of resources at Provincial Level;*

▶ *Prevent duplication of effort by different departments and spheres of government; and*

▶ *Enable District and Local Authorities to work within a broad policy framework when preparing and updating Integrated Development Plans (IDPs) and Spatial Development Framework Plans (SDFs).*

Spatial Development Strategic Framework: The following spatial framework objectives are linked to specific spatial development objectives and strategies and are aligned to the associated policy contexts contained in the Provincial Growth and Development Plan Pillars:

▶ ENVIRONMENTAL SPATIAL FRAMEWORK OBJECTIVE:

   Protection of core bio-diversity areas; natural resources and the ecological system, through integration and alignment of SDFs, with the environmental policy and spatial frameworks.

▶ SOCIAL DEVELOPMENT AND HUMAN SETTLEMENT SPATIAL FRAMEWORK OBJECTIVE:

   Manage development of compact and sustainable human settlements with appropriate infrastructure, amenities and socio-economic opportunities.

▶ RURAL DEVELOPMENT SPATIAL FRAMEWORK OBJECTIVE:

   Integrated and broad based agrarian transformation, leading to sustainable livelihoods; increased rural economic development and improved land reform.

▶ ECONOMIC SPATIAL FRAMEWORK OBJECTIVE:

   The overall objectives of economic development are summarized in the Provincial Industrial Development Strategy (PIDS) 2010 as:
   - *Employment generation;*
   - *Increased growth and output;*
   - *More even income distribution;*
   - *More equal spatial distribution of economic activity;*
   - *Transforming ownership and control of production, and;*
   - *Enhanced technological capacity.*

▶ INFRASTRUCTURE SPATIAL FRAMEWORK OBJECTIVE:

   - *Efficient, integrated spatial development of infrastructure and transport systems in shared focus areas through:*
   - *Elimination of infrastructure backlogs in access roads, water and sanitation, energy, communication systems;*

- *Leveraging economic growth through improving transport infrastructure as well as establishing and promoting development zones, nodes and corridors;*
- *Establishing centralized infrastructure planning, implementation and monitoring capacity to enhance the socio-economic impact of such spending and increasing efficiency gains and job-creation; and*
- *Identification and packaging strategic infrastructure projects and programs that can help boost economic growth and attract private investment.*

▶ **HUMAN RESOURCES SPATIAL FRAMEWORK OBJECTIVE:**

A unique, relevant, competent and professional Provincial scale spatial development and land use planning human resource supporting informed development decision making based on the fusion of indigenous and technical principles, policies and procedures.

▶ **GOVERNANCE SPATIAL FRAMEWORK OBJECTIVE:**

Enforceable integrated SDFs and Land Use Management systems, supporting stakeholder decision makers to implement a common Provincial development philosophy.

It is envisaged that over the 15 to 20 years, the Eastern Cape will cease to be a peripheral province in South Africa, by developing strong infrastructure linkages with the other coastal and inland provinces, so as to support renewed economic development and growth based on the strategic objectives of the Provincial Growth Development Plan.

Management Framework: The Provincial Spatial Development Plan argues that there needs to be a management framework which all authorities use to achieve an equitable approach. The plan states that "The principal settlement strategy supports the view that development should be managed on the basis of **nodes** and areas of development, namely:

▶ *There should be a focus on developing nodes and areas where economic opportunities and resources exist, or where such opportunities can be stimulated ;*

▶ *Investment should target areas where the economic opportunities and returns are greatest;*

▶ *Inter-Departmental investment linkages should be identified in order to maximize benefits and achieve a co-ordinate effort; and*

▶ *Social expenditure on basic infrastructure for basic needs should be specified as spin offs from economic development investment, wherever possible.*

Spatial Development Policies and Principles: In order to become more relevant and useful in guiding development, SDFs are required to be linked to community livelihoods and their development values. The PSDP recommends Spatial Development Principles be applied in all cases, namely:

▶ *Conserve natural resource areas;*

▶ *Embrace settlement regions;*

▶ *All human settlements have importance;*

▶ *Achieve integration through identified focus areas; and*

▶ *Focus development along strategic transport routes.*

Having set the management framework, the plan proposes policies and principles direct investment of public funds, in the following three levels:

"LEVEL 1 WOULD FULFILL BASIC HUMAN RIGHTS IN THE PROVISION OF BASIC SERVICES TO BOTH URBAN AND

RURAL AREAS, AT A MINIMUM LEVEL IN TERMS OF AVAILABLE RESOURCES. THIS WOULD BE GUIDED BY BACKLOGS IN THESE AREAS, THE PROXIMITY OF EXISTING BULK SERVICES AND PRIORITIES IN TERMS OF LOCAL AND REGIONAL IDPs.

LEVEL 2 WILL ENSURE THE MANAGED INVESTMENT OF PUBLIC SECTOR FUNDING IN URBAN AND RURAL AREAS IN ORDER TO STRENGTHEN LOCAL CAPACITY, BUILD ON THE STRENGTHS AND OPPORTUNITIES, WHICH EXIST, AND TO MAXIMIZE THE POTENTIAL FROM THE EXISTING INFRASTRUCTURE AND SETTLEMENT SYSTEM.

LEVEL 3 WOULD INVOLVE THE PROVISION OF ADEQUATE FUNDING TO STRATEGICALLY TARGETED DEVELOPMENT ZONES, WHICH HAVE DEVELOPMENT POTENTIAL. THESE WILL REPRESENT AREAS, NODES OR AREAS OF OPPORTUNITY, WHERE A SPECIAL FOCUS OF EFFORT AND INVESTMENT WILL ATTRACT INTEREST FROM THE PRIVATE SECTOR TO INVEST; EITHER IN JOINT VENTURES WITH GOVERNMENT OR INDEPENDENTLY, IN ORDER TO DEVELOP ECONOMIC GROWTH OPPORTUNITIES AND POTENTIAL WHICH ALREADY EXISTS."

2.2.5   Eastern Cape Biodiversity Conservation Plan (ECBCP), 2007

The Eastern Cape Biodiversity Conservation Plan (ECBCP) was published in 2007 and is a collaborative initiative of various governmental (DWAF, DEDEA, EC Parks) environmental organizations, to fulfill the obligation of government to promote the conservation of the biodiversity of the Eastern Cape. The report comprises the following main components:

- *Identification of Critical Biodiversity Areas (CBAs);*
- *Identification of Biodiversity Land-use Management Classes (BLMCs);*
- *Recommended land uses for BLMCs; and*
- *Use of the decision support system.*

The ECBCP is a broad-scale biodiversity plan that integrates other existing broad-scale biodiversity plans in the Province; and fills in the gaps using mainly national data.

The ECBCP has no legal status. However, it has been designed to serve as the basic biodiversity layer in Strategic Environmental Assessments, State of Environment Reports, SDFs, EMFs and Bioregional Plans.

Critical Biodiversity Areas (CBAs): The ECBCP developed two maps, one showing terrestrial (land-based) CBAs, and the other showing aquatic (freshwater) CBAs (not discussed here).

The map of Terrestrial CBAs was compiled by undertaking a systematic biodiversity planning analysis and adding all biodiversity priority areas identified by other systematic biodiversity planning projects (such as STEP) in the Province. Table No. 4 below, indicates the various biodiversity features were used to define terrestrial CBAs.

TABLE NO. 4: CRITERIA USED TO MAP CBA'S AND OTHER CATERGORIES IN THE ECBCP

CATEGORY	CODE	FEATURES USED TO DEFINE CATEGORIES
Protected Areas:		
Protected Area 1	PA1	Statutory protected areas. They include all national parks and provincial nature reserves
Protected Area 2	PA2	Non-statutory protected areas: municipal and private conservation areas
Terrestrial Critical Biodiversity Areas:		

Terrestrial CBA 1	T1	Critically endangered vegetation types (ecosystem) identified through ECBCP the systematic conservation assessment
		Critically endangered vegetation types from STEP
		Critically endangered forest patches in terms of the National Forest Assessment
		Areas essential for meeting biodiversity targets for biodiversity features (SA vegetation types, expert mapped priority areas)
		KZN systematic conservation planning priorities
		Forest clusters identified as critical in the forestry planning process (Berliner et al 2006)
Terrestrial CBA 2	T2	Endangered vegetation types identified through the ECBCP systematic conservation assessment
		Endangered vegetations types from STEP
		Endangered forest patches in terms of the National Forest Assessment
		All expert-mapped areas less than 25 000ha in size (includes expert data from this project, STEP birds, SKEP, Wild Coast, Pondoland and marine studies)
		All other forest clusters (includes 500m buffers)
		1km coastal buffer strip
	C1	Ecological corridors identified in other studies (e.g. from STEP, Wild Coast, Pondoland, WMA 12 SEA, etc.) and corridors mapped by experts
	C2	Ecological corridors identified by the ECBCP using an integrated corridor design for the whole Province

▶ *ECBCP Land Use Guidelines for CBAs: The ECBCP land-use recommendations are to be followed, particularly with respect to the preservation of CBAs located within the Great Kei LM area.*

▶ *The ECBCP land-use guidelines are also based on the following ten principles that are also relevant and useful, in promoting biodiversity conservation in Great Kei LM:*

▶ *Avoid land use that results in vegetation loss in critical biodiversity areas;*

▶ *Maintain large intact natural patches – try to minimize habitat fragmentation in critical biodiversity areas;*

▶ *Maintain landscape connections (ecological corridors) that connect critical biodiversity areas;.*

▶ *Maintain ecological processes at all scales, and avoid or compensate for any effects of land uses on ecological processes;*

▶ *Plan for long-term change and unexpected events, in particular those predicted for global climate change;*

▶ *Plan for cumulative impacts and knock-on effects;*

▶ *Minimize the introduction and spread of non-native species;*

▶ *Minimize land use types that reduce ecological resilience (ability to adapt to change), particularly at the level of water catchments;*

▶ *Implement land use and land management practices that are compatible with the natural potential of the area; and*

▶ *Balance opportunity for human and economic development with the requirements for biodiversity persistence.*

Biodiversity Land-use Management Classes (BLMCs): For successful implementation of the ECBCP, the CBAs need to be incorporated at all levels of Great Kei LM spatial development planning (e.g. SDFs IDPs EMFs, etc). To facilitate the use of the ECBCP information, a land management objectives-based approach has been adopted by the ECBCP. This approach rests on the concept of Biodiversity Land Management Classes (BLMCs). Each BLMC sets out the desired ecological state that an area should be kept in to ensure biodiversity persistence.

Terrestrial BLMCs: The ECBCP has developed four terrestrial Biodiversity Land Management Classes (BLMCs), which result from grouping the various terrestrial CBAs. This grouping is set out in Table 4 below:

TABLE NO. 5: GROUPING OF CBA INTO BLMC'S			
CATEGORY MAP	**CODE**	**BLMC**	
Terrestrial CBAs and BLMCs:			
Protected Areas	PA1	BLMC 1	Natural landscapes
	PA2		
Terrestrial CBA 1 (not degraded)	T1		
Terrestrial CBA 1 (degraded)	T1	BLMC 2	Near-natural landscapes
Terrestrial CBA 2	T2		
	C1		
	C2		
Other Natural Areas	ONA T3	BLMC 3	Functional landscapes
	ONA		
Transformed Areas	TF	BLMC 4	Transformed landscapes

Terrestrial BLMCs set out the desired ecological state of a parcel of land. Only land use types that are compatible with maintaining this desired state are allowed.

The ECBCP allocates the whole landscape of the Eastern Cape into BLMCs and are based on how biodiversity should be managed there, i.e. in accordance with its CBA status.

The ECBCP sets management objectives and broad land use guidelines for each Terrestrial BLMC.

Land use objectives for Terrestrial BLMCs: A decision to approve a land use change, is to be guided by the objective of the BLMC for that land. In the same way, forward planning in an area should also be guided by the objectives of the BLMCs for that area.

Plan No. 2 below indicates the CBAs, specifically applicable to the Cape Morgan area.
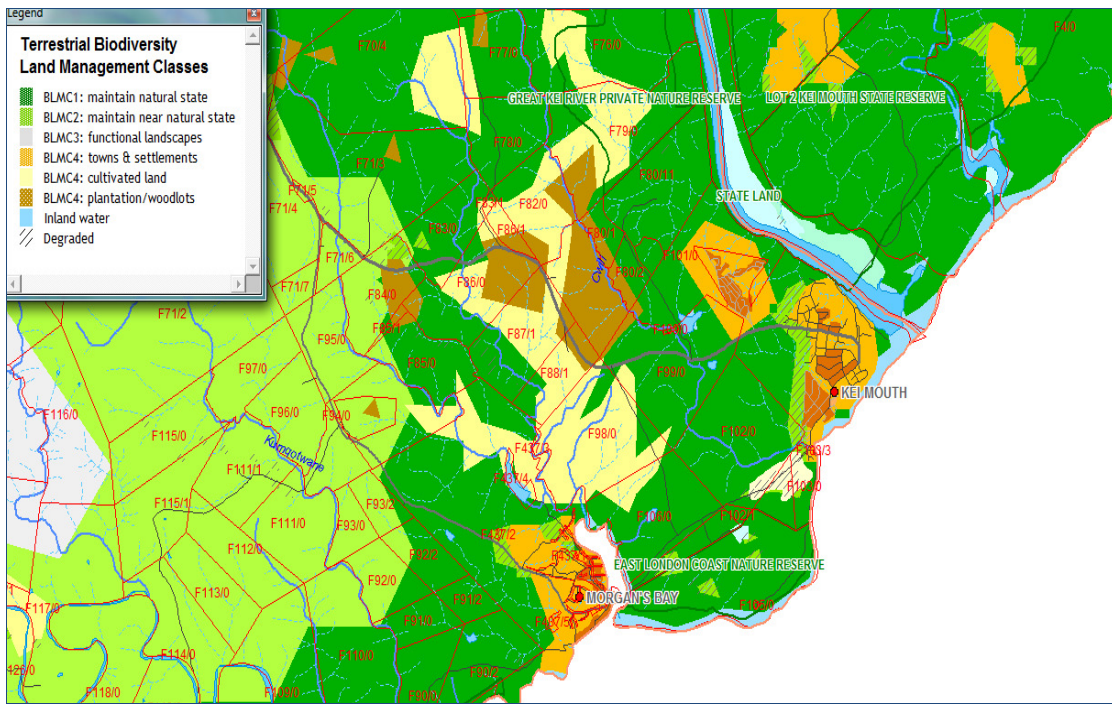
PLAN NO. 2: TERRESTRIAL BLMCs IN THE CAPE MORGAN AREA

Table No. 6 below, sets out the Terrestrial BLMCs and the recommended land use objective, for each class relevant to the Cape Morgan area.

TABLE NO. 6: TERRESTRIAL BLM'S AND LAND USE OBJECTIVES

BLMC	RECOMMENDED LAND USE OBJECTOVE
BLMC 1: Natural landscapes	Maintain biodiversity in as natural state as possible. Manage for no biodiversity loss.
BLMC 2: Near natural landscapes	Maintain biodiversity in natural state with minimal loss of ecosystem integrity. No transformation of natural habitat should be permitted.
BLMC 3: Functional landscapes	Manage for sustainable development, keeping natural habitat intact in wetlands (including wetland buffers) and riparian zones. Environmental authorization should support ecosystem integrity.
BLMC 4: Transformed landscapes	Manage for sustainable development.

Which land uses should be allowed in each BLMC? Some land use types, have a much greater negative impact on biodiversity than others. For instance, timber plantations and urban settlement are much more damaging to biodiversity than livestock and low-impact tourism activities.

To further guide land use decision-making, the ECBCP recommends permissible land use types for each terrestrial BLMC (see Table No. 7 below), based on the impact of these land uses on biodiversity. It should be noted that this list does not include every possible form of land use. Even within a land use type, there are variations in the intensity and impact on biodiversity, and these too cannot be included here. These guidelines are not able to provide this level of detail, but instead provide a broad framework to assess proposals for land use change.

Table No. 6 below, also draws attention to land use changes that require environmental authorization (e.g. an EIA). These are listed as "conditional. *Particular note should be taken of the limited recommended land uses in BCLM1 and BCLM2 and use classes.*

LAND USE	BIODIVERSITY LAND MANAGEMENT CLASS			
	BLMC 1	BLMC 2	BLMC 3	BLMC 4
Conservation	Yes	Yes	Yes	Yes
Game farming	No	Yes	Yes	Yes
Communal livestock	No	Yes	Yes	Yes
Commercial livestock ranching	No	No	Yes	Yes
Dry land cropping	No	No	Conditional	Yes
Irrigated cropping	No	No	Conditional	Yes
Dairy farming	No	No	Conditional	Yes
Timber	No	No	Conditional	Yes
Settlement	No	No	Conditional	Yes

TABLE NO. 7: RECOMMENDED PERMISSALBE LAND USES FOR TERRESTRIAL BLMC'S

Subtropical Thicket Ecosystem Plan (STEP) Revised: Subtropical Thicket Ecosystem Plan (STEP) also provides guidelines to assist municipal managers and planners, in environmental planning and in achieving conservation targets.

The natural environment has been classified in terms of conservation importance, with Class I having the highest and with Class IV the lowest conservation priority (sees Plan No. 4 below).

I. Critically Endangered Ecosystems
II. Endangered Ecosystems
III. Vulnerable Ecosystems
IV. Currently Not Vulnerable Ecosystems
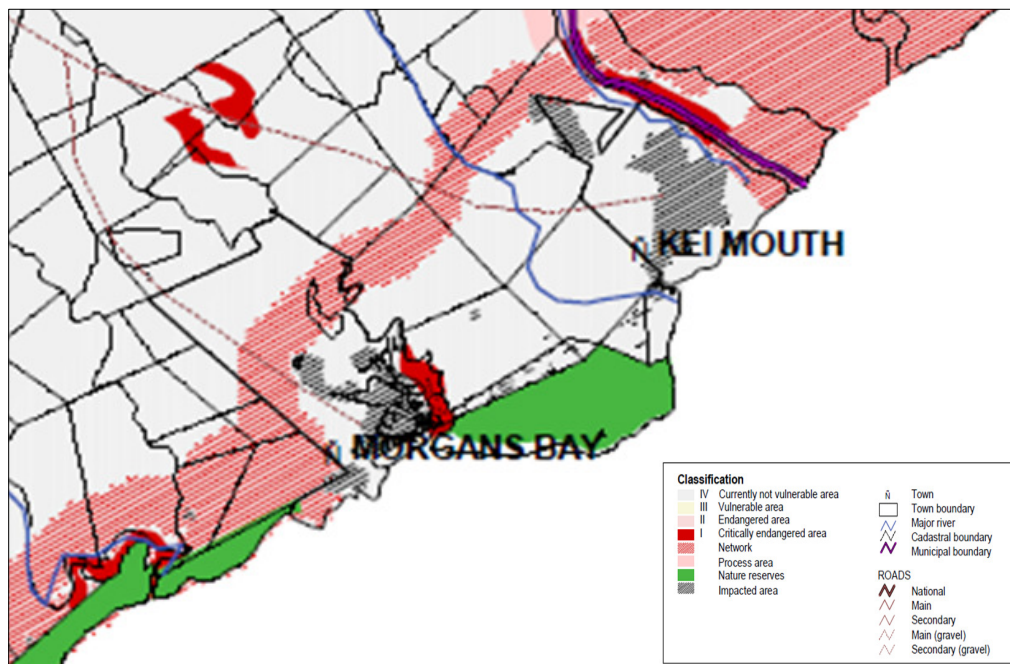
PLAN NO. 3: STEP CONSERVATION PLAN FOR CAPE MORGAN AREA INDICATING THE

CONSERVATION NETWORK AREAS

2.2.6   Coastal Environmental Management Framework(March 2010)

The Coastal EMF guides development along the coastal zone, between Cannon Rocks and Kei Mouth. The Cape Morgan area falls entirely within this coastal range of the EMF.

Planning domain of the EMF: The planning domain of the EMF includes the following:

- ▶ *The coastal zone 1.5 km in land of the high water mark.*
- ▶ *3km to 5 km up estuaries of high conservation value or of high usage*

Objectives of the EMF: The primary objective of the EMF is to facilitate the conservation of important natural resources (e.g. biodiversity, prime agricultural land etc.) and rapid development within the study area. The EMF was structured to address this objective via the development of the following products, which serve to inform and guide land-use planning and decision-making:

- ▶ *A Status Quo Assessment, which included a composite site sensitivity map for the entire study area;*
- ▶ *A Desired State of the Environment (DSoE) plan, including associated land-use management guidelines;*
- ▶ *A proposed set of Geographical Areas and associated proposed Inclusions and Exclusions for various listed activities as specified in the Environmental Impact Assessment (EIA) Regulations in terms of the National Environmental Management Act (27 of 1998);*

Desired State of the Environment Phase: The objective of the Desired State of the Environment Phase, was to produce a spatial plan that could serve as a Spatial Planning Framework for the coastal zone, over the next ten year period (i.e. from 2010 to 2020), which would inform the revision of future Provincial, Municipal and Local Spatial Development Frameworks; and thereby facilitate more efficient, integrated and sustainable development within the study area.

The Desired State of the Environment Plan (DSoE) for Cape Morgan area (See Plan No. 5 below) is an integrated plan that addresses land-use requirements from the socio-economic, natural resource management, and sustainable coastal policy perspectives, specifically relevant to Cape Morgan area.
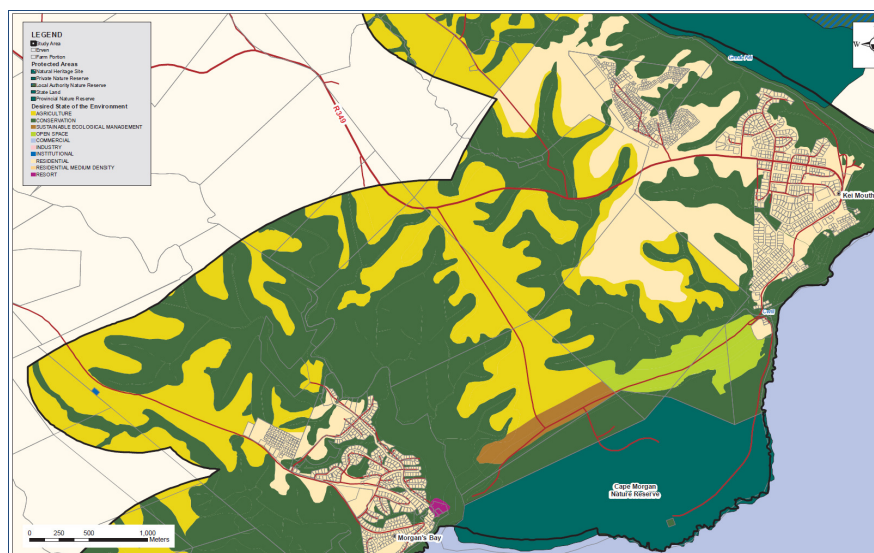
PLAN NO. 4: PLAN FROM THE COASTAL EMF THAT WILL HAVE SIGNIFICANT IMPLICATIONS FOR SPATIAL PLANNING AND DEVELOPMENT, ALONG THE CAPE MORGAN AREA

The DSoE plan was assessed against the Status Quo Report and existing land-use strategies and plans, for the study area (e.g. SDFs), per Municipality. The assessment drew attention to variances between such plans and the DSoE Plan; and highlighted required amendments to the Municipal SDFs and other plans, in order to facilitate sustainable coastal development within the study area.

The assessment also identified suitable areas for additional urban growth beyond the urban edges of the current SDFs; and highlighted key natural resource features requiring safe-guarding and improved integration to the SDFs. The key findings of the assessment are as follows:

Land Use Planning Guidelines for EMF Land Categories: The EMF provides land use planning guidelines for the various land categories. The main EMF land categories found on the Cape Morgan area, are described below.

TABLE NO. 8: LAND CATEGORIES FOUND ON CAPE MORGAN AREA

DESIRED ENVIRONMENTAL STATE	LAND USE OBJECTIVES
Conservation Zone	▸ *No further loss of natural habitat should occur* ▸ *These areas of land can act as possible offset receiving areas* ▸ *Mimic or maintain natural ecological processes* ▸ *Priority for regular environmental monitoring by DEDEA, Great Kei LM, etc.* ▸ *Prioritise Conservation Zone for land care projects, such as WfW, etc.)* ▸ *An Ecological Management Plan should be compiled for key Conservation Zones* ▸ *Areas not formally protected should be zoned as POS 3 or proclaimed as a protected area in terms of NEM: Protected Areas Act. Title deed restrictions.* ▸ *Degraded areas should be restored or rehabilitated* ▸ *Development Guidelines - See EMF page 160*
Sustainable ecological management	▸ *No further loss of natural habitat should occur* ▸ *Maintain connectivity between Conservation Zones* ▸ *Maintain all natural ecological process areas (e.g. thicket, grassland, etc)* ▸ *No cultivation of development of pastures, agri-industry, urban residential, mining or more extensive land use than current state to be permitted* ▸ *No additional land use rights should be granted* ▸ *Priority for regular environmental monitoring by DEDEA, Great Kei LM, etc.* ▸ *Prioritise these areas for land care projects, such as WfW, etc.)* ▸ *An Ecological Management Plan should be compiled if possible* ▸ *Development Guidelines - See EMF page 163*
Agriculture	▸ *Protect agriculture land use in the rural landscape* ▸ *Restrict fragmentation of agricultural landscapes and promote their consolidation* ▸ *Maintain viable agricultural unit and encourage sustainable farming practices* ▸ *Provide for small scale farming and facilitate agrarian reform* ▸ *Recommendations and land-use management guidelines*
Residential	

Residential low density	
Residential mixed use	
Commercial	
Resort	

Indicated in Table No. 9, are the Description and Management Objective for each of the proposed Geographical Areas

TABLE NO. 9: DESCRIPTION AND MANAGEMENT OBJECTIVE FOR EACH OF THE PROPOSED GEOGRAPHICAL AREAS

NO.	GEOGRAPHICAL AREAS	MANAGEMENT OBJECTIVE
1	Entire study area	Discourage certain inappropriate activities in the coastal zone (e.g. commercial afforestation)
2	Sites of visual importance, including key estuaries and other aesthetic feature (e.g. beaches, Dias Cross site, Morgan Bay cliffs, Haga Haga cliffs, Cove Rock, etc)	Safe-guard important visual/aesthetic feature of eco-tourism importance
3	Sensitive Ecological Sites	Safe-guard key ecological processes, ecosystem services, ecosystems, and species of special concern
4	Sustainable Ecological Management Zone	Maintain current extensive agricultural practices. Promote more sustainable forms of agriculture
5	Non-Sensitive Sites	Facilitate the extension or upgrading of existing facilities or infrastructure for the bulk transportation of water, sewage or stormwater
6	Certain current or proposed sites of developed open space (e.g. East London Esplanade)	Facilitate installation of certain infrastructure at key public amenity sites where threats to the coastal and estuarine environment are low (e.g. public ablutions, parking areas etc)
7	Non-Sensitive Sites in urban areas that are appropriate for residential, mixed, retail, commercial and recreational use; or route determination of roads and design associated physical infrastructure	Facilitate: residential, mixed, retail, commercial or recreational use; or route determination of roads and design associated physical infrastructure
8	Sites zoned or identified in Municipal SDF for Industrial purposes in the coastal zone, which are suitable for light industrial activities	Facilitate light industrial activities
9	Sites zoned or identified in Municipal SDF for Industrial purposes in the coastal zone, which are suitable for heavy industrial activities	Facilitate noxious and non-noxious industrial activities

2.3 DISTRICT POLICY

2.3.1   Amathole District Municipality Tourism Master Plan 2007

The master plan is compiled by the district municipality that covers a total of 8 local municipalities namely Buffalo City, Amalathi , Nxuba, Nkonkobe, Ngqushwa, Great Kei, Mnquma and Mbashe.

Objectives can be listed as follows:-

- *Review tourism policies, legislation and work undertaken at a national, provincial, district and local municipal level;*
- *Analyse tourism demand in the district municipality;*
- *Conduit high level audit of tourism supply infrastructure and product clustering;*
- *Review institutional arrangements;*
- *Identify and analyse existing gaps between supply and demand;*
- *Understand current contributor of tourism in ADM to GVA and potential contributor provided gap are able to be filled;*
- *Involve stakeholder interest groups and communities in process through stakeholder interviews;*
- *Formulate tourism development strategy consisting of –*
  - *Vision*
  - *Spatial strategy*
  - *Infrastructure development*
  - *BEE SMME Strategy;*
  - *Product development strategy;*
  - *Marketing strategy;*
  - *Implementation plan; and*
  - *Institutional arrangement.*

It also lists the factors to create an environment conducive for tourism development:

- *Safety and security;*
- *Education and training;*
- *Tourism finance / access to funding;*
- *Investment incentive;*
- *Foreign investment;*
- *Environmental investment;*
- *Cultural resources management;*
- *Product management;*
- *Transportation;*
- *Infrastructure;*
- *Marketing and promotion;*
- *Product quality;*
- *Regional cooperation; and*

▸ *Youth development.*

The ADM Tourism Strategy indicates that there are five major tourism supply categories:-

▸ *Transport and support infrastructure;*

▸ *Accommodation;*

▸ *Activities;*

▸ *Cultural History/Heritage sites;and*

▸ *Restaurants*

Tourism can develop in different intensities and facets largely depended on the host community and tourist needs. Tourism categories can be as follows:-

▸ *leisure tourism;*

▸ *adventure tourism;*

▸ *agro tourism;*

▸ *rural tourism;*

▸ *heritage tourism;*

▸ *sports tourism;*

▸ *special events tourism;*

▸ *educational tourism;*

▸ *shopping tourism;*

▸ *business tourism; and*

▸ *eco-tourism.*

Tourism needs to be treated as high priority sector where both government and private sector work in cohesion in fuelling the industry with sustainable practices in depth research, marketing, product investment, education and training and environmental protection strategies.

▸ *Government – National and Provincial level - responsibility lies with policy making, planning, facilitation but also includes carrying out development programmes through institutions such as DEAT now Department of Environmental Affairs and Department of Tourism and provincial tourism organisations.*

▸ *District Municipality*
  ▪ *Introduction of tourism legislation and alignment of bylaws to national and provincial policies;*
  ▪ *International tourism marketing and exposure of local areas;*
  ▪ *Develop domestic marketing strategies in with provincial marketing framework;*
  ▪ *Provision of tourism infrastructure;*
  ▪ *Promoting tourism awareness;*
  ▪ *Tourism training;*
  ▪ *Establish tourism incentives/ investment and finance programmes and offer advice to emerging enterprises;*
  ▪ *Tourism information management;*
  ▪ *Establish local tourism offices;*
  ▪ *Tourist guide training;*
  ▪ *Tourism development facilitation; and*
  ▪ *Establish local tourism safety programmes with local business, SAPS and communities.*

▶ *Local Municipality also serves as Local tourism organisation that is involved with tourism planning, marketing and information provision. Great Kei Local Municipality does not currently have a dedicated Tourism Department or Tourism Sector Plan.*

2.3.2 Amathole District Spatial Development Framework Review, 2009-2012

The Amathole District Municipality Spatial Development Framework (ADMSDF) provides the mechanism to integrate the key concerns of the Amathole District Municipality, with strategic direction from National Policy and Legislation.

The objectives and strategies of the Amathole District Spatial Development Framework are as follows, as indicated in Table 10 below:

TABLE NO. 10: OBJECTIVES AND STRATEGIES		
	OBJECTIVE	**STRATEGY**
BASIC NEEDS	· Ensure availability of a minimum acceptable level of infrastructure and services throughout the district. · Improve capacity in service delivery	· Identify and prioritise areas of greatest need. · Systematically link services and service supply networks to optimize efficiency. · Focus on involvement of all relevant stakeholders.
SPATIAL FRAGMENTATION	· To create an efficient and integrated settlement pattern in ADM	· Consolidate and densify settlements where appropriate. · Promote the integration of sprawling settlements. · Prioritise maintenance and upgrade of strategic link routes.
LINKAGES AND ACCESS	· Well-structured road and rail network systems allowing for ease of movement. · Efficient and effective links between identified nodes and relevant products and services.	· Identify nodes and products (i.e. agric produce) that require linkage. · Identify and prioritise areas where the need for improved access is greatest. · Prioritise maintenance and upgrade of strategic link routes.
LAND USE MANAGEMENT	· An appropriate Land Use Management System in operation across the DM. · Security of access to land for development.	· Support and implement a programme to develop appropriate new Zoning Schemes for Urban and Rural areas, in line with the direction of new legislation. · Support land reform and settlement upgrade initiatives by identifying zones of opportunity according to land needs.
ENVIRONMENTAL	· Adhere to sound	· Implement the principles of

MANAGEMENT	environmental practices in line with legislation. • Protect environmentally sensitive areas.	Integrated Environment Management.
	Sourced: Amathole District Spatial Development Framework Review 2009-2012	

The District Spatial Development Framework is comprised of a number of structuring elements that are derived from a variety of inputs, including:

▶ *The Corridor Programme of Aspire;*

▶ *The proposals of the Land Reform and Settlement Plan (2005);*

▶ *A consideration of inputs provided by various Sector Plans compiled by the Amathole District Municipality, primarily the reviewed Water Services Development Plan (2007);*

▶ *Inputs provided by the Amathole District Integrated Environmental Management Plan and Integrated Coastal Management Plan as well as the spatial data in the Eastern Cape Biodiversity Conservation Plan.*

The structuring elements are as follows:

ASPIRE's Corridor Approach: In terms of the keynote Corridor Programme led by ASPIRE (the Amathole District Municipality's Economic Development Agency) the following are identified as the development corridors within which it is proposed that development and related investment initiatives would be focused:

▶ *The N2 Corridor*

▶ *The N6 Corridor*

▶ *The R63 Corridor*

▶ *The R72 Corridor*

These corridors form the spatial entities around which ASPIRE intends clustering its various investment initiatives, either in localities that have demonstrated development potential or in identified development nodes along the various corridors (see Plan No. 5 below).

Key Development Nodes: At a district level the following key development nodes are identified:

▶ *PRIMARY URBAN NODE*

The Primary Urban Node of the Amathole District is identified as the East London Mdantsane urban complex, which is located within the Buffalo City Municipality. It is envisaged that this area would continue to function as the primary urban settlement in the district, where higher order facilities and the greatest range of urban-economic opportunities would be located. As such, it represents the area of greatest formal economic opportunity and investment; and should be prioritized accordingly. In addition, East London, within Buffalo City is identified as the **Gateway City** in terms of ASPIRE/ADM tourism development initiatives.

▶ *ADMINISTRATIVE NODE*

The urban complex of King Williams Town / Bhisho which falls within the R63 Development Corridor is

also located within the Buffalo City Municipality and is the seat of the Eastern Cape Provincial Government. As such, it has significance over and above its relatively low standing within the urban hierarchy of the Amathole District.

▶ SECONDARY URBAN NODES

Three Secondary Urban Nodes are proposed. These are listed as:-

- *Butterworth (Mnquma Municipality) which falls within the N2 Corridor;*
- *Stutterheim (Amahlathi Municipality) which falls within the N6 Corridor;*
- *Alice (Nkonkobe Municipality) which falls within the R63 Corridor.*

These towns are identified as being of relative importance due to their present and historical functions as centres where major investment has occurred in infrastructure (e.g. Butterworth), or where significant successes and related impetus has been achieved in local economic development (e.g. Stutterheim), or, finally, where cultural and heritage factors are coincident with a growing importance as an administrative centre (e.g.Alice). As such, these towns are considered to have growth potential that is relatively significant within the Amathole district. Consequently, it is proposed that investment be focused in these areas, which would serve to enhance these opportunities.

▶ URBAN SERVICE CENTRES

Five Urban Service Centres are identified, which are seen as towns that provide a higher order level of service to their surrounding hinterland areas. It is also recognised that these towns exhibit trends of population influx and consequently, require investment in order to accommodate these pressures. The towns identified are:-

- *Adelaide (Nxuba Municipality)*
- *Fort Beaufort (Nkonkobe Municipality)*
- *Peddie (Ngqushwa Municipality)*
- *Cathcart (Amahlathi Municipality)*
- *Dutywa (Mbhashe Municipality)*

▶ SPECIAL DEVELOPMENT AREAS

These areas are identified and based on Sectoral Inputs, and are conceived as areas where the Amathole District Municipality and/or Local Municipalities would prioritise funding for spatial and development planning, and relevant project implementation actions. They include:

- Land Reform and Settlement Zones
  The Zone approach was deemed most useful for the purposes of the ADM LRSP and, given the correlation between several land reform and /or spatial planning initiatives and the spatial extent of these zones; they are retained for purposes of the District SDF.
- Generalised Areas of Need
  These are identified as broad areas where special circumstances of need prevail and, within the context of the Amathole district, the reviewed SDF identifies the areas of Mnquma and Mbhashe as being areas where issues related to water services provision (water and sanitation).

▶ TOURISM DEVELOPMENT ZONES

The following zone, as indicated on Plan No. 4 below, are identified and based on proposals contained in the Amathole District Regional Economic Development Strategy and the ADM IDP. They include the following identified areas:-

- *ADM Tourism routes, comprising of The Amathole Mountain Escape, The Friendly N6 Route, The Sunshine Coast Route, The Wild Coast Route. Within this category, East London – as the Gateway City – is noted as a destination in its own right.*
- *ADM Heritage routes comprising of The Coastal Heritage Route, The Maqoma Route, The Phalo Route and the Sandile Route.*

▶ *AGRICULTURAL DEVELOPMENT POTENTIAL*

The broad spatial informants to agricultural development in the Amathole District include:

- *Key Irrigation Schemes*
- *Key areas associated with agro-industries*
- *Areas defined as being suitable for dry land cropping*
- *The Upper Kat River Citrus Revitalisation*

▶ *ENVIRONMENTAL INFORMANTS / CONSERVATION*

Environmental informants are spatially defined areas where various levels of environmental management are advocated in terms of the Eastern Cape Biodiversity Conservation Plan (ECBCP, 2007). The ECBCP uses the concept of Biodiversity Land Management Classes (BLMCs) to spatially differentiate areas of different sensitivity and/or conservation-worthiness. Each BLMC sets out the desired ecological state that an area should be kept in to ensure biodiversity persistence.
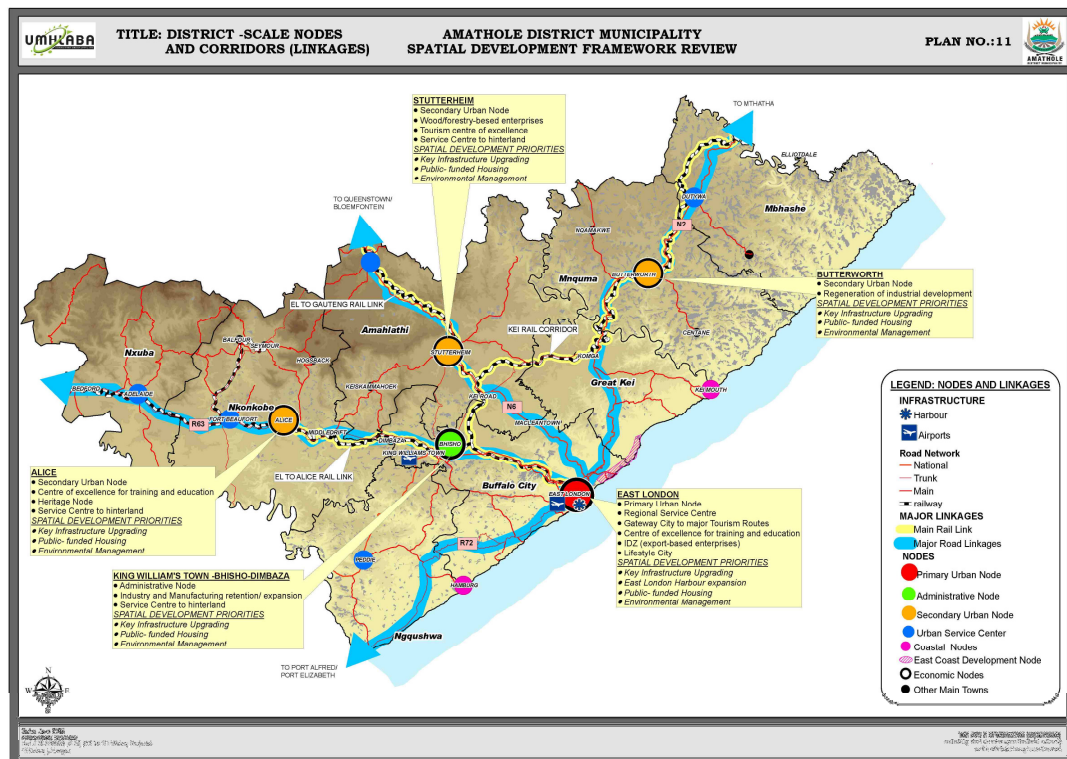
PLAN NO. 5: AMATHOLE DISTRICT MUNICIPALITY NODES AND CORRIDORS
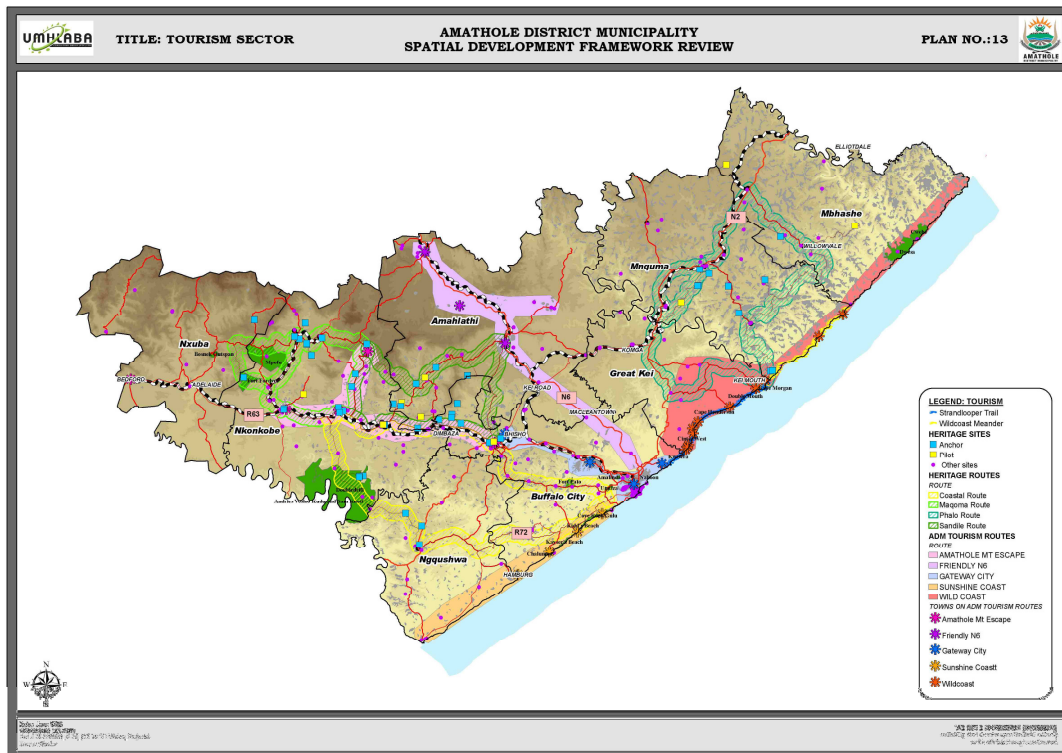
PLAN NO. 6: AMATHOLE DISTRICT MUNICIPALITY SDF TOURISM ROUTES

2.3.3 Amathole Integrated Development Plan Draft 2011/2012

The Amathole District Municipality's mission is to contribute to the following:

- *Ensuring access to socio-economic opportunities;*
- *Partnership building and co-operation with different stakeholders;*
- *Building the capacity of our local municipalities.*
- *Contributing to the betterment of our communities; and*
- *Through utilizing a participatory development process.*

The following Table No. 11 depicts how ADM's 5 key performance areas are aligned with the national and provincial programs:

TABLE NO. 11: ADM'S KEY PERFORMANCE AREAS				
Key Performance Areas	Manifesto 2009	10 National Priorities	8 Provincial Priorities	12 Outcomes
Good Governance and Public Participation	5.Fight against crime and corruption	Intensifying the fight against crime and corruption	Intensify the fight against crime and corruption	7. Vibrant, eqitable, sustainable rural communities contribution towards food security for all

		Build cohesive, caring and sustainable communities	Build cohesive, caring and sustainable communities	9.Responsive, accountable, effective and efficient Local Government system
		Pursuing African advancement and enhanced international co-operation		12.An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship
		Building a developmental state including improvement of public services and strengthening democratic institutions		11.Create a better South Africa, better Africa and a better world
Municipal Financial Viability and Management	5.Fight against crime and corruption	Intensifying the fight against crime and corruption	Intensify the fight against crime and corruption	9.Responsive, accountable, effective and efficient Local Government system
Municipal Transformation and Institutional Development	5.Fight against crime and corruption	Strengthen skills and human resource base	Strengthen education, skills and human resource base	1. Quality basic education
	2.Education	Pursuing African advancement and enhanced international co-operation		5.Skilled and capable workforce to support an inclusive growth path
		Building a developmental state including improvement of public services and strengthening democratic institutions		3 All people in SA are and feel safe
				9.Responsive, accountable, effective and efficient Local Government system
				12.An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship
Basic Service Delivery and Infrastructure Investment	3.Health	Improve health profile of the nation	Improve health profile of the nation	6.An efficient, competitive and responsive economic infrastructure network

		Comprehensive rural development strategy linked to land and agrarian reform & food security	Rural development, land and agrarian transformation, and food security	2.A long and healthy life for all South Africans
		Massive programme to build economic and social infrastructure	Massive programme to build economic and social infrastructure	8.Sustainable human settlements and improved quality of household life
		Sustainable resource management and use	Building a developmental state	10.Protect and enhance our environmental assets and natural resources
Local Economic Development	1.Creation of decent work and sustainable livelihoods	Speeding up economic growth and transforming economy to create decent work and sustainable livelihoods	Speeding up economic growth and transforming economy to create decent work and sustainable livelihoods	4.Decent employment through inclusive economic growth
	4.Rural developme nt, food security and land reform	Comprehensive rural development strategy linked to land and agrarian reform & food security	Rural development, land and agrarian transformation, and food security	6 An efficient, competitive and responsive economic infrastructure network
			Massive programme to build economic and social infrastructure	7.Vibrant, eqitable, sustainable rural communities contribution towards food security for all
			Building cohesive and sustainable communities	8.Sustainable human settlements and improved quality of household life
			Building a developmental state	10.Protect and enhance our environmental assets and natural resources
		Sourced: Amathole Integrated Development Plan Draft 2011/2012		

2.3.4   Amathole Regional Economic Development Strategy (AREDS)

This document sets out the Amathole Regional Economic Development Strategy (AREDS). The strategy aims to increase the households with an income above the minimum living level by developing a globally competitive economy. The key elements of the strategy are:

- *High impact investment*
- *Improved governance*

> *Knowledge skills and human capital development and Communication, interaction and partnerships between stakeholders.*

Each element has a number of result areas contributing to it, bringing the total number of result areas to twenty-four.

The AREDS is a strategy for all role players in the district, from national government down to local communities. Supporting analysis has identified the importance of all the result areas. However, the complexity of such a strategy, the number of role players, and the diversity of interventions are the main risks to the achievement of the strategy.

To mitigate and manage this risk two key tools are provided. The first is addressed by the result areas for the strategy element focused on collaboration and interaction, and includes a Growth Coalition, an interaction framework, organization of district role players and a monitoring and evaluation programme. The second tool for management of these risks is the grouping of interventions and stakeholders according to corridor programmes. The AREDS Framework, as detailed in the following section, shows how the programmes relate to the result areas in a matrix format, and how "drilling down" into the matrix allows one to see the projects that relate to the corridor and its nodes and the result area in question.

The Framework is designed to be interactive and web-based, which opens up the opportunity to keep it live through constant updating, fleshing out. Monitoring and evaluation can also be linked to the framework, as can the interventions of multiple stakeholders.

AREDS argues that 'high impact investment' is central to growth, and lists five result areas:

> *Locality development includes infrastructure, spatial development (including access and linkages), protection and development of the environmental assets, urban renewal, tourism facilities and even lifestyle facilities.*
> *Sub-sectoral development includes economic diversification, value chain development and business retention focused on the competitive advantage of the locality. For the AREDS urban development and development of the district outside East London have been linked under corridor developments to strengthen the integration of the economy and support value chain development across the district.*
> *Public good investment refers primarily to investment in land, the environment, economic assets, production facilities, machinery, equipment and other productive assets that are used by multiple stakeholders.*
> *District venture capital fund argues for access to investment funds that target the district, syndicate risk and that address the constraints of investors in the district.*
> *Stimulate new sectors building on the advantages of the district by stimulating a diversity of sectors to see which find champions and investors.*

2.3.5 Amathole District Tourism Strategy

The tourism industry is a significant contributor to the South African economy. It is a main source of income in both the formal and informal economic sectors and can stimulate economic growth through GDP, job creation and poverty alleviation.

The Amathole district is linked to six major tourism regions in the province namely, **Wild Coast**, Friendly N6, Amathole, Sunshine Coast and country, Karoo heartland and Tsitsikama. A portion of

these four regions lie in Amathole district. Tourism opportunities in the district lie in eco-tourism, culture, history and heritage. The district tourism sector is believed to contribute about 26% to the province. The ADM tourism situational analysis revealed that the geographical positioning of the district has a very appealing strength for domestic tourism both within and outside the Eastern Cape.

The ADM IDP Review proposes a more proactive approach towards tourism development in the region which can lead to job creation, economic growth and industry transformation which can be achieved through:

▶ *Increased visitor numbers, spending and length of stay,*

▶ *Improved private sector investment in the tourism products, and small enterprise development,*

▶ *Responsible development of tourism that is commercially viable, environmentally conscious and culturally sensitive, and*

▶ *The creation of a safe and secure environment for tourists.*

A strategic framework has been developed in order for the district municipality to start delivering and reaching its strategic objectives. These strategies include:

▶ *a tourism spatial and support infrastructure strategy;*

▶ *tourism product development and investment strategy overview;*

▶ *SMME development and transformation strategy;*

▶ *a tourism marketing model;*

▶ *Institutional framework.*

▶ *A heritage resource management strategy is in place 'to safeguard the available heritage resources in the district for present and future generations and to give direction to the district municipality and its local municipalities with regard to heritage resources management.' Identified heritage programmes include:*

▶ *Capacitating of local municipalities to enable them to deal with grade 111 heritage resources. A budget of R100 000 per annum is set aside for such activities.*

▶ *Grading, development of heritage sites and improvement of heritage infrastructure in identified sites.*

▶ *Promotion and marketing of heritage and control formulation of cultural villages, museum, gardens of remembrance and walls of fame.*

2.4 LOCAL POLICY

2.4.1 GREAT KEI SPATIAL DEVELOPMENT FRAMEWORK

The area administered by the Great Kei Municipality encompasses a variety of land uses and settlement types, which range from large and smaller commercial farming enterprises, traditional African settlements, rural service centre of Komgha, and a number of small coastal towns and resorts along its east coast.

Development along the east coast of Great Kei has resulted in growing pressure for land developments in this area. Together with this pressure, the intention of Spatial Development Framework is to provide guidance on how best to manage the need for settlement growth and development in the small urban centre of Komgha, where best to direct resources in upgrading the rural settlements of Mooiplaas and Kwelerha and how to approach in a positive manner the issue of land reform.

The elements of the Spatial Development Framework as set out below are based on the conceptual approach and guidance from the Great Kei Municipality's IDP and key policy and planning instruments provided by other spheres of Government.

SPATIAL DEVELOPMENT OBJECTIVES

The following spatial development objectives are in response to the key Spatial Development Issues.

TABLE NO. 12: SPATIAL DEVELOPMENT OBJECTIVES	
KEY SPATIAL DEVELOPMENT ISSUES	**SPATIAL DEVELOPMENT OBJECTIVE**
Spatial Fragmentation vs Basic Needs	To fulfill basic needs obligations and address spatial integration within available means
Land Development Trends & Urbanisation	To manage land development in line with a structured approach to ensure sustainability.
Environmental Management	To adhere to environmental law and protect environmentally sensitive areas.
Land Use Management	To manage land development in line with the General Principles of the Development Facilitation Act and the provisions of the Land Use Planning Ordinance (15 of 1985).

SPATIAL DEVELOPMENT STRATEGIES

The following spatial development strategies are to correspond with the Spatial Development Objectives outlined above.

TABLE NO. 13: SPATIAL DEVELOPMENT STRATEGIES	
KEY SPATIAL DEVELOPMENT OBJECTIVES	**SPATIAL DEVELOPMENT STRATEGIES**
To fulfill basic needs obligations and address spatial integration within available means	▪ Ensure efficiency and sustainability of basic services, by promoting the integration of sprawling settlements in both urban and rural areas, and the consolidation of large settlements at nodal points. ▪ Consolidate and integrate spatial development by developing land in proximity to public transport routes and existing services. ▪ Develop infill areas within fragmented settlement areas, where appropriate.
To manage land development in line with a structured approach to ensure sustainability.	▪ Manage land development in line with land use management guidelines related to identify spatial structuring elements and special development areas within Great Kei. ▪ Support a land reform and settlement development programme by identifying zones of opportunity for land development.
To adhere to environmental law and	▪ Implement the principles of Integrated Environment

protect environmentally sensitive areas.	Management (IEM).
To manage land development in line with the General Principles of the Development Facilitation Act and the provisions of the Land Use Planning Ordinance (15 of 1985).	▪ Implement the provisions of Section 8 Zoning Scheme Regulations in terms of the Land Use Planning Ordinance (15 of 1985). ▪ Apply for funding for a programme to develop an appropriate new Zoning Scheme for Urban and Rural Areas, in line with the direction of new legislation, when promulgated.

SPATIAL STRUCTURING ELEMENTS

This section focuses on the four basic Spatial Structuring Elements that guide spatial development decision making in the Great Kei Area. These elements are used to manage and guide development into certain patterns or arrangements, which are intended to promote more efficient future development.

▶ DEVELOPMENT NODES

At Municipal level, development nodes are categorised as those towns or places where a significant number of functions commonly deemed to be urban found. These functions would include public administration facilities/institutions, business activities, social and recreational facilities and other existing or potential economic enterprises (including tourism related enterprises).

At a Local Level, development nodes are generally described as areas of existing or potential mixed-use development. Such nodes are often located on main transport routes to provide maximum access and usually act as catalysts for new growth and development in areas adjacent to nodes and as such, they are areas where the following should be prioritised:

- *Appropriate levels of development investment in infrastructure.*
- *Appropriate land use management to promote preferred development outcomes.*

▶ DEVELOPMENT CORRIDORS

Development corridors are described in planning terms as roads or railway routes that are usually associated with the movement of people between places.

Different categories of Development Corridors can be described as follows:

- *Mobility Route: is a road with limited access that principally carries traffic between major nodes.*
- *Activity Corridor: is a band of high density development up to 800m wide along a public transportation route. Typically, activity corridors link areas of greater intensity of land use (nodes) and are usually found in larger urban areas.*
- *Activity Street: is usually defined as a local street that is located within the sphere of influence of an activity corridor and reinforces it. To be classified as an activity street, vehicle and pedestrian access to a mix of land use priority.*

In addition to the above types of development corridor commonly defined, the particular circumstances within Great Kei warrant the identification of **Special Routes**, which are, in this instance, related to tourism development. The Phalo Heritage Route and the Thunga Thunga Route are described as Special

Routes which relate to tourism destinations. In the case of the Phalo Heritage Route, a number of Heritage Sites have been identified.

▸ *URBAN EDGES*

The concept of an urban edge is most commonly used to identify the outer limits of areas where the Municipality would prefer to see an urban level of development. In short, the urban edge defines the proposed boundary line where the transition from the urban area to peri-urban and rural development is seen to be desirable, involving differing land use characteristics and density/intensity of land use and development.

▸ *TRANSITIONAL zONES*

Transitional Zones describes areas adjacent to Urban or Development Nodes, wherein it is envisaged that land developments of a lower intensity could be permitted.

Two Transitional Zones were proposed. The first extends from the Urban Edge incorporating the Chintsa area to the Urban Edges defining "The Glens". The second Transitional Zone extends north of and between the towns of Kei Mouth and Morgan Bay.

SPECIAL DEVELOPMENT AREAS

In order to give a focus for the organisational activities of the Municipality as it strives to achieve its development goals, several specific areas have been identified as Special Development Areas (SDAs).

The SDA of importance for this project is the Quko Mega Conservancy. This SDA is identified on a potential development which is mooted by private individuals. The land concerned extends upwards from the Double Mouth Reserve and is bounded to the north and west by the Morgan Bay/Kei Mount access road (MR696/M695) and to the south-west by the Haga Haga access road (MR694).

2.4.2 Great Kei Municipality Integrated Development Plan (IDP)

The tourism opportunities offered by *Cape Morgan Nature Reserve,* is recognized as a priority and the following are the objectives of the IDP that relate to the *Cape Morgan Nature Reserve:*

▸ *The spatial distribution of Tourism (with a coastal focus) and the need to open up job opportunities through tourism;*
▸ *The need for improved access and other infrastructure to support tourism development;*
▸ *The need for community awareness in tourism;*
▸ *The need for training and skills development; and*
▸ *The need to engage with potential funding sources to assist in the development of community based eco-tourism ventures*
▸ *The municipality is engaging in a process of ensuring community involvement in tourism industry through identification of spatial distribution of tourism (presently it has a coastal focus)*
▸ *The need to open up job opportunities through tourism*
▸ *The need for improved access and other infrastructure to support tourism*
▸ *The need for community awareness in tourism*
▸ *The need for improved training and skills development – at present the Great Kei Municipality has conducted limited training programmes, linkage with sector departments needs to be encouraged so*

as to enhance training programmes encompassing production line of tourism products and agro-SMME's to be supported to take part in marketing and promotion particularly in printing of promotional material associated with tourism and production of strategic communication documents. –diversification of visitor products has a high demand in should encompass promotion of the Xhosa Culture for the benefit of the community and community involvement need to be expanded to harness the heritage and culture of the area.

3. SWOT ANALYSIS

The following SWOT analysis has been completed in the workshop for the study area:

▶ *STRENGTHS:*

- *Eco system unique*
- *Existing buildings*
- *Open area*
- *Stromatrolites protection*
- *Strandloper trail*
- *Eco centre*
- *Natural beauty*
- *Golf course*

▶ *WEAKNESSES:*

- *Access roads beach facilities*
- *Lack of parking*
- *No beach*
- *Lack of accommodation*
- *Infrastructure-water sewerage: compliance*
- *Tourism season*
- *Lack of law enforcement*

▶ *OPPORTUNITIES:*

- *Linkage to double mouth*
- *Introduction of indigenous animals*
- *Creation of trails walkways*
- *Expansion of reserve opportunity*
- *Caravan park*
- *Craft centre*
- *Medicinal plant nursery*

▶ *THREATS:*

- *Pollution sewerage ponds*
- *Eco system*
- *Community demands*
- *Kei mouth expansion*

4. VISION

Due to the ecological integrity of the CMNR and the fact that it is the only piece of coastal forest in the Eastern Cape, which with it's current ecological status; the stakeholders requested that a long and short vision be developed for the area.

4.1   SHORT TERM

"Maintain the existing ecological integrity of the reserve and allow people to have more access to the reserve and for the reserve to be developed in the already impacted areas."

- *The short term plan aims to keep the appearance of the reserve as is. This is achieved by: not creating any high rise buildings, working within the land that has already been developed, improving the nature system without compromise, and focusing development on disturbed areas.*
- *One of the other aims look at increasing more leisure activity. These activities will result in a revenue income that will go back to the Cape Morgan establishment.*
- *Further revenue makers are achieved through: linking of the golf course and nature reserve, proper fencing and improvement of basic infrastructure such as roads (make paths accessible), proper monitoring/law enforcement of these developments and controlling of which areas are accessible or not.*
- *Introduction of wildlife and proper signage such as: vegetation info boards, footpath indicators and general info boards, achieve a well established nature reserve to attract local visitors.*
- *Other short term goals include; locating disabled areas, promoting education and accommodation facilities, establishing more guided trails, providing caravan parks.*
- *Finally the short term goal looks to promote heritage of area and establish successful a relationships between local community and the community of the reserve to increase tourism.*

4.2   LONG TERM

The long term goal looks at incorporating all the ideas presented in the short term plan but in a larger scheme that creates, improvement for the future of the reserve as well as the Kei Mouth community.

- *To expand the nature reserve to include the two adjoining properties, the golf course and develop a larger tourist facility.*
- *Aims to enlarge the reserve by mimicking the biodiversity onto adjacent land across the road.*
- *Restoring of the disturbed areas as in indicated in the short term goal*
- *Relocating the oxidation ponds to prevent water seepage into the sea.*
- *Eradication of all alien plants in the area.*

5. DEVELOPMENT CONCEPT

The following concept was developed:

Research on the name of the lighthouse "Cape Morgan" revealed in simple terms that "Cape " refers to a "point of land" and "Morgan" refers to "to be around the sea", or "to circle the sea". The concept of a lighthouse itself is to protect ships, which is the ultimate vision of which the reserve tries to accomplish.

The reserve is located in-between Morgan Bay and Kei Mouth approximately. It acts as a point in which the two towns (Morgan Bay and Kei Mouth) can be linked through the use of a boardwalk trails along the coast or a hiking trail through the reserve.

There are two existing routes the "Phalo Route" and the "Strandlopers Route". These hikes are longer than one day, so in our circular journeys around the reserve we want to not only interact with various activities along the route, but also reach a final point of destination (the "Cape"). This will be our special place of development, the place that has most potential to create revenue. At the same time we will incorporate the Cape Morgan lighthouse as another mini-point that is part of the journey.

CIRCLE THE SEA(MORGAN)....TO THE POINT(CAPE)
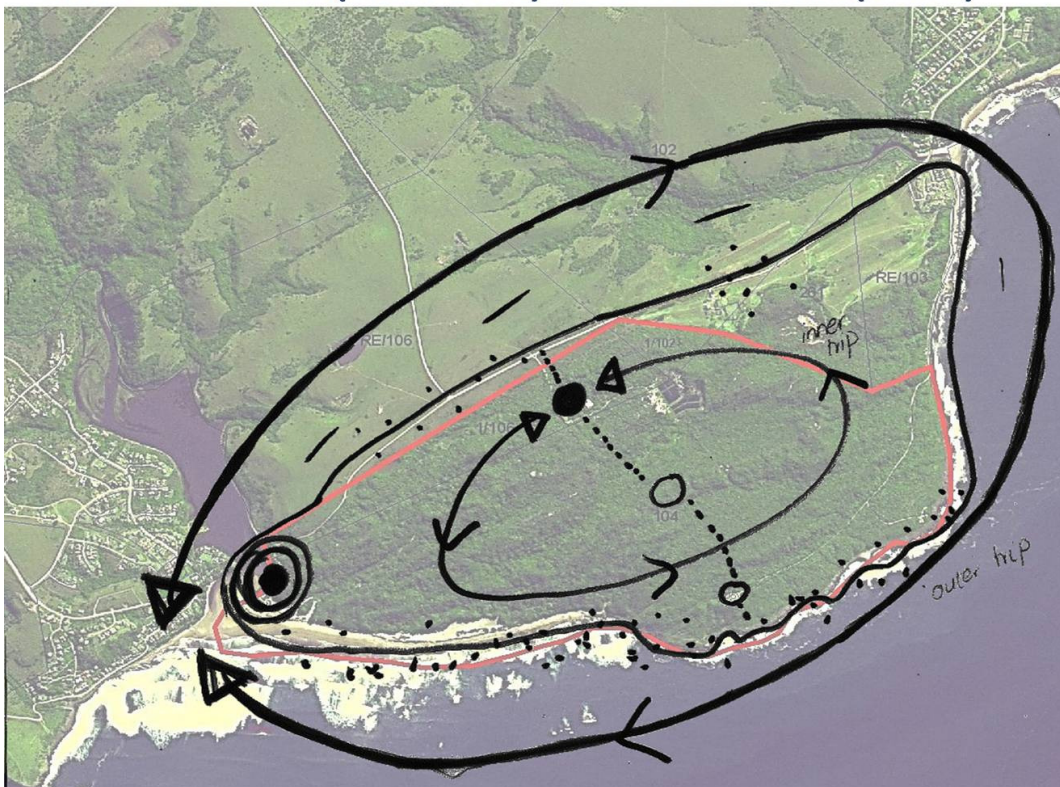
FIGURE NO. 3 CONCEPT LINKAGES

As part of this study a feasibility study was conducted and tourism investigation. Based on the study which involved community consultation the following has been considered. The developments within the reserve boundaries are relatively limited if no coastal vegetation needs to be disrupted. Therefore based on the sensitivity and demand of the market it is envisaged that the proposed development will have to take up the existing footprint. It would consist of a lodge and restaurant facility and associated developments.

5.1   BACKGROUND TO CONCEPT DEVELOPMENT

The public participation process as part of a brainstorming session with the stakeholders was carried out, the ideas which amented from this process is captured in the following five categories:

NATURE RESERVE/CONSERVATION

- Expand the reserve to the above grasslands.
- Locate the sensitive areas and protect them.
- Keep the reserve as natural as possible.
- Have areas in the reserve to be owned by the community.
- Develop the reserve to its natural state.
- Create bird hide to bring in natural wildlife.
- Develop natural walkways.
- Promote the growth of existing flora and fauna.
- Introduce wild life.
- Erect fencing around the area to protect the reserve.

FIGURE NO. 4 NATURE RESERVE CONSERVATION

ATTRACTIONS

- *Promote existing heritage route such as old mine routes.*
- *Picnic spots for people to stop and eat along the coast.*
- *Create trails that accommodate all the following three types: hiking/walk trails, horse trails, bicycle trails.*
- *Boardwalk along beach (natural/ manmade).*
- *Establish traditional medicine nursery where members can grow and sell plants found in the reserve.*
- *Provide leisure activity such as surfing, horse hires, car hires for drives around the park promote golfing, bird hide visits shell museum etc.*
- *Create a spa and resort where day visitors can stay.*
- *Promote home crafts where local craftsman can sell their products.*

FIGURE NO. 5 ATTRACTIONS

INFRASTRUCTURE AND ACCESS

- *Maintain road, the road plays a big part in attracting people to the area. If access isn't properly established tourism can't be properly developed.*
- *Guided trail routes to give hikers direction and a sense of safety.*
- *Improve law enforcement for safety and security.*
- *Provide parking.*
- *Establish a prominent gateway that marks the area.*
- *Create guided trails along the estuary.*
- *Allow for disabled access.*
- *Maintain existing Information signs and put up more.*
- *Upgrade existing horse, bicycle and walking trail.*
- *Place refuse bins in areas with high human traffic.*
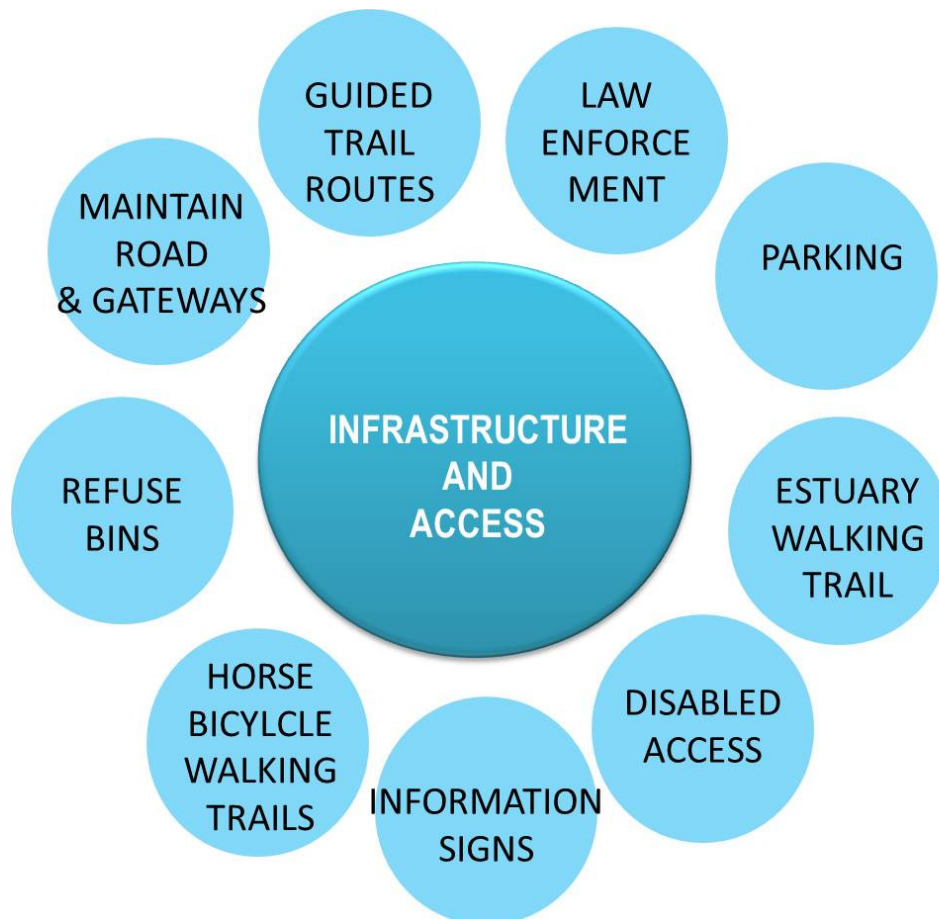
FIGURE NO. 6 INFRASTRUCTURE AND ACCESS

ACCOMMODATION

- *Establish a small bush camp.*
- *Provide temporary tented accommodation.*
- *Mark out caravan park areas.*
- *Create enabling environment for school camps.*
- *Establish a hotel to accumulate revenue (at least one 5 star hotel).*
- *Create multipurpose centre that can act as a conference room or open space for various. Activates.*
- *Upgrade inspection quarters.*
- *Establish an environmentally friendly lodge at existing chalet.*
- *Parking*

CARAVAN PARK   SCHOOL CAMPS

TENTED ACCOM   HOTEL FOR BUSINESS

ACCOMMODATION

BUSH CAMP   5 STAR HOTEL

ECO LODGE@ EXISTING CHALET   UPGRADE INSPECTION QUATER   MULTIPURPOSE CENTRE
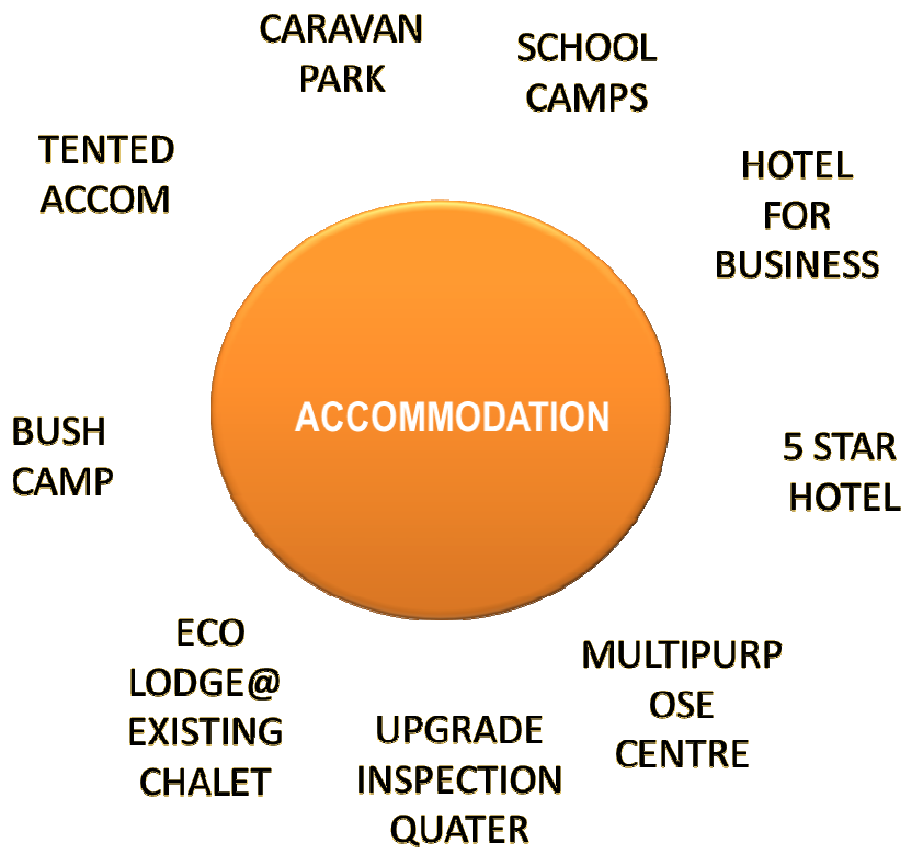
FIGURE NO. 7 ACCOMMODATION

EDU
SCHOOL
CAMPS

INTERPRET
HISTORY
OF AREA

PROMOTE
EDU
CENTRE

EMPLOYMENT
&
EDUCATION

**EDUCATIONAL
PURPOSES**

HOME
CRAFTS

TOURISM
JOB
CREATION

JOB
CREATION

GUIDED
WALKING
TRAILS

EDU ON
DOS AND
DONTS
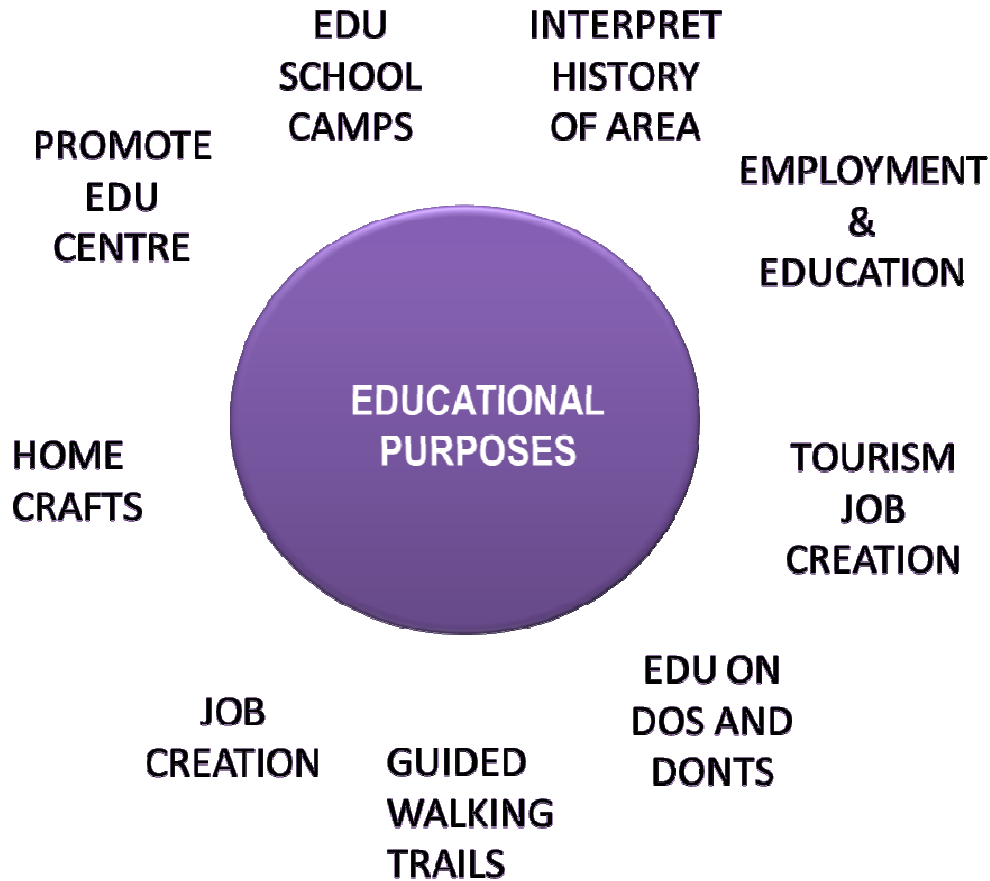
FIGURE NO. 8 EDUCATIONAL PURPOSES

5.2   EXISTING MARKET

The Eastern Cape Province is considered to be the third most popular domestic destination in the country, whereby out of the 34 million domestic travelers during May 2000 and April 2001, the Eastern Cape Province received 4.3 million trips or 12.8% of total domestic trips generated in South Africa (Eastern Cape Tourism Master Plan).

The main purpose of visits by domestic travelers, is to visit friends and relatives (VFR 62%), making the province the largest VFR market in the country. 49.5% of the visitors have an interest in visiting a nature reserve (protected area) and most prefer to experience the coastal resorts and beaches.

The Eastern Cape Province is understood to attract between 13% and 14% of the domestic tourist trips each year (ECTB 1997). Accordingly, some 5 million trips are destined for the Province and most of these have been in the form of tourists visiting friends and relatives, coastal holidaymakers, sporting groups, conferences and business trips.

The Eastern Cape Tourism Board (1997:4) indicates that the majority of foreign tourists are from United Kingdom, Germany and other European countries. Most domestic tourists are from within the province itself, followed by visitors from the Western Cape (see Table 1 below).

TABLE NO. 14: EASTERN CAPE STATISTICS: FOREIGN VISITORS AND DOMESTIC TOURIST TRIPS BY PERCENTAGE (1998)

Foreign Tourists	Percentage	Domestic Tourists	Percentage
United Kingdom	25	Local	32
Germany	22	Western Cape	24
Other Europe	17	KwaZulu Natal	18
North America	10	Gauteng	13
Holland	8	Free State	5
South America	4	North West	4
Australasia	3	Other	4

Source: Eastern Cape Tourism Board Marketing Plan 1999-2000

According to the Eastern Cape Tourism Board and the Tourism Plan (1997:8) the broad market includes leisure, special interest groups, retired persons, business and conference delegates, overseas visitors (namely from the UK, Germany, Netherlands and North America) and those who visit friends and relatives.

The majority of tourism visits in the Eastern Cape Province have tended to focus around Port Elizabeth, Tsitsikamma and the Sunshine Coast. However, recent surveys have shown an increase in bookings in Buffalo City, coastal resorts and hotels along the Wild Coast.

The Wild Coast has recently been boosted with the re-introduction of an air service between Durban and Mthatha. This is expected that this will be extended to East London in the near future. Improvements to the N2 road system would greatly enhanced the accessibility of the region.

Many visitors to the Wild Coast tend to have their own vehicle and are searching for affordable family accommodation, with outdoor activities on offer. There was a tendency for the development of small clusters of chalets and resort cottages, owned by a few residents of the former Transkei. The hotel accommodation along the coast struggled for years due to the poor access to the region and perceptions of insecurity. These perceptions are changing and the independent travelers (particularly domestic tourists) are returning to the area for holidays.

Many experts in the Tourism industry are advising that tourists are becoming more sophisticated, discerning and demanding more quality and well-planned destinations. They will avoid polluted and degraded areas, unattractive buildings and views. There is a tendency for tourists to go on shorter, but more frequent trips with a wider variety of tourism destinations becoming available around the world. The demand for cultural tourism, heritage and historical sites, nature-based adventure tourism, cruise liner and coach tours to unusual destinations and small exclusive retreat resorts is currently being experienced.

The Wild Coast is a unique destination, offering much of the attributes that the tourists are seeking. Accordingly, the coast is starting to experience a trend towards increased tourist flows and the existing establishments are reporting positive occupancy rates for the first time in years, particularly in the peak seasons.

The proposed Lodge will be very well positioned to serve the following market segments:-

- *S.A Families - mainly school holidays, coastal holidays and cultural experiences;*
- *Special interest groups - year round, special interests, eco-tourism, hiking, fishing, etc;*
- *Backpackers - year round, outdoor activities, surfing, cultural experiences; and*
- *Foreign Independent Travelers/small groups - leisure, culture, eco-tourism.*

Marketing activities will need to overcome the perceptions about the Wild Coast being an unsafe area and also, to compete with other emerging destinations of a similar nature (for example along the East and West Coast).

6. INFRASTRUCTURE

6.1   SUPERSTRUCTURE

The development of the lodge will comprise a cluster of green building design style buildings, constructed of local materials to be sited on the existing fishermens camp. Ultimately this will comprise 50 beds with bathrooms en-suite, kitchenette and dedicated entertainment facilities. Additional buildings will include a restaurant facility/office and reception facilities. The restaurant facility will be adequate to cater for overnight guests and day visitor/small events. A photo page of typical building examples is enclosed for information.

Key elements are the following:-

- *Upmarket 3-4 star rating lodge.*
- *Structures would be aesthetically consistent with the surrounds.*
- *Restaurant facility 60 seater would comprise reception area, lounge(s), restaurant, kitchens and other ancillary structures and other facilities.*
- *Elevated walk-ways would link lodge to the restaurant and other attractions/facilities.*

PLAN NO. 7: AERIAL PHOTO BLUE INDICATING PROPOSED AREA FOR RESTAURANT AND CONFERENCE CENTRE RED NDICATING PROPOSED AREA FOR ACCOMODATIONS
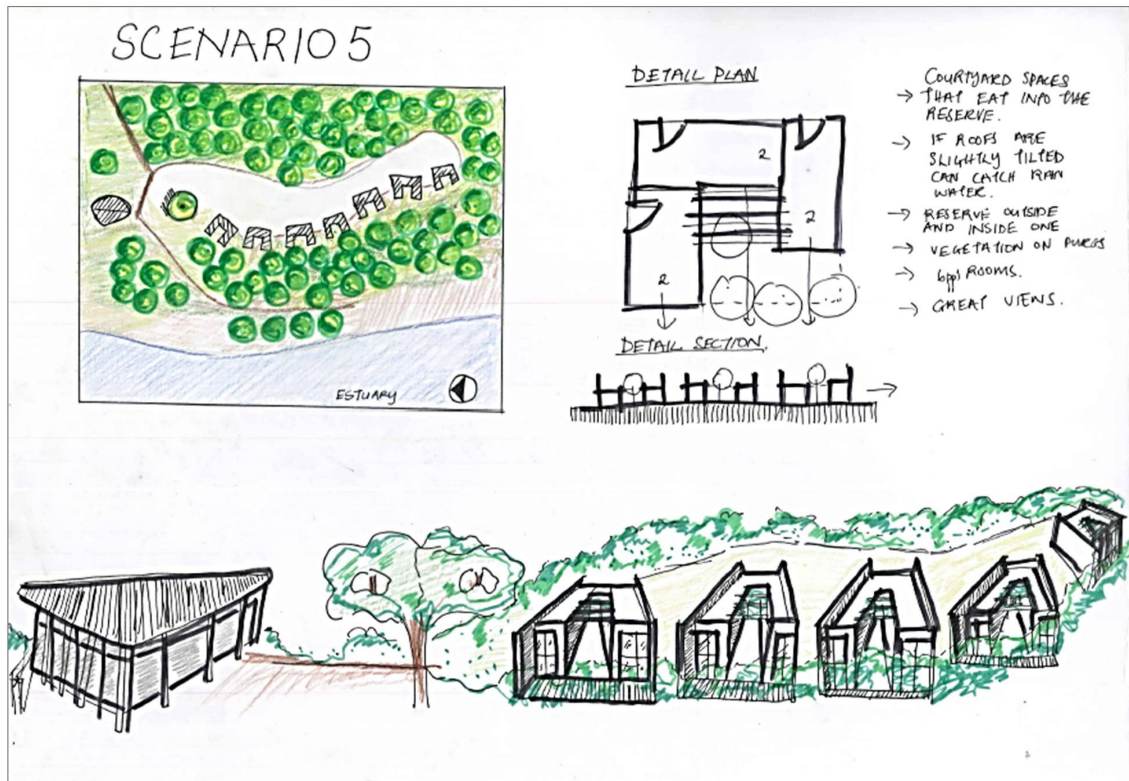
FIGURE NO. 9 CONCEPT MATERIALITY
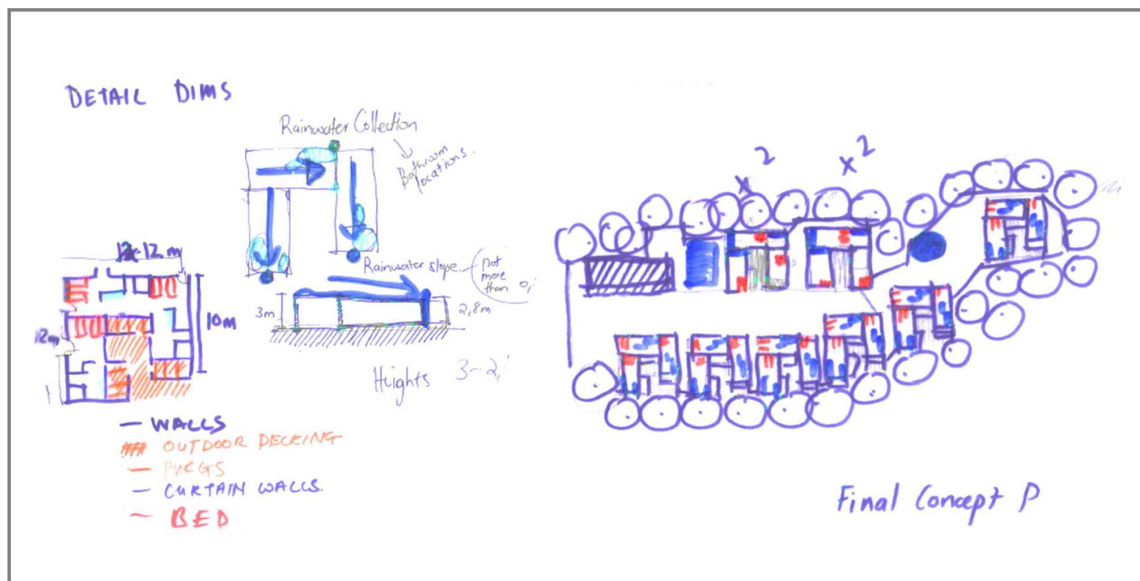
FIGURE NO. 10 CONCEPTUAL DIAGRAM

MATERIALITY

Wall options: concrete better aesthetic, brick and plaster cheaper

Flat roofs with slight fall for rain water collection

Glass and timber for courtyard space

FIGURE NO. 11 3D DIAGRAM AND PLAN LAYOUT

6.2 SERVICES

6.2.1 Basic Services

Accommodation, arranged Activities and catering will be standard and main features of the proposed development.

It is envisaged the guest lodge will comprise a cluster of rustic/traditional style buildings, constructed of local materials. Ultimately this will comprise 10 units with bathrooms en-suite, a separate dining and entertainment building, and with a kitchen. A restaurant, lounge, kitchen and associated storage and amenities are planned to be linked with pathways to the lodge and surrounding uses and facilities such as the parking, trails and beach access.

6.2.2 Linkages

The following tourist activities are envisaged:

- *Site seeing*
- *Beaches*
- *Hiking (link to Wild Coast Hiking Trail to the North and the Strandloper Trail to the south)*
- *Horse trails*
- *Xhosa cultural activities, cultural/traditional village*

- *Locally produced crafts and craft market*
- *Guided tours of local areas of interest*
- *Sea and estuary fishing*
- *Canoeing*
- *Bird watching*
- *River cruises;*
- *River and sea fishing outings;*
- *Mountain biking; and*
- *Bird watching*

The guest facility shoud be strongly linked to the nearby coastal villages, Strandloper trail, Cape Morgan Lighthouse, Amatola Heritage Route and the community living there. This will enable organising visits to the villages to attend traditional ceremonies, celebrations, dance, entertainment, meals and traditional feasts.

7. IMPLEMENTATION

7.1   BUSINESS OVERVIEW

Cape Morgan Nature Reserve Lodge will charge competitive rates and the revenue generated will be used to repay capital finance, loans to purchase equipment, carry out maintenance and pay salaries of the employees. The main business will involve accommodation, supported by activities, catering, entertainment and events.

7.2   BUSINESS STRUCTURE

The Business structure will involve a CPPP. The Eastern Cape Parks and Tourism Agency will be part of this process as the land and facilities are currently under their mandate and management. The structure would therefore also be subjected to the Strategic Management plan for the East London Coastal Nature Reserve.

Legal agreements will need to be drawn up to assist in formalizing the structure responsibility and accountability

The following top down structure is proposed:-

Regulates and oversees
- **EASTERN CAPE PARKS AND TOURISM AGENCY**

Manages operations and marketing
- **PRIVATE PARTNER**

Local community employment opporttunities and skills development
- **OPERATING STRUCTURE**
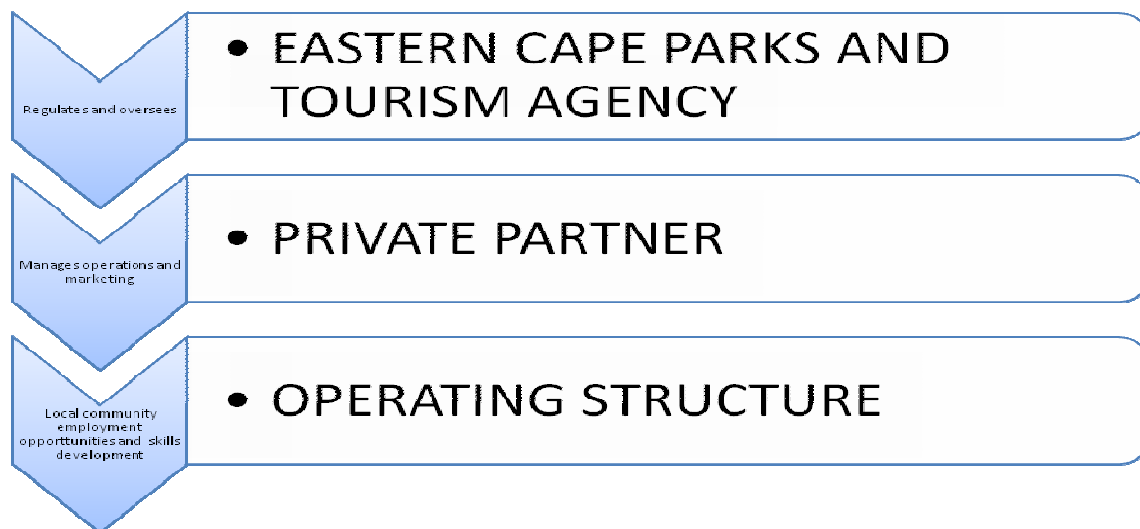
7.3   KEY COMPETITORS

- *Morgan Bay Hotel*
- *Trenneries Hotel at Qolora Mouth*
- *Seagulls*
- *Mazeppa Bay*
- *Wave crest Hotel*
- *Coffee Bay*

7.4   ANALYSIS OF COMPETITIVE POSITION

The Morgan Bay Hotel is considered the most significant competition in the area. However, it is a much larger establishment and less likely to offer the same personal service and hospitality. In addition, other hotels have little or no linkages with the traditional villages in the hinterland. The proposed Lodge at Cape Morgan Nature Reserve will be offering a unique experience in this regard and will have direct access to the Nature Reserve along with its accompanying activities. The proposed development will also be easily accessible to the N2 motorists as it has an established road network.

7.5   MARKETING AND PROMOTION STRATEGY

The marketing activities will comprise the following:-

- *Launch ceremony;*
- *Brochures;*
- *Flyers;*
- *Signage;*
- *ECTB Information system - Airports/Car rentals; and*
- *Web Site.*

8. FINANCIAL ANALYSIS

8.1   INTRODUCTION

The financial analysis of the current proposed Cape Morgan Nature Reserve includes the following two elements:

- *Lodge/hotel at Morgan Bay with restaurant and conference facility*
- *Trail and boardwalks from the existing eco-centre to the beach and along coast.*

8.2   LODGE/HOTEL

The lodge overlooking Morgan Bay to the west of the Cape Morgan Nature Reserve assumed the following main elements:

- *Four star lodge*
- *Accommodation for up to 50 people in 25 rooms*
- *Restaurant for 80 people, also catering for lodge eating*
- *Conferencing facility for 80 people*
- *Engineering and services (Water, sanitation, access, parking, etc.)*

FIGURE NO. 12 POSSIBLE EXTENT OF FOOTPRINT AREA FOR LODGE, RESTAURANT, CONFERENCE FACILITY AND PARKING

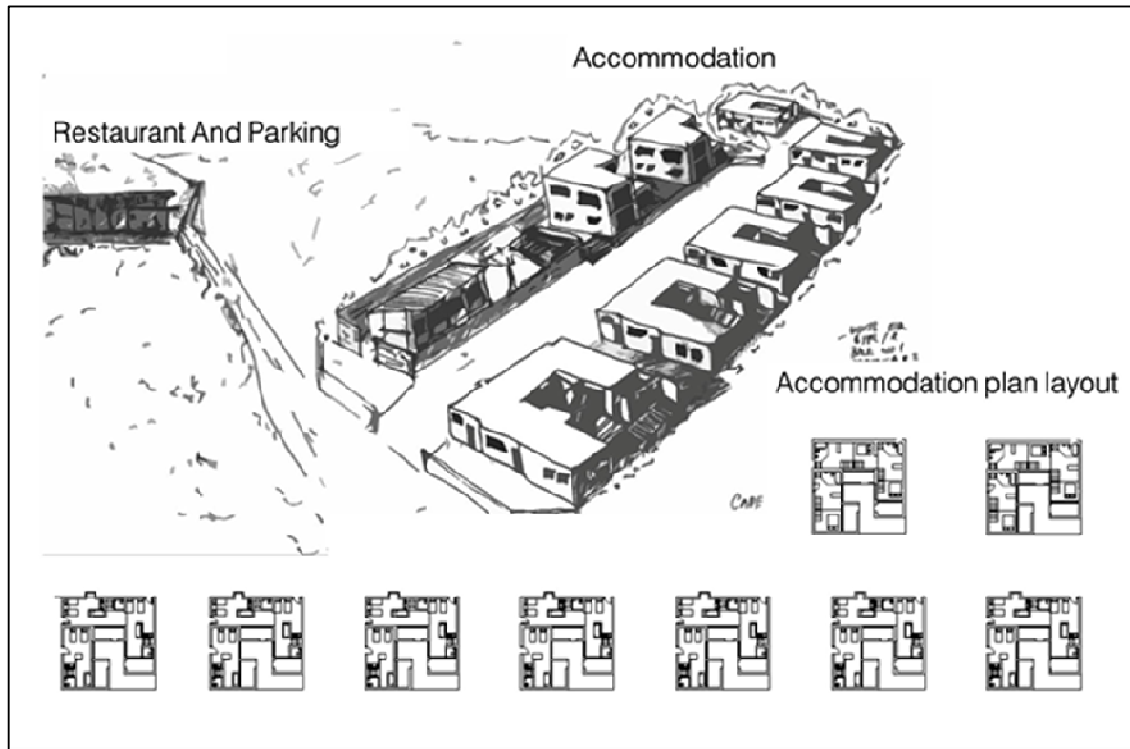Some examples of appropriate architectural theme are provided below:

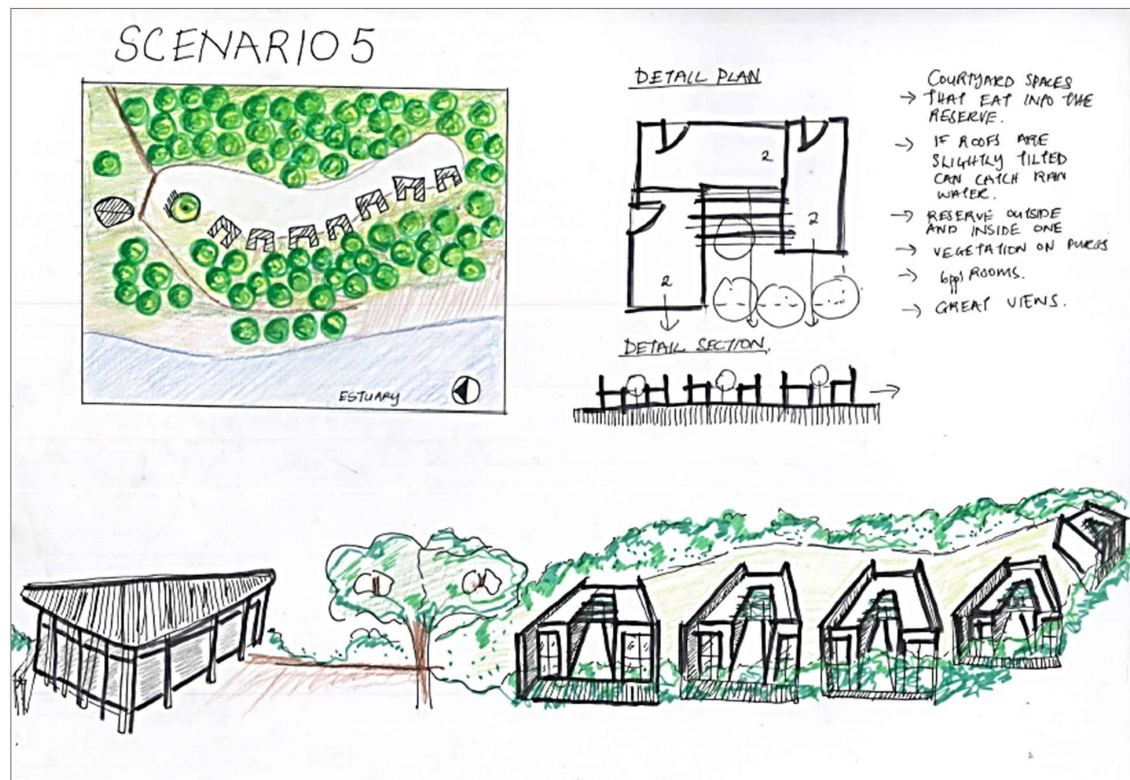
FIGURE NO. 13 EXAMPLE OF ARCHITECTUAL THEME

FIGURE NO. 14 EXAMPLE OF ARCHITECTURAL THEME

8.3   KEY ASSUMPTIONS

The following key assumptions have been made with regard to the overall project.

8.3.1   NUMBER OF BEDS

In the case of all the proposed Morgan Bay Lodge, the number of accommodation units and other structures are limited by the availability of land, environmental constraints and regulatory limitation. The current financial analysis is therefore based on 25 on-suite rooms units with double or 2 single beds per room, making up a total of 50 sleeping spaces. It is suggested that a single bed could also be placed in each room.

8.3.2   BED RATES

The bed or rack rates applied in the current analyses are based on current benchmark tourism rates for 4 star accommodation and anticipated target markets.

For the purposes of the current analyses, a rate of R750 (excluding meals) has been applied per room. We believe that these rates are reasonable and conservative. It should be emphasized that rates of R1,000 per room per day (excluding meals) or more could well be achievable in the high season.

8.3.3   OCCUPANCY RATES

Filing available beds is clearly also a critical component of a viable tourism product. Information indicates that occupancy rates in the Kei Mouth and Wild Coast area (for hotels/resorts comparable to those currently proposed) range from 35% in the low season to 80% in the high season.

For those purposes of the current analyses, occupancy rates ranging from 30% (for the first year after construction) have been applied. We believe that these occupancy rates are reasonable and conservative, while it should again be emphasized that better occupancy rates could well be achieved depending on marketing initiatives and efforts to link in with international tour operators.

8.3.4   CAPITAL COSTS

The proposed lodge would include a number of buildings, including comprising reception area, offices, bar, lounge, etc. and 25 on-suite rooms. Building costs have been applied per area of building with costs ranging from R3,000 per m² for service areas to R6,000m² for rooms. The areas for various building elements are provided in Table 15 below.

TABLE NO. 15: CAPE MORGAN

AREA SCHEDULE					
BUILDING TYPE	**DESCRIPTION**	**MEASUREMENT**		**FLOOR AREA in sqm**	
Main Entrance	Gate House	including toilet facility		25	
	Entrance canopy			25	
	SUB-TOTAL			**50**	
Main Building: Arrival	Waiting area			10	

	Luggage store			9
	Circulation			6
	SUB-TOTAL			**25**
Main Building:	Manager			12
Admin & Functions	General Office			9
	Store			20
	Staff ablutions			6
	Guest ablutions			10
	Conference Room			35
	Building structure	50 persons @ 1 sqm/person		60
	SUB-TOTAL			**152**
Main Building:				
Lounge & Bar	Lounge	50 persons @ 1.1sqm/person		55
	Bar	50 persons @ 1.1sqm/person		55
	Circulation			22
	Building structure	20% of floor area		48
	SUB-TOTAL			**180**
TOTAL MAIN BUILDING				**407**
RESTAURANT	Dining Room	80 persons @ 1.8sqm/person		144
Kitchen & Dining	Kitchen	0.9 sqm/person		72
	Stores	50% of kitchen area		36
	Food & Beverage Manager			9
	Guest ablutions			35
	Staff changerooms			24
	Staff ablutions			10
	Laundry			40
	Circulation			43
	Building structure	20% of floor area		95
	SUB-TOTAL			
TOTAL RESTAURANT				**508**
Accommodation:	Bedroom & en-suite	Size	6X5	30
Bedroom unit		Units	25	
	SUB-TOTAL			**750**
Recreation: Pool	Swimming pool			
	Deck	Length	20	
		Width	5	100
	SUB-TOTAL			
Conference:	80 persons	20X20		400
	Entrance/lobby	6X6		36
	Ablutions	10X10		100
	SUB-TOTAL			**536**
Support services	Standby generator			20
	Refuse area			10
	Workshop			50
	SUB-TOTAL			**80**

The main factor driving up capital expenditures relates to the lack of existing services and infrastructure in the Cape Morgan Nature Reserve, such as the supply of water, electricity and sanitation services, road infrastructure, etc. In all current capital costs projections, a significant element relates to the provision of these services. We believe that the cost provisions for these services are conservative.

The following infrastructure needs were identified in the construction costing and costs supporting the financial provision were made:

- *Access road and parking*
- *Bulk electrical supply*
- *Water supply and connectors*
- *Sewerage reticulation and pump station*

Costs for the above infrastructure were provided by Element Consulting Engineers (Refer to Appendix B).

8.3.5 OPERATING COSTS

Operating costs are based on our knowledge of other hotel establishments. Again, the estimates are conservative.

8.3.6 PROVISIONAL ORGANIZATIONAL STRUCTURE AND COSTING

The table below provides a breakdown of the envisaged manpower requirements. The salary and wage scales of the various positions are in line with competitive trends elsewhere in the Eastern Cape coastal resort area.

The financial analysis has made a provision of R180,000 for training based on a rate of R300 per day per trainee, 12 trainees over a three month period prior to commencing operations (refer to Table 16). This amount has been included in the projected pre-start costs.

It should be noted that THETA (Tourism Hospitality, Education and Sport Training Authority) is providing tax breaks for tourism training under the Tourism Learnership Project (TLP) which is co-funded by the Department of Labour.

8.3.7 WORKING CAPITAL REQUIREMENTS

Initial working capital requirements are provided for two months prior to start of operations. These costs are included in the initial financial requirements.

Additional working capital requirements after the commencement of operations are based on the maximum accumulated cash deficit shown in the cash flow statement (refer to Appendix C). Additional financing will be required to meet these cash shortfalls. The borrowing costs associated with the additional financing have not been included in the financial analysis.

8.3.8 MANAGEMENT

With respect to overall project implementation and management, a third party service provider may be required to assist in this regard. In current analysis, **No provision has been made for these services**.

8.3.9 STAFFING

Staffing is provided in a separate schedule (refer to Table 13) where it is estimated that over 50 staff may be required to operate the complete facility. Salaries and wages are by far the most significant operating cost item. These costs have also been allocated on the basis of expected occupancy escalated, where the full 50 person compliment is only expected to be reached in year 4 of operation, with about 60% compliment at the commencement of operation.

TABLE NO. 16:CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing											
STAFF											
						Year					
			FULL			1		2	3	4	
General Manager	15,000	1	15,000			15,000	100%				
Assistant manager	8,000	1	8,000			8,000	100%				
Head chef	20,000	1	20,000			20,000	100%				
Chef	8,000	2	16,000	Training		16,000	100%				
Waiters	2,500	8	20,000	Training		10,000	50%				
Kitchen staff	2,500	10	25,000			12,500	50%				
Housekeeper	12,000	1	12,000			12,000	100%				
Cleaners	2,500	8	20,000	Training		10,000	50%				
Laundry	2,000	4	8,000			4,000	50%				
Receptionists	6,000	2	12,000	Training		1	50%				
Night porter	2,500	2	5,000	Training		5,000	100%				
Security	2,500	4	10,000			5,000	50%				
Landscape, gardening, pool	2,500	1	2,500			0	0%				
Barmen	4,500	2	9,000	Training		9,000	100%				
Casuals (seasonal)	2,500	4	10,000			0	0%				
		51	192,500			126,501					
Statutory costs		5%	9,625			-					
Staff benefits		10%	19,250			-					
			202,125	Month		126,501					
			2,425,500	Annual		1,518,012					
STAFFING RATE						**63%**		**65%**	**75%**	**100%**	
								2%	10%	25%	
	Cost per person/day	Number of staff	days per month	months							
Training	300	10	20	3	180,000						

8.3.10 FINANCING

It is assumed that the entire project will be funded through debt. However, it is possible that grant funding could be sourced through DTi Tourism scheme or other sources.

8.4   ADDITIONAL ASSUMPTIONS

The following table provides summary of the assumptions that have been made concerning the financial analysis:

TABLE NO. 17: ASSUMPTIONS

Assumptions		
Occupation Rate - Accommodation		
	Year 1	30%
	Year 2	40%
	Year 3	50%
	Year 4	60%
	Year 5	60%
Occupation Rates - Conference		
	Year 1	20%
	Year 2	30%
	Year 3	40%
	Year 4	50%
	Year 5	50%
Capacity		
	Accommodation (Rooms / Night)	25.00
	Conference Capacity (Guests / Day)	80.00
Prices		
	Accommodation (R / Night / Room B&B)	750.00
	Food Price (R / Person / Day)	100.00
	% Guests having Food	50%
	Beverage (% of Food charge)	20%
	Conference (R / Day / Person)	250.00
Cost of Sales (% of Revenue)		
	Accommodation	10%
	Food Price (R / Person / Day)	50%
	Beverage	50%
	Conference	50%
Working Capital (% of Cost of Sales)		15%
Loan - Portion of Funding		100%
CPIX Inflation (% p.a.)		8%
Borrowing Rate (% p.a.)		9%
Taxation Rate		28%
Finance period (years)		15.00

- *Depreciation has only been calculated over the first 5 years, after which an asset refurbishment cost has been applied.*
- *Cash basis accounting (i.e. no debtors or creditors).*
- *Construction phase of 12 months.*

- *Cost of the land has not been factored into the analysis. It is assumed that ths will be provided by the developer at no cost.*
- *Trading occurs 365 days a year.*

8.5   FINANCIAL ANALYSIS

The financial analysis for the lodge, restaurants, conferencing facility and associated infrastructure over a 20 year period, includes the following:

- *Income Statement (Appendix A);*
- *Capital Expenditure (Appendix B);*
- *Cash Flow Analysis Yearly (Appendix C);*
- *Cash Flow Analysis Monthly (Appendix D);*
- *Finance Required and Interest Period (Appendix E) and*
- *Staffing (Table 16).*

8.5.1   FINANCIAL RATIOS

The following financial ratios have been calculated:

- *Net Present Value(NPV)*
- *Internal Rate of Return (IRR)*
- *Debt Cover Ratio*
- *Loan Repayment*

8.5.2   RESULTS OF FINANCIAL ANALYSIS

TABLE NO. 18: SUMMARIES THE FINANCIAL ANALYSIS FOR THE LODGE DEVELOPMENT PROPOSAL

Non-depreciable capital assets (i.e. buildings and infrastructure)	R18 659 025
Depreciable assets (i.e. furniture and fittings)	R2 591 400
Total investment	R21 250 425
Accumulated retained income after 20 years (Undiscounted)	R16,918,932
First year of profit	Year 4
Year of positive retained income	Year 7
NPV of cash flows (over 20 years)	R15 635 601
IRR (return on investment)	6%
Average Annual Cash Flow Over 20 Years	R941 943
Additional Working Capital Requirements	R3.5 million
Total Salary bill 10 years	R30 737 436

The target IRR usually required for securing funding is currently about 14%. The above currently analyzed scenario yielded an IRR of about 6%. However, this could be improved if:

- *Grant funding sourced such as DTi for say R5 million*
- *Occupancies are improved*
- *Higher room rates achieved*

We also believe that the estimates relating to the financial analysis are conservative in terms of operating costs and estimates of capital outlays. Further refinement of capital items in particular may result in capital savings that would improve the financial returns.

Although the current analysis suggests that the financial success of the current Cape Morgan proposal is marginal under the scenarios analyzed, we believe that the proposed Lodge development presents a potential viable financial proposition. However, it must be emphasized that the financial performance of the Lodge will ultimately depend on the success of initiatives to market the resort, especially to local and international tour operators.

8.6   TRAIL AND BOARDWALKS TO BEACH

The following figure provides an approximate route for the proposed trail and boardwalk.

FIGURE NO. 15 APPROXIMATE ROUTE FOR THE PROPOSED TRAIL AND BOARDWALK

Following elements:

- Trail – 800 meters to coast
- Boardwalk – 300 meters along coast with lookouts
- Toilets – along route (chemical or long drop)

TABLE NO. 19: TRAIL AND BOARDWALK COSTING

TRAIL ELEMENTS	LENGTH	UNIT COST	COST
Boardwalk	300	1 500	450 000
Trail without boardwalk	800	200	160 000
Toilets	2	10 000	20 000
Lookout platforms	3	15 000	45 000
			675 000

9. IMPLEMENTATION PLAN

The implementation programme is depicted on the flow chart. Implementation plan is heavily dependent on the process of advertising and finding suitable private partner 5 months have been allocated for this purpose.

TABLE NO. 20: PROJECT PROGRAMME

Item	Description	2012	2013				2014			
		4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
1	Development Plan	■								
2	Business Plan	■	■							
3	Budget	■	■							
4	Company Establishment		■							
	Registration			■						
5(a)	Auditors Financials		■							
5(b)	Funding Application-ECTA		■	■						
	Funding Application-OTHER			■	■					
6	Demolition of existing structures				■	■	■			
7	Design-Site			■						
	Design-Buildings				■					
8*	Rezoning Application & Approval				■	■				
9	Building Plan Approval					■				
10	Site and Services Development Plan					■				
10.1	Water Provision						■			
10.2	Electricity						■			
10.3	Roads and Parking						■			
10.4	Platforms						■			
10.5	Stormwater							■		
10.6	Sewerage							■		
10.7	Landscaping							■		

11.	Administration Section									
	Entrance Gate									
	Security Fence									
12.	Set up community activities									
13.	Restaurant facility									
14.	Lodge Development									
15.	Staff Recruitment									
16.	Training									
17.	Launch									

APPENDICES

APPENDIX A: CAPE MORGAN LODGE

INCOME STATEMENT

APPENDIX B: CAPE MORGAN LODGE

CAPTIAL INVESTMENT

APPENDIX C: CAPE MORGAN LODGE

CASH FLOW ANALYSIS: YEARLY

APPENDIX D: CAPE MORGAN LODGE

CASH FLOW ANALYSIS: MONTHLY

APPENDIX E: CAPE MORGAN LODGE

FINANCE REQUIRED AND INTEREST CONSTRUCTION PERIOD