

**PROPOSED COFFEE BAY AND
HOLE-IN-THE-WALL
DEVELOPMENTS**

**OVERVIEW OF THE REGION
AND A DETAILED ASSESSMENT
OF POTENTIAL TOURISM
PROJECTS**

Prepared by:

Coastal & Environmental Services
P O Box 934
Grahamstown
6140

Prepared for:

Eastern Cape Development Corporation
Development Bank of Southern Africa
Incopho Wild Coast Development Project Consortium

January 2004

TABLE OF CONTENTS

1. INTRODUCTION	7
2. BACKGROUND AND SCOPE OF WORK.....	7
2.1 Original Terms of Reference	7
2.1.1 Technical feasibility.....	7
2.1.2 Environmental inputs into the project.....	8
2.1.3 Financial viability	8
2.1.4 Mobilisation plan	9
2.1.5 Institutional structuring and financial modelling.....	9
2.1.6 Amendments to the terms of reference	9
2.2 Team of consultants	9
3. DESCRIPTION OF THE DEVELOPMENTS AS PROPOSED BY INCOPHO.....	10
3.1 Coffee Bay Camp Site	10
3.2 Hole-in-the-Wall campsite.....	11
3.3 Hole-in-the-Wall Ridge	11
3.4 Hlungulwana Traditional Village	14
3.5 Mapuzi Small Craft Harbour	15
3.6 Matokazi Airfield.....	16
3.7 Golf Course Development	16
4. APPROACH TO THIS STUDY.....	18
4.1 Guiding principles.....	18
4.2 Overall approach.....	18
PART 1: GENERAL OVERVIEW OF THE STUDY AREA	21
5. CLIMATE AND WEATHER.....	21
5.1 Temperature and humidity.....	21
5.2 Rainfall.....	22
5.3 Wind.....	22
5.4 General limitations with respect to the climate.....	23
6. GEOLOGY AND LANDFORM	23
6.1 Introduction.....	23
6.2 Geology.....	23
6.3 Landform.....	23
6.4 General limitations with respect to the geology and landform	23
7. LAND USE.....	24
7.1 Agriculture and Forestry	24
7.2 Nature Conservation	24
7.3 Urban development.....	24
7.4 Tourism and resorts.....	24
7.5 Land use potential	24
8. VEGETATION.....	24
8.1 Introduction.....	24
8.2 Methods.....	26
8.3 Vegetation Types of the Region	26
8.4 Importance, use and sensitivity of the vegetation	29
9. TRAVEL TO THE REGION.....	29
9.1 Access roads.....	30
9.2 Facilities.....	31
9.3 Linkage within the region	31
9.4 General recommendations regarding travel to the region.....	33
10. ECOLOGICAL SENSITIVITY ANALYSIS.....	33
10.1 Introduction.....	33
10.2 Sensitivity of specific sites in the study area	37

11.	SPATIAL EXTENT OF THE FIRST AND SECOND ORDER NODES	39
11.1	Introduction.....	39
11.2	The Coffee Bay Node	40
11.3	Hole-in-the-wall second order node.....	40
12.	AN OVERVIEW OF THE TOURISM POTENTIAL OF THE WILD COAST AND THE COFFEE BAY & HOLE-IN-THE-WALL NODES.....	41
12.1	Introduction.....	42
12.2	SWOT Analysis	43
12.3	Foreign Tourism.....	44
12.4	Accommodation.....	46
12.5	Domestic Tourism.....	46
12.6	Marketing.....	48
12.6.1	Package Tours.....	48
12.7	Supply and Demand Analysis.....	49
12.8	Traffic Count.....	50
12.9	Relevance of this growth and development for Coffee Bay and Hole-in-the-Wall.....	50
13.	TOURISM MARKETS AND RATES FOR COFFEE BAY DEVELOPMENTS	51
13.1	Accommodation rates in South Africa.....	51
13.2	Room occupancies in Wild Coast Holiday resorts	52
13.3	Tourism markets	53
13.4	Marketing Plan.....	53
13.5	Benchmark Eco Lodges in the Tsitsikamma Forest area.....	53
13.6	Tourism Learnership Project (TLP).....	54
14.	OVERARCHING SOCIAL AND COMMUNITY ISSUES	54
14.1	Background information.....	54
14.2	Relevant stakeholders and Role-players	55
14.2.1	Kwa-Tshezi communities	55
14.2.2	Incopho Wild Coast Development Corporation (PTY) Ltd.....	56
14.2.3	Coffee bay and Hole-in-the-Wall (PTY) LTD.....	56
14.2.4	Kwa Thsezi Development Trust	56
14.2.5	Kwa-Tshezi Development Programme.....	57
14.2.6	Department of Water Affairs and Forestry (DWAF).....	57
14.2.7	Department of Environmental, Economic and Tourism Affairs (DEAET).....	57
14.2.8	Department of Land Affairs (DLA).....	58
14.2.9	Ntinga/O.R.Tambo District Municipality	58
14.2.10	KSD Municipality.....	58
14.3	CAPACITY AND SOCIAL CONSTRAINTS - PROBLEMS GATHERED DURING COMMUNITY MEETINGS.....	59
14.3.1	Social problems and constraints.....	59
14.3.2	Local capacity	60
14.3.3	Meaningful community involvement.....	60
14.3.4	Benefits to the local communities.....	60
14.3.5	Ensuring equitable benefits.....	61
14.4	Recommendations.....	61
14.5	Conclusion	62
15.	PLANNING AND APPLICATION PROCEDURES FOR DEVELOPMENT WITHIN THE WILD COAST.....	62
15.1	Introduction.....	62
15.2	Sspatial context of the wild coast tourism development policy.....	63
15.3	Planning and legislative frameworks	64
15.4	Land Use Management Bill	64
15.5	Transkei Decree	65

15.6	White Paper on Sustainable Coastal Development.....	66
15.7	Provincial Spatial Development Plan	66
15.8	Eastern Cape Coastal Management Programme.....	66
15.9	Application Procedures For Tourism Projects Within The Wild Coast	66
15.10	Process to be followed	67
PART 2: EVALUATION OF PROPOSED DEVELOPMENTS AT COFFEE BAY AND HOLE-IN-THE-WALL		69
16.	HOLE-IN-THE-WALL RIDGE	69
16.1	Introduction.....	69
16.2	Extensions and changes to the development concept	69
16.3	Ecological Evaluation	72
16.3.1	Bio-physical description of the site.....	72
16.3.2	Ecologically sensitive sites and no go areas	72
16.4	Financial evaluation	73
16.4.1	Financial Analysis and Assumptions	73
16.5	Conclusions.....	79
16.6	Social evaluation.....	89
17.	HLUNGULWANA TRADITIONAL VILLAGE	89
18.	MAPUZI SMALL CRAFT HARBOUR	89
19.	ASSESSMENT OF SECONDATY PROJECTS.....	89
19.7	Coffee Bay campsite.....	89
19.7.1	Introduction.....	89
19.7.2	Extension and changes to the development concept.....	89
19.7.3	Bio-physical description of the site.....	90
19.7.4	Ecologically sensitive sites and no go areas	91
19.7.5	Social evaluation.....	91
19.7.6	Evaluation of the Coffee Bay Camp Site.....	91
19.8	Hole-the-Wall forest reserve.....	91
19.9	Matokazi Airfield.....	92
19.10	Golf Course Development	93
19.11	Cafeteria and viewsite above Hole-in-the-Wall.....	93
19.12	Tourism Marketing and gateway development.....	93
PART 3: RECOMMENDATIONS AND WAY FORWARD		95
20.	RECOMMENDATIONS AND AY FORWARD	95
20.1	Community mobilisation plan.....	95
APPENDIX A: SPECIES LISTS AND THEIR ABUNDANCE IN THE FOUR MAJOR FORESTS IN THE COFFEE BAY/HOLE-IN-THE-WALL COASTAL REGION		97
APPENDIX B: FIELD DATA SHEET USED FOR THE SENSITIVITY ANALYSIS... ..		101
APPENDIX C: DESCRIPTIONS AND PRICES OF VARIOUS TOURISM RESORTS ...		103
APPENDIX D: HERITAGE TOURISM AND CULTURAL TOURISM.....		107
APPENDIX E: WILD COAST TOURISM DEVELOPMENT POLICY – DEVELOPMENT GUIDELINES.....		115
APPENDIX F: DETAILS OF COMMUNITY MEETINGS AT COFFEE BAY.....		123

APPENDIX G:DETAILS OF THE WORKSHOP ATTENDED/ THEME – HOLE-IN-THE-WALL INTEGRATED DEVELOPMENT PLAN..... 129

APPENDIX H: REPORT OF MEETING AT HOLE IN THE WALL FOR THE COFFEE BAY DEVELOPMENT..... 131

APPENDIX I : TAX BREAKS FOR EMPLOYERS WHO ENTER INTO REGISTERED LEARNERSHIP AGREEMENTS..... 137

APPENDIX J: FINANCIAL ANALYSIS SAMPLE SCHEDULES.....139

1. INTRODUCTION

Coastal and Environmental Services were appointed by the Eastern Cape Development Corporation to undertake a viability study for proposed tourism development in the Hole-in-the-Wall and Coffee Bay area. Technical assistance grant funds have been secured for the first phase of the project, which entails the compilation of a comprehensive Project Ledger, which will include an environmental analysis, technical and financial viability analysis, capital expenditure plan, participant mobilisation, institutional structuring and financial modelling.

An independent environmental service provider will be appointed to conduct an EIA at an early stage during the investigations. The detailed Project Ledger will also be necessary to obtain the required licences and permits for the implementation of the project.

The projects entail the structuring of community/private sector equity ventures for the development of tourism accommodation at Hole-in-the-Wall camping and Coffee Bay, in the KSD Municipality in the Eastern Cape. The participants will be sourced from the Hole-in-the-Wall and Coffee Bay communities. Phase two, the investment phase of the project, will confirm the model and structure the implementation of the community/private sector tourism ventures, and address the mobilisation of private and public sector funding institutions.

The projects are being initiated by the Incopho Wild Coast Development Project Consortium and aim to promote tourism and create sustainable local enterprises and employment opportunities.

The involvement of environmental consultants at the project formulation stage was deemed essential by the principle funder's of the Technical Assistance (TA) grant, the Development Bank of South Africa (DBSA) and the Eastern Cape Development Corporations (ECDC). This presented CES with a unique opportunity to strategically assess various development options for the area, with a view to ensuring environment sustainability and social acceptability. Engaging in this manner with development agencies is a very proactive way of dealing with environmental issues, and is in line with the principles of Integrated Environmental Management, as outlined in the National Environment Management Act. These include, *inter alia* that the environment is held in trust for the public, that a precautionary approach to development must be adopted, that a "cradle to grave" philosophy is required, that Interested & Affected Parties must be involved in the development process, and that developments must be sustainable.

This appointment therefore offered CES a unique opportunity to ensure the implementation of these principles in the development of tourism projects at Coffee Bay and Hole-in-the-Wall.

2. BACKGROUND AND SCOPE OF WORK

2.1 ORIGINAL TERMS OF REFERENCE

2.1.1 Technical feasibility

The information derived from the technical feasibility was seen as essential input for determining the environmental and financial viability of the project. It was noted that the technical work needs to be done in collaboration with the environmental scan.

In order to ensure the technical feasibility of the project, the ToR called for the investigation of the following issues.

- i. land availability and tenure;
- ii. available support infrastructure;
- iii. preliminary design, layout and technology (alternatives to be compared i.t.o cost, operation and maintenance and replacement);
- iv. confirmation of market potential and pricing;
- v. potential income within specific time frames;
- vi. potential phasing of implementation;
- vii. fixed and movable assets needed (capital plan);
- viii. operating and maintenance costs;
- ix. estimated overhead costs;
- x. provincial organisational structure and costing; and
- xi. preliminary cash flow analysis.

The investigation was to culminate in a technical/environmental feasibility report, which will be the first milestone of the technical assistance (TA) project. At the earliest stage possible an EIA Scoping process was to begin to ensure public involvement and environmental due diligence with regard to conceptual planning and detail design.

2.1.2 Environmental inputs into the project

In collaboration with the technical expertise, environmental studies to be used as input into the development of the project concept, preliminary design and Environmental Management Plan were required. This information will also be used as an input into an independent EIA process (this will involve a Scoping Report and possibly an EIA report if it is required from the relevant authorities). Some of the key issues that need to be investigated include environmental items with particular regard to:

- i. what development, if any, is possible, given the absence of a detailed Strategic Environmental Assessment and an area environmental sensitivity analysis;
- ii. the impact of the project on the dune and coastal ecosystem;
- iii. the changing human settlement patterns around the new economic activities;
- iv. the basic human rights and equity issues with regard to the land issues;
- v. the issue of competing land uses and opportunity costs;
- vi. the necessary licences needed;
- vii. the issue of appropriate sanitation;
- viii. environmentally friendly design and construction;
- ix. proposed environmental mitigation measures and management plan;
- x. assist with the development of a Terms of Reference for the appointment of an independent consultant to undertake an EIA for the project, once we have an indication of a workable project concept.

2.1.3 Financial viability

Applying the information that has been analysed from the technical and environmental feasibility, a detailed financial viability and capital plan was required, to address the following:

- i. detailed cash flow analysis for a period of 20 years;
- ii. NPV and IRR;
- iii. loan repayment ability; and
- iv. sensitivity analysis.

The investigation will culminate in a detailed financial viability, which will be the third milestone of the TA project. Should the outcome be positive, the stakeholder mobilisation phase of the project will proceed.

2.1.4 Mobilisation plan

Once the financial viability of the project has been established, it will be necessary to engage the potential stakeholders in the project. The objective is not to embark on a major training exercise, but to mobilise stakeholders and inform them of options, alternatives and impact of such an undertaking. It would also provide opportunities to identify possible partnerships and would culminate in electing representatives, which could be part of, and assist with the institutional and financial modelling. It would also be used as a basis to identify training needs and formulate a training programme for the participants.

Participant mobilisation will include a stakeholder analysis and the process will target key interested and affected parties – with emphasis on members of the Coffee Bay and Hole-in-the-Wall communities and the implementation of the mobilisation phase will be in the form of meetings and workshops and EIA procedures.

2.1.5 Institutional structuring and financial modelling

This element would mainly revolve around the mobilisation of all possible stakeholders and funders with regard to their roles and responsibilities. It will further include the institutional and funding arrangements of the proposed Joint Venture project. It will also clearly indicate what portions of equity, long and short term funding are required to successfully implement the project on a sustainable basis.

It must be noted that this exercise will not include the legal arrangements for the final project participants, but the end product of the TA will form the basis for legal negotiations.

2.1.6 Amendments to the terms of reference

The above ToR was modified as follows:

- i. Undertake a broader, more strategic environmental analysis of the area, and identify other potential projects and/or project sites.
- ii. Investigate three or possibly four projects in more detailed, by subjecting them to financial and viability analysis, but only after they were found to be environmentally acceptable.
- iii. Comment on the viability of the other suggested projects, but do not subject them to the financial and viability analyses.
- iv. Describe alternatives and modifications to the project concepts provided by Incopho, taking into account environment constraints, with a view to limiting environment impacts.

2.2 TEAM OF CONSULTANTS

The team of consultants undertaking the viability study is comprised of the following members:

NAME	AREA OF EXPERTISE	COMPANY
Ted Avis	Biophysical environment	Coastal and Environmental Services
Alan Carter	Accounting and financial consultant	Avis, Carter & Logie - Integrated Environmental and Financial Services
Leonard Tebutt	Accounting and financial consultant	Leonard Tebutt Accounting Services
Peter Myles	Tourism Consultant	Centre for Tourism Studies (UPE)

Russell Chalmers	Environmental consultant	Coastal and Environmental Services
Lungisa Bosman	Social consultant	Coastal and Environmental Services
Gcina Madasa	Social consultant	NGZ Consulting Solutions
Roy Lubke	Biophysical environment	Coastal and Environmental Services

3. DESCRIPTION OF THE DEVELOPMENTS AS PROPOSED BY INCOPHO

Incopho Wild Coast Development Project Consortium have prepared a development proposal for the Coffee Bay and Hole-in-the Wall area. This proposal briefly outlines six potential tourism projects, in line with the overall Wild Coast Spatial Development Initiative (SDI).

3.1 COFFEE BAY CAMP SITE

This campsite already exists but is in poor condition. The proposed development involves the short term refurbishment of the ablution facilities, improvements to the camp sites and the establishment of eco-lodges within the site (Figure 3.1 & 3.2).

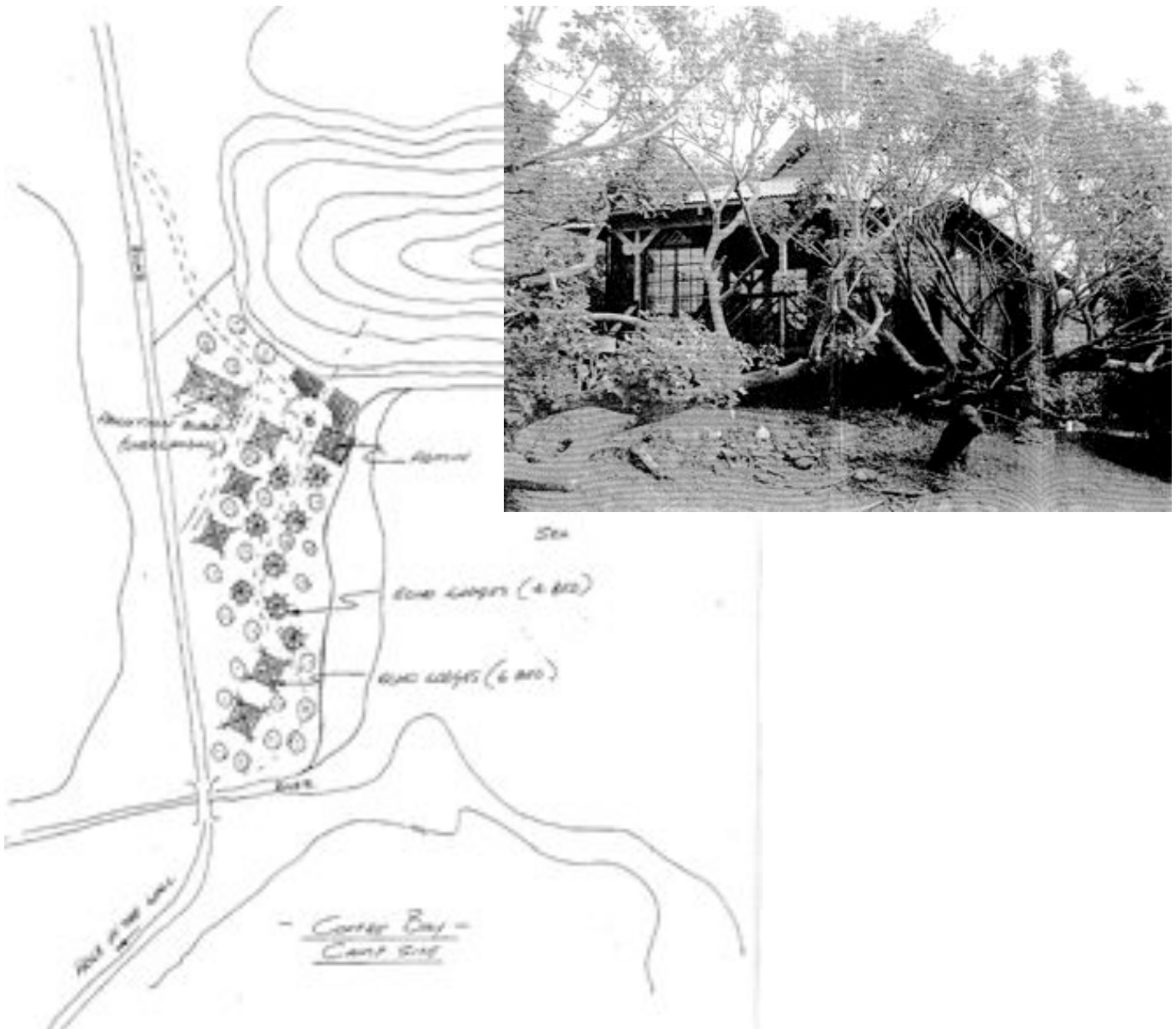


Figure 3.1: The proposed upgrading of the Coffee Bay campsite



Figure 3.2: Proposed design of eco-lodges for Coffee Bay campsite

3.2 HOLE-IN-THE-WALL CAMPSITE

The development concept consists of self-catering chalets and camping sites and will include restaurant facilities. The proposed site is situated directly in front of the Hole-in-the-Wall and within a coastal forest. The site, however, was previously used as a caravan and camping facility and although the forest canopy still exists there is minimal undergrowth and the forest is considered to be in a degraded state. None of the facilities from the previous camping areas remain and all facilities required will need to be constructed (Figure 3.3).

3.3 HOLE-IN-THE-WALL RIDGE

The proposed development for this area is a residential development with free standing sites. The site was identified by members of the local community, and a local person currently possesses the Permission to Occupy (PTO) certificate for the land. There are no existing facilities at this site although an illegal shack has been constructed in the near vicinity. The site consists of a high lying open grassland ridge which is exposed and highly visible (Figure 3.4).

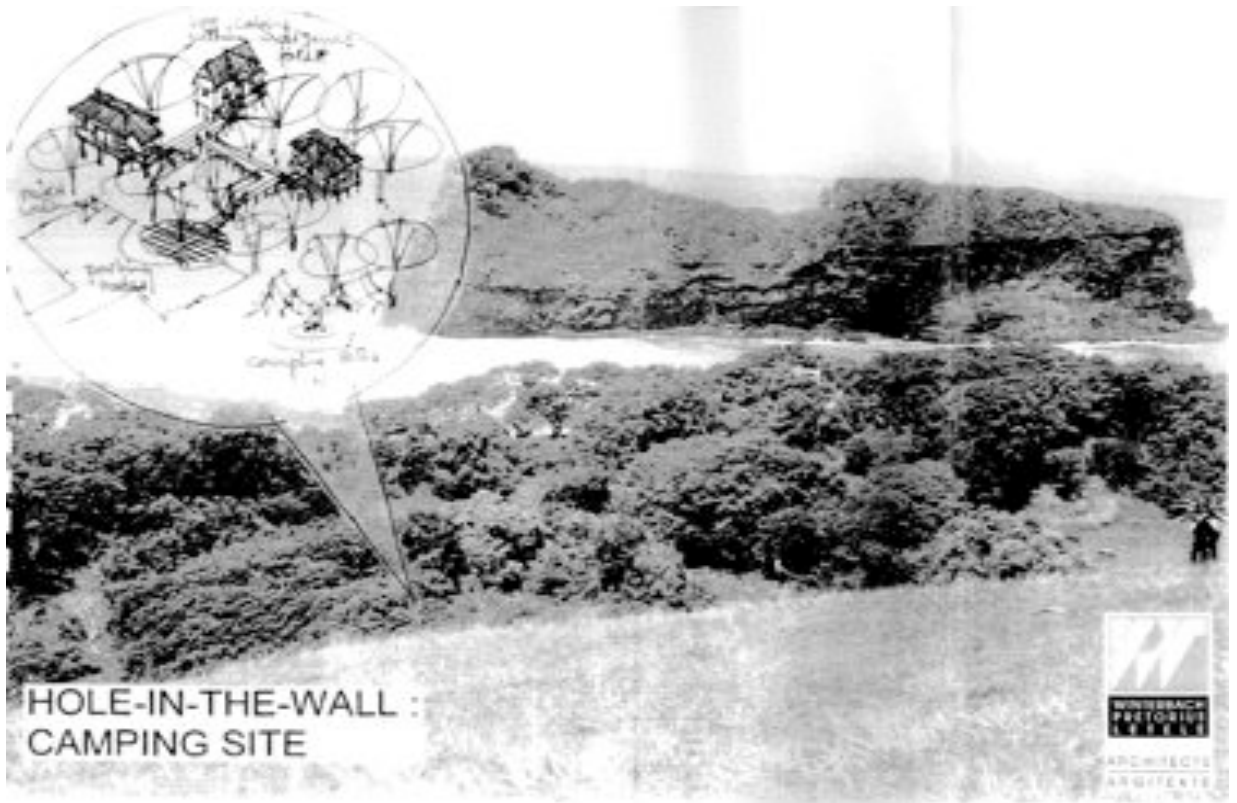


Figure 3.3: Proposed Hole-in-the-Wall campsite development

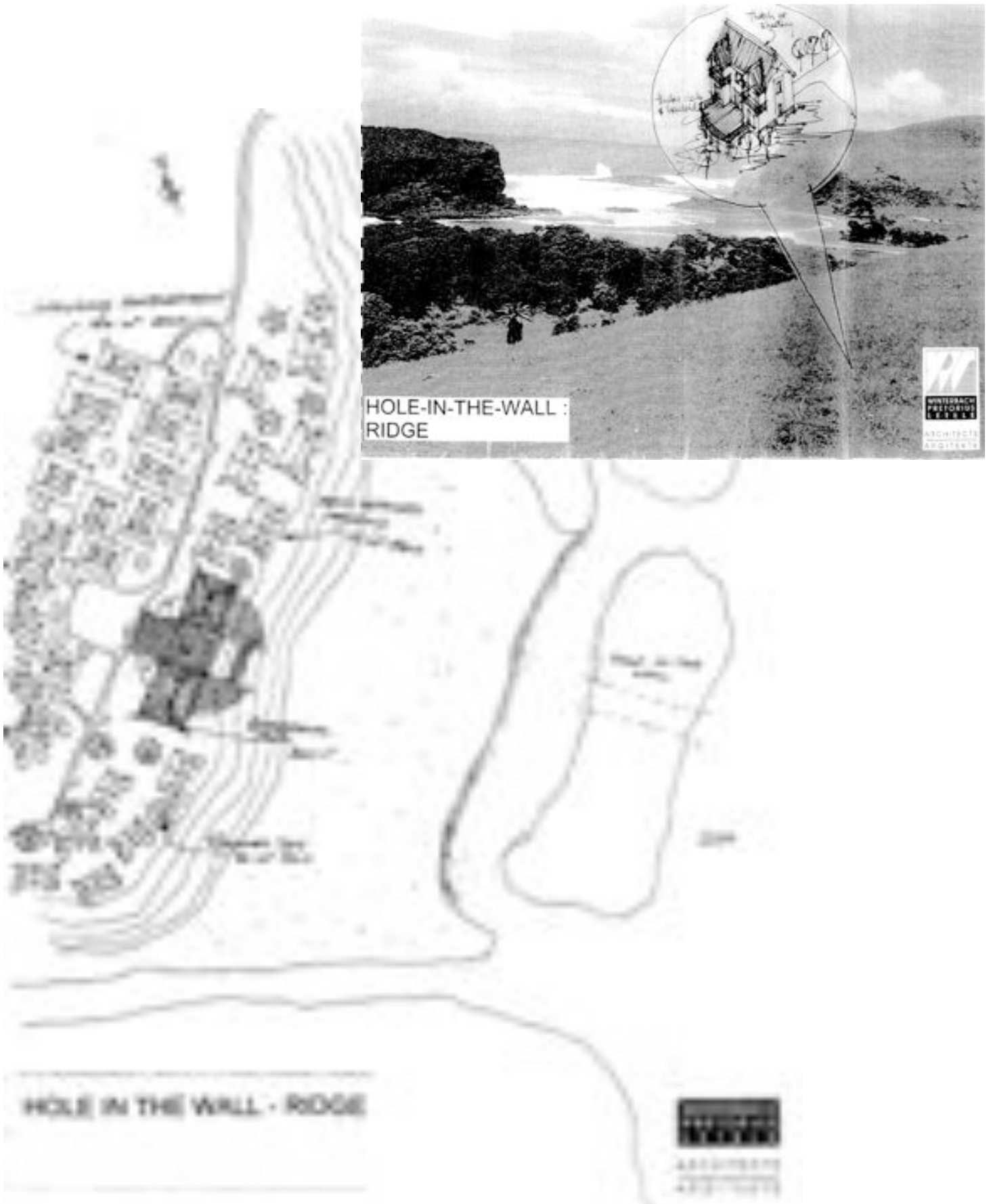


Figure 3.4: Proposed Hole-in-the-Wall ridge development

3.4 HLUNGULWANA TRADITIONAL VILLAGE

The proposed development consists of a traditional village with accommodation and restaurant facilities for foreign tourists as well as a craft market. The architectural design is one of traditional Xhosa huts catering for upmarket foreign tourists (Figure 3.5). The site is situated in a very scenic location along a rocky shoreline on the level ground seaward of large rolling hills covered in coastal grassland. A swimming beach is situated approximately 200m to the north. The area has an exceptionally high visual quality.

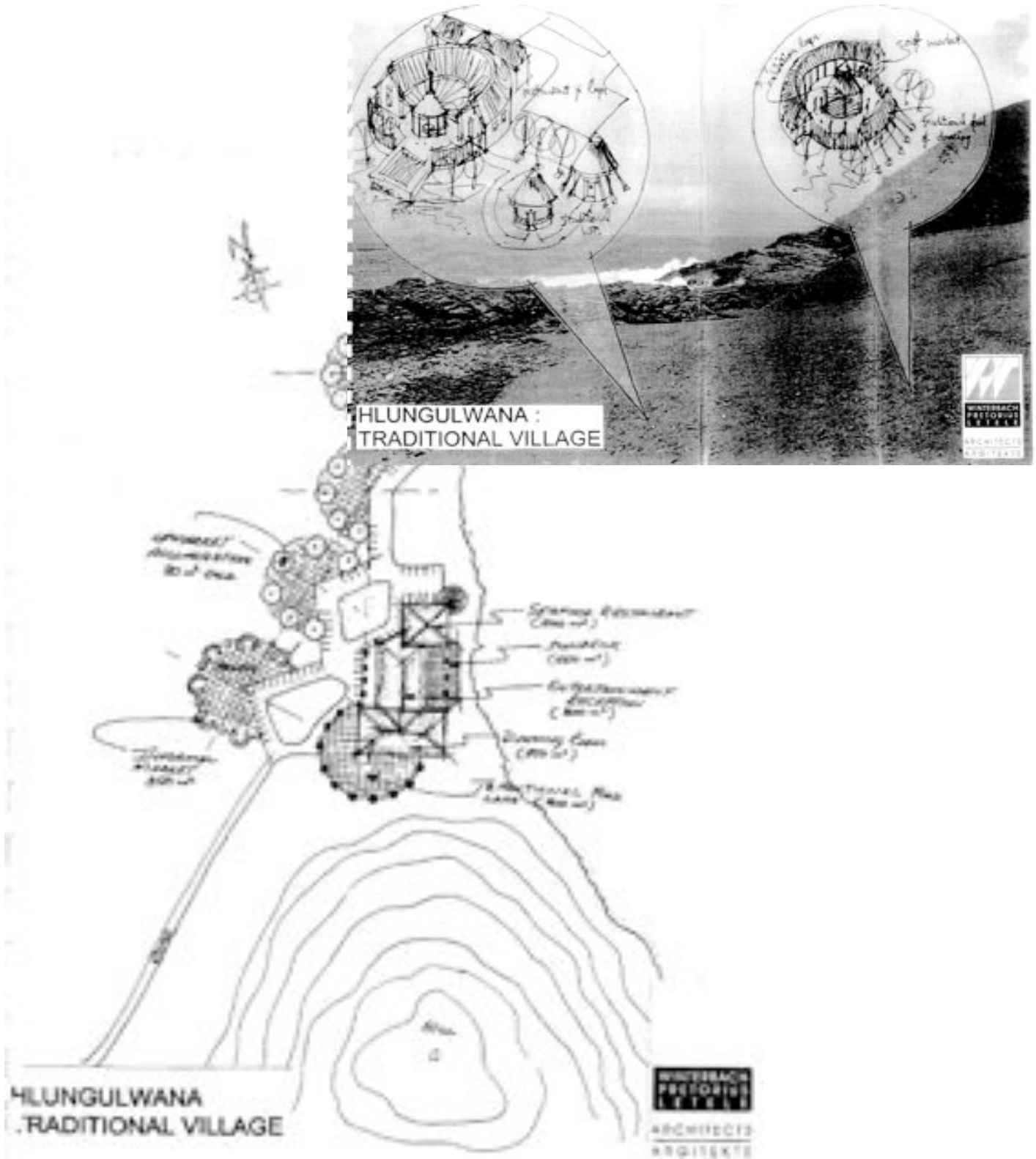


Figure 3.5: Proposed traditional village development

3.5 MAPUZI SMALL CRAFT HARBOUR

The proposed development is to be situated on the banks of the Mapuzi river, and involves the construction of accommodation units situated on the base of the surrounding hills and river flood plain. Further development of the site will include the construction of a small craft harbour/marina catering for approximately 20 boats (Figure 3.6). The harbour will be dredged into the existing flood plain and will include a small waterfront development and apartments. Existing infrastructure at the site includes boat houses which are used to house the ski boats of local fishermen. It is also proposed that a local fishing company be established which is comprised of local community members

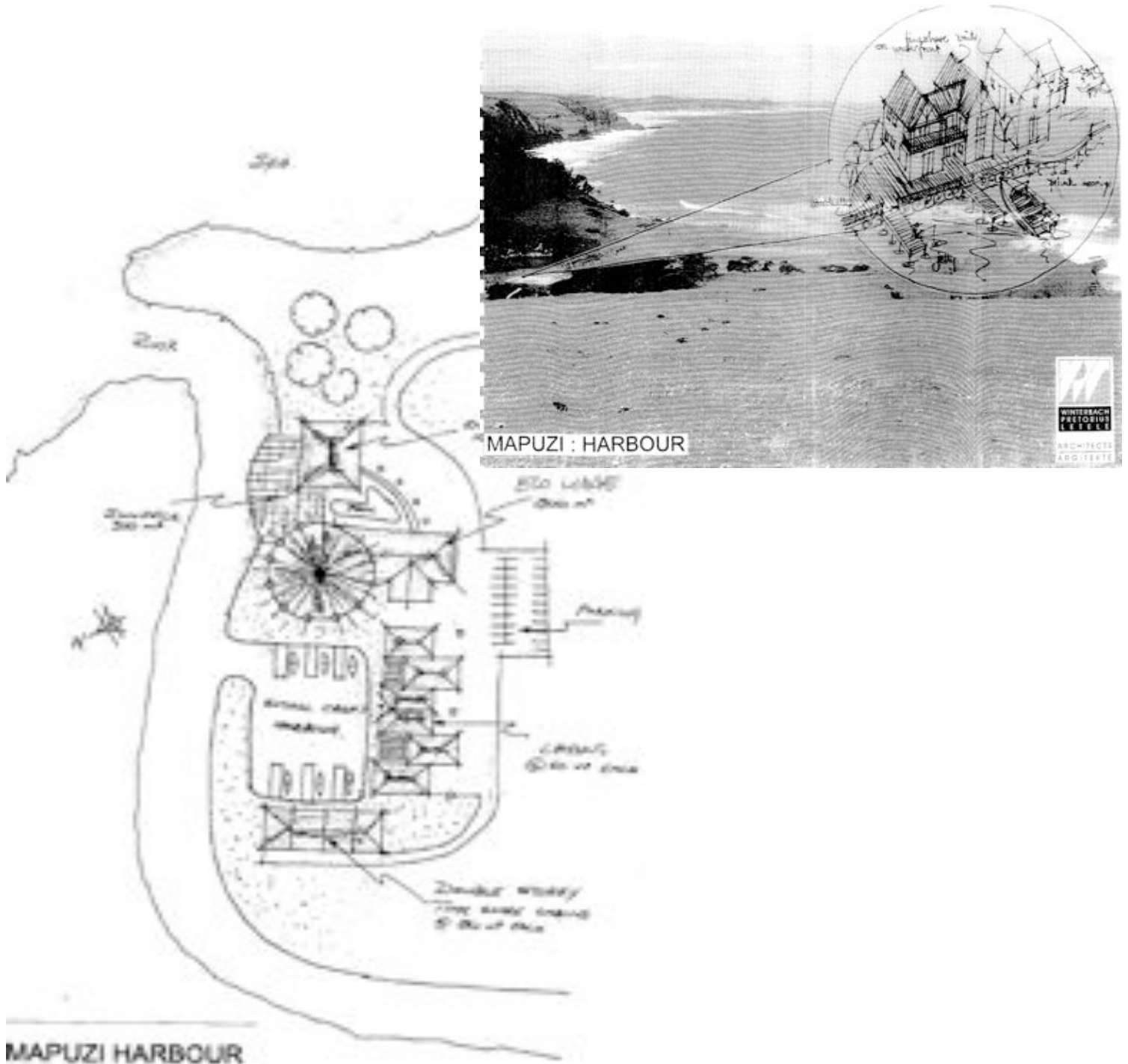


Figure 3.6: Proposed Mapuzi development

3.6 MATOKAZI AIRFIELD

The Matokazi airfield is currently in poor condition, although it is still used infrequently by private planes. It is situated in close proximity to village houses which will have to be relocated if the facility is to be developed.

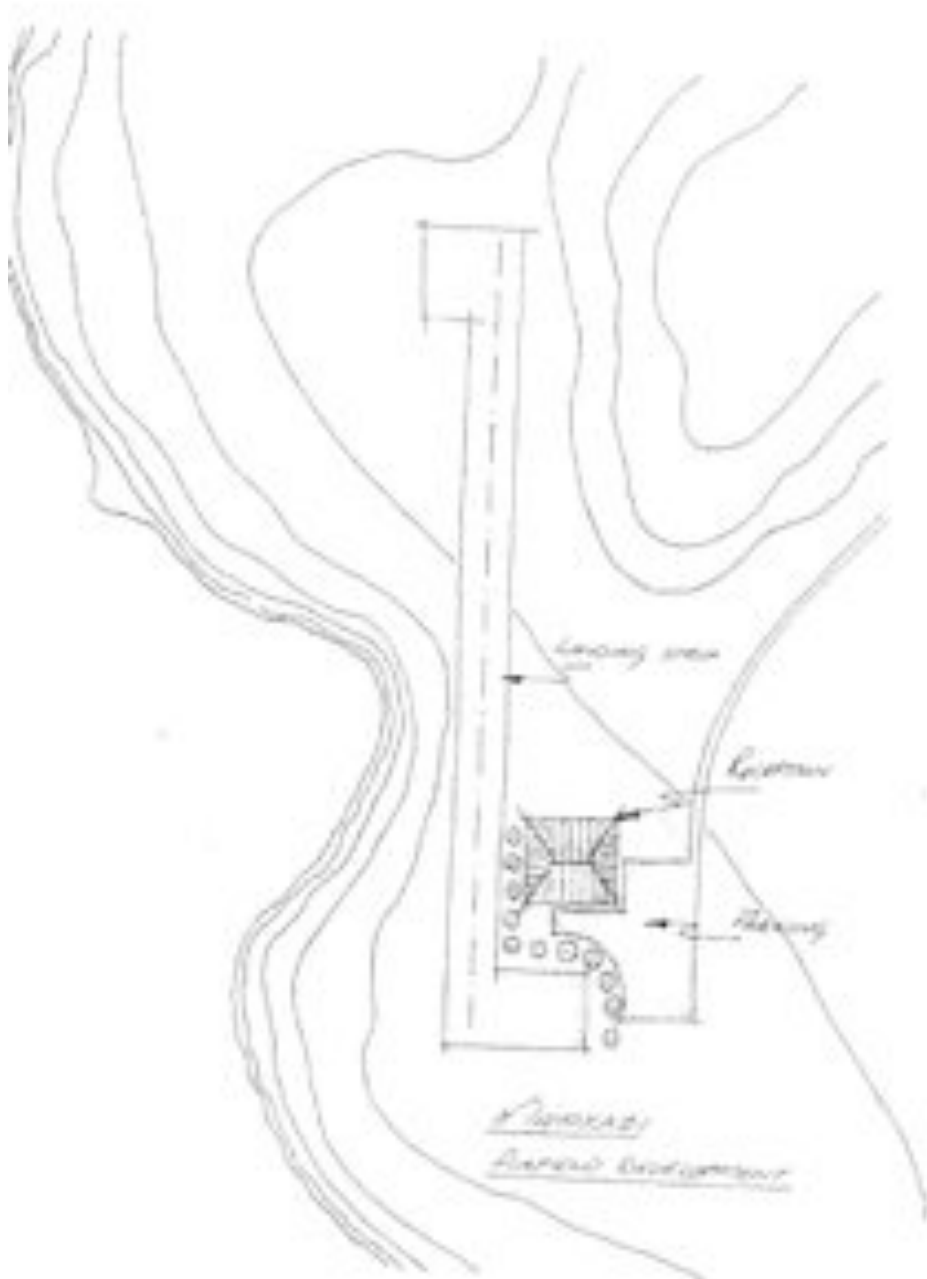


Figure 3.7: Proposed redevelopment of the airfield

3.7 GOLF COURSE DEVELOPMENT (Figure 3.8)

Although a golf course was present in the past it is currently overgrown and indistinguishable from the natural veld. The proposed site is situated between the Mapuzi river and Coffee Bay, and will involve the redevelopment of the golf course and construction of a clubhouse.



Figure 3.8: Proposed redevelopment of the Mapuzi golf course

4. APPROACH TO THIS STUDY

4.1 GUIDING PRINCIPLES

In contemplating any development at the site, and in contributing to such development, we would help to ensure that the integrity of the natural and cultural assets of the area, and disruption of traditional livelihoods and social harmony will not take place. At the same time we acknowledge that the generation of local employment and additional income-generating livelihoods that are not environmentally intrusive is a matter of extreme urgency from the viewpoint of the impoverished resident population, but:

- Any developments must not be visually intrusive.
- Any landscaping should be low-impact, mitigating rather than increasing historic impacts.
- Meticulous waste management of all kinds is particularly important.
- Facilities and resorts should be designed to be as labour-intensive as would be compatible with reasonable profitability.
- The implications of especially self-catering for waste management (harder to control), labour intensiveness (no catering staff required) and pressure on natural resources (market for illegal harvesting of seafood etc.) should be carefully considered before such accommodation is included in the area.

4.2 OVERALL APPROACH

The proposals for the study area were reviewed by the team of consultants, and following two separate visits to the area in October and November 2003 it was decided that the best approach was to assess the whole area by looking more strategically at the environmental implications of any developments in the area, in addition to a thorough study of all the projects using the available information.

On the first visit, the six sites for the proposed projects were visited by the consultants (excluding Prof. Roy Lubke), and the local SDI committee, and the projects were described and discussed in detail with Mr B. Bosman of Incopho. While on site, potential alternatives to the described projects were discussed and alternative sites investigated.

Following the visits to the sites a workshop was held with the consultants and Mr Bosman in order to clarify and discuss the alternatives in more detail. This resulted in several projects being modified to make them more environmentally feasible, economically viable and attractive to both domestic and foreign tourists.

During the November site visit, Prof Roy Lubke and Mr Lungisa Bosman of CES re-visited the area with the express view of looking at the environmental concerns and the social issues in more detail. Prof Lubke visited all the proposed development sites, as well as additional sites throughout the area and undertook a sensitivity analysis of the biophysical environment. He also carried out a detailed vegetation survey at some of the proposed development sites, particularly in terms of diversity of plant species within these areas. The results of this survey are discussed in Section 8 & 10.

During this time Mr Bosman met with the local communities, chief's and headmen in order to explain the project in detail, and to get feedback from them on their feelings regarding the proposed developments. The outcome of these meetings are discussed in Section 14.

The report has been divided into three main parts, namely:

Part 1: General overview of the study area

Part 2: Evaluation of the proposed developments at Coffee Bay and Hole-in-the-Wall

Part 3: Recommendations and way forward

Part 1 provides a general overview of the biological and physical characteristics of the Coffee Bay and Hole-in-the-Wall region as well as insight into the travel to the region for potential tourists. Furthermore the sensitivity analysis methods are described and the overall results for the study area discussed. Section 11 deals with the spatial extend of the Coffee Bay and Hole-in-the-Wall nodes, and is followed by a general overview of the tourism and market potential for the Wild Coast and finally the social and community issues relating to the projects are discussed.

Part 2 presents detailed evaluations of the three most suitable projects for development in the area. Each project is discussed under 3 main headings, namely; Extension and changes to the development concept; Ecological evaluation and Financial Evaluation. Finally the advantages and disadvantages of each project are discussed and the final project concept is evaluated. Five secondary projects are also briefly discussed in section 19.

Part 3 of the report provides the final recommendations and way forward for implementing those projects found to be acceptable and viable.

PART 1: GENERAL OVERVIEW OF THE STUDY AREA

The Coffee Bay/Hole-in-the-Wall region is an important tourist destination on the Eastern Cape Wild Coast. It is a favourite location because of the easy road access in comparison to alternative sites within the Wild Coast region. These two areas, with their rugged coastline and small bays, are therefore popular tourist destinations along this stretch of the Wild Coast coastline (Figure 9.1).

The N2 runs parallel to the coast about 70km inland and a network of secondary roads, in varying condition, provide access to the coast. Because of the broken and rolling nature of the country side, with deep river valleys and gorges, many of the resorts are cut off from each other and are not easily accessible. Coffee Bay and Hole-in-the-Wall are unique in this respect in that there is a good access road from the N2 to Coffee Bay, and access between Coffee Bay and Hole-in-the-Wall is reasonable.

In this section we give a general overview of access to the region, the type of climate and weather experienced, as this could influence the type of resorts which are developed, the unique geology and landform which makes the area desirable as a tourist destination, the current land uses and an analysis of the sensitivity of various sites within the region. This is followed by an overview of tourism in the region, and tourism markets and rates.

5. CLIMATE AND WEATHER

The climate of the coastal lowlands within the Wild Coast region is generally moderate, warm temperate and humid and does not experience wide fluctuations in temperature due to the influence of the warm Agulhas current (Guy Nicholson Consulting Services 1993). No climate data is available for the immediate Coffee Bay area, with the nearest coastal weather station being situated at Port St Johns. The climate of the area may have a severe impact on the feasibility of these projects, and it is discussed briefly in this section.

5.1 TEMPERATURE AND HUMIDITY

Temperatures within the study area are moderate having both small diurnal and seasonal fluctuations (Figure 5.1). The mean monthly averages in temperature range from a maximum of 22.7°C in February to a minimum of 17.9°C in July and August (Nicholson et al. 1996). Humidity is high during the summer months but is offset by cooling on-shore winds which make the climate fairly pleasant.

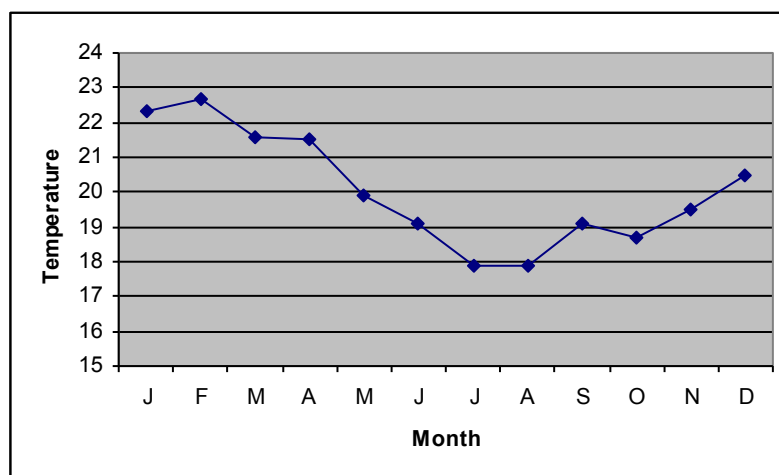


Figure 5.1: Mean monthly temperature (°C) for Port St Johns

5.2 RAINFALL

The region has a summer rainfall, but occasional rains may fall during the Winter months or Spring and Autumn when cold fronts move across the region. These rains may be accompanied by heavy mists. The fine rain and heavy mists usually occur on the highlands making travel to the coast difficult under these conditions, although the coastal areas may be clear. Rainfall within the Wild Coast is relatively high in comparison to the rest of Southern Africa. The coastal forelands below 500m elevation generally have a rainfall greater than 1 000mm per annum and are frost and hail free (Nicholson et al. 1996). However, rainfall occurs predominantly during the summer months from October to the end of March (Figure 5.2). Rain fronts which last for several days are characteristic of the coastal areas of the Wild Coast (Guy Nicholson Consulting Services 1993).

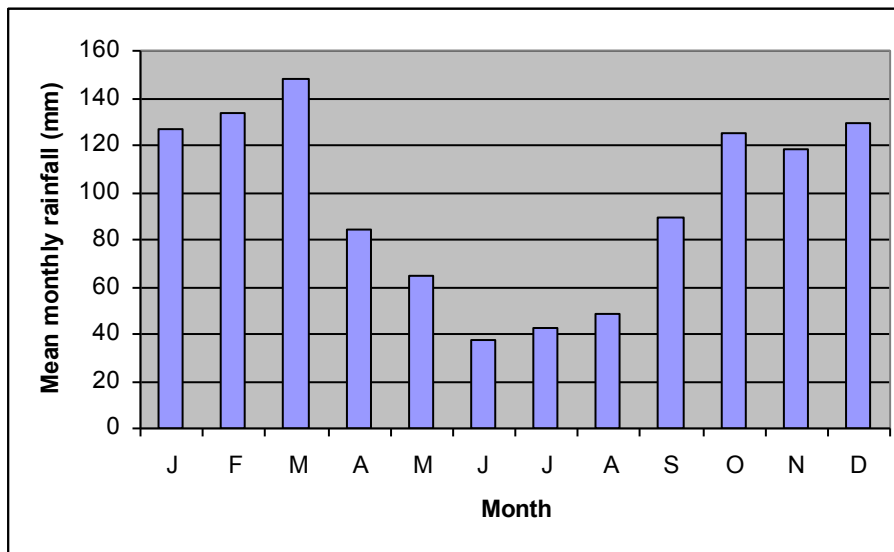


Figure 5.2: Mean monthly rainfall at Port St Johns

5.3 WIND

Many of the high coastal cliffs are exposed to windy conditions. The major winds along the Wild Coast are bi-directional and oblique or quasi parallel to the orientation of the coastline (Guy Nicholson Consulting Services 1993). Onshore south-easterly winds are predominant in the summer months and south-westerly offshore winds prevail in Autumn and winter. The wind roses indicating the predominant wind directions in the Port St Johns area are illustrated in figure 5.3.

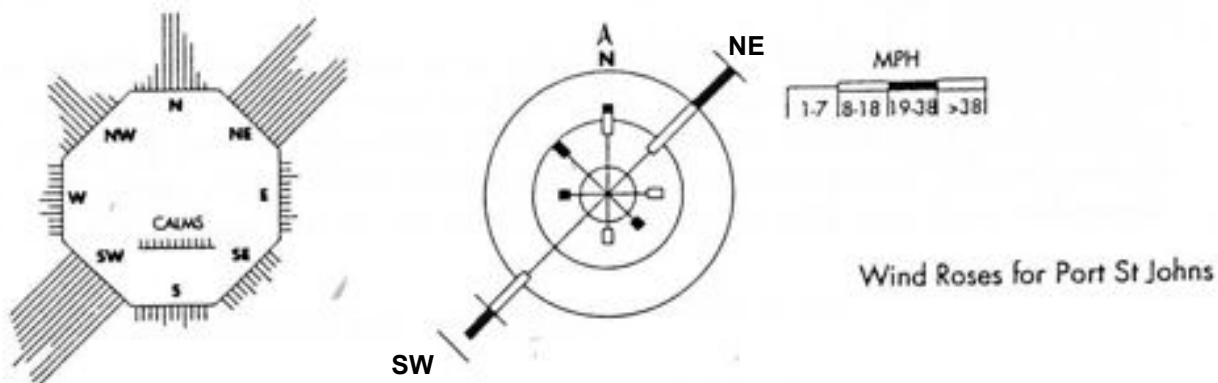


Figure 5.3: Wind roses for Port St Johns indicating the predominance of north-easterly and south-westerly winds. (The length of the lines indicates both the frequency and the intensity, showing strong and frequent winds to the NE and SW).

5.4 GENERAL LIMITATIONS WITH RESPECT TO THE CLIMATE

High rainfall events generally coincide with the peak holiday seasons of the summer months. This compromises on the attractiveness of the area, since the major focus of tourism is on outdoor activities. This limitation is compounded by the strong winds, and marketing needs to focus on the high incidence of cloudless winter days to make use of the sunshine. The location and design of developments need to consider the strong onshore winds, and indoor facilities need to be provided in resorts for those sometimes prolonged rainy days.

6. GEOLOGY AND LANDFORM

6.1 INTRODUCTION

Although not crucial to the developments, the geology and landform of the area is extremely varied and creates an interesting landscape which should be used for marketing the tourism potential in the study area.

6.2 GEOLOGY

Coffee Bay is situated in an area which is comprised predominantly of Ecca and Beaufort geological groups of the Karoo sequence. The Ecca group is comprised of shale and sandstone and can be further subdivided into a series of formations, with the Whitehill and Pipon formations occurring in the Coffee Bay area. The Ecca group grades upward into the sandstones and mudstones of the Beaufort group.

Table 6.1: Important characteristics of the Beaufort and Ecca geological groups (Nicholson et al. 1996)

Geological group	Characteristics			
	Erodability		Underground water potential	Suitability for foundations
	Rocks	Soils		
Beaufort Group	High	High	Low	Medium/high
Ecca Group	High	Medium/high	Medium	High

6.3 LANDFORM

The varied landform in this region is indicated on the topographical map (8.1). The most notable features are the many promontories, cliffs and small bays. In general, the Wild Coast is characterised by large undulating hills and sea front cliffs. It is a south-east facing, linear trending coastline, with irregular indented rocky shores separating linear to arcuate features (Tinley 1985). Beaches are usually comprised of sandy or gravelly material and are either linear trending, when associated with estuaries, or crescent shaped when situated within the rocky areas of the coastline (Nicholson et al. 1996).

6.4 GENERAL LIMITATIONS WITH RESPECT TO THE GEOLOGY AND LANDFORM

The geology of the area results in limited potential for groundwater, and developments need to be carefully planned and managed to avoid soil erosion. The hilly topography, whilst being very scenic, is a constraint in terms of making the provision of access roads difficult and costly, and limiting the number of suitable development sites.

The rugged coastline and high energy nature of the surf zone limits the potential for marine based activities, and increasing the risks to bathers at many swimming beaches. However, pocket beaches do offer safe bathing. The specific site at Mapuzi is only one of a few areas that offers a safe launching area.

7. LAND USE

Current land use of the area is important as this reflects on the nature of the area to be developed in order to promote a tourism industry within the region. The proposed projects will be coastal developments, the locations of which may not have previously been designated or zoned for resort development. Figure 7.1 shows the current land use and location of the proposed sites for development.

7.1 AGRICULTURE AND FORESTRY

The majority of the area is given over to subsistence agriculture with few patches of forestry occurring at sites along the coast as indicated (Figure 7.1).

7.2 NATURE CONSERVATION

A few conservation sites, especially in the coastal region were allocated originally under the jurisdiction of the Transkei Department of Forestry, but now under the Eastern Cape Department of Environmental Affairs and Tourism and the Department of Water Affairs. These sites are under various degrees of protection.

7.3 URBAN DEVELOPMENT

Very small areas of Coffee Bay and Hole in the Wall have been designated for urban development. There are a few commercial ventures in this area and most of the houses are associated with resorts rather than accommodation for people working in the urban areas. Exceptions are at Coffee Bay, where a number of houses have been allocated for the people who work at the two hotels in the area.

7.4 TOURISM AND RESORTS

The present tourism of the area is limited to two commercial hotels at Coffee Bay, a number of backpacker establishments in both Coffee Bay and Hole in the Wall and a resort village at Hole in the Wall. (Figure 7.1).

7.5 LAND USE POTENTIAL

Within the coastal region and apart from the use of the area for agriculture, particularly grazing, there is no commercial value to the land other than for conservation and tourism. Consequently the proposed resort developments all occur in areas where one would need to seek approval for the change of land use from agriculture to resort development.

8. VEGETATION

8.1 INTRODUCTION

The vegetation types and plant communities of this area have been studied broadly by a number of authors. General studies on the forests were carried out by Cooper and Swart (1992), and some detailed studies have been carried out by Cawe *et al.* (1994) and Johnson and Cawe (1987) on the forests. McKenzie (1988) studied the grasslands of the Transkei and Judd (2000) carried out studies on the coastal grasslands from Kei Mouth southwards along the eastern Cape coast.

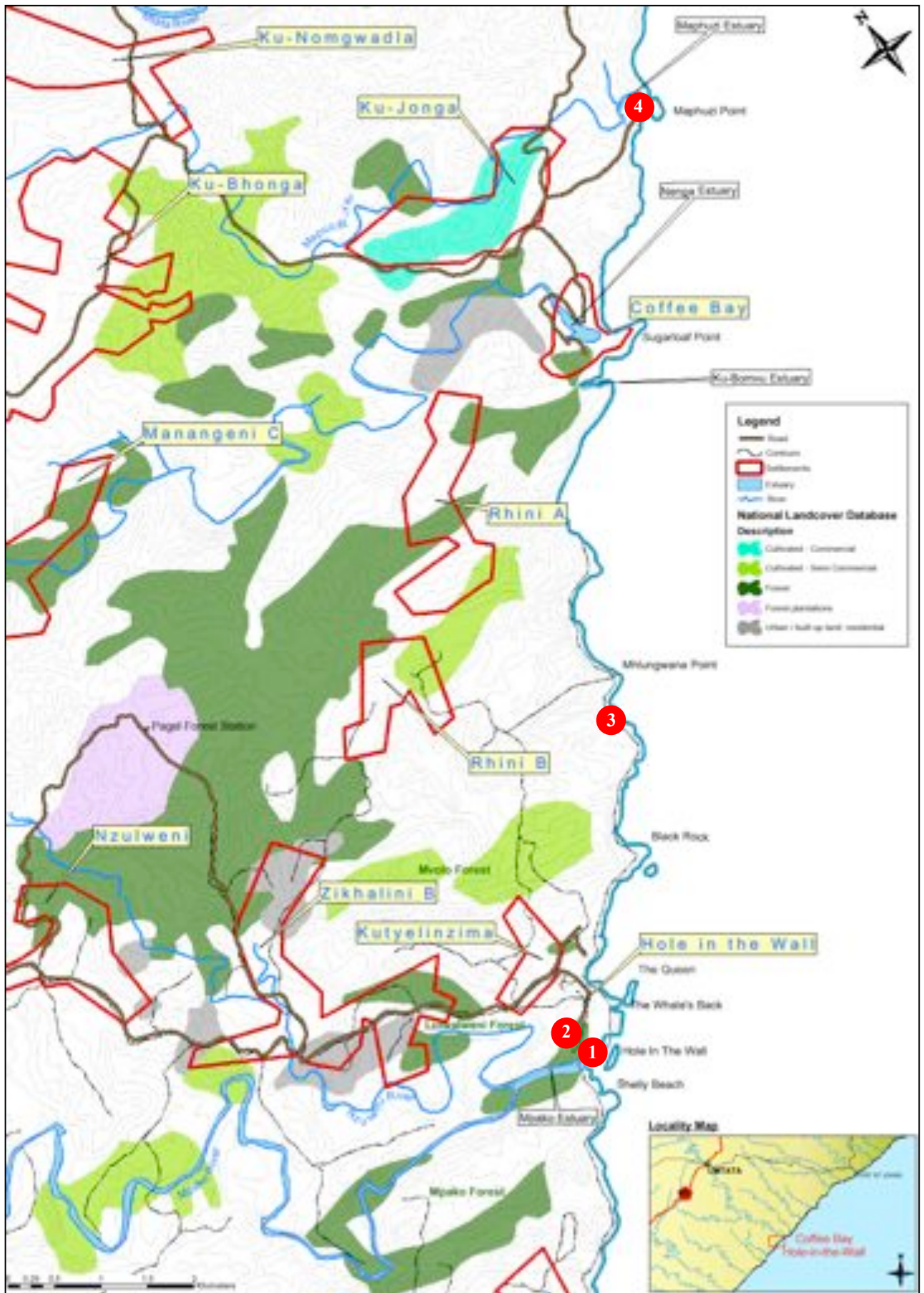


Figure 7.1: Map showing the current land use and the location of the proposed resort development sites. (1=Hole-in-the-Wall campsite; 2=Hole-in-the-Wall ridge; 3=Traditional village; 4=Mapuzi development)

Thus, although there are no detailed studies on the vegetation specific to this area, this account gives a brief introduction to the types of vegetation that occur and the sensitivity of these vegetation types.

8.2 METHODS

The whole area was not studied in great detail but over most of the area a general vegetation survey was undertaken. Fourteen sample plots or relevés were located at specific sites (Figure 8.1) and at each site (in an approximately 20x20m quadrat) all the plant species were recorded for the locality and their cover abundance recorded on the Braun Blanquet scale. Information on the landscape, vegetation strata and cover was recorded along with other data which were used for the sensitivity analysis (see 6.5 below).

The forests were studied in particular detail, so as to make a comparison between forests of different degrees of conservation or degradation, impacts due to the effect of development or other disturbance such as livestock grazing and browsing. This quantitative data as analysed using TWINSpan and DECORANA and, although the results of these quantitative studies are not shown here, descriptions of the vegetation types that were identified by this multivariate analysis are given below.

8.3 VEGETATION TYPES OF THE REGION

Only four of the relevés (numbers 7, 8, 10 and 14) were in grassland or non-woody vegetation and these relevés separated first from those of forested regions on the TWINSpan classification. Three more or less distinct types of forest were identified and although the grasslands were not studied in detail, there were two or three different types of grasslands and also a dune community (A list of species per relevé is given in Appendix A).

1. Riverine Forest (Relevé 1)

A forest type separating clearly from the other types is riverine forest, dominated by *Rauvolfia caffra* and *Phoenix reclinata*. Although only one relevé was sampled, this vegetation type was observed along many of the river courses (Figure 8.1). Higher up on the banks and overlooking slopes, it changed to the so-called scarp forest. However, some species would be shared between these forest types, for example, *Millettia grandis* and *Sideroxylon inerme*. The riverine forest had a low tree cover of about 15%, these being about 6m tall, whereas shrubs had a higher cover of up to about 50% and were about 3m tall. Along the river banks there were grasses, particularly *Stenotaphrum secundatum* as well as a number of ferns. Because of the disturbed nature of this vegetation a number of alien species, such as *Solanum* spp, and *Lantana camara* were invasive.

2. Scarp Forest (Relevés 2,3,4,11 and 13)

Scarp forest occurs on steep slopes overlooking the rivers and in some cases towards the sea. This forest type tends to be fairly short and in some cases only of shrubs up to 3m tall with 40-70% cover or occasionally with trees up to 8m, which could have 35-70% cover. The herbaceous layer of 30-40cm varied from 30-60% cover (Figure 8.1).

The dominant species varied from *Rapanea melanophloeos* to *Sideroxylon inerme*, *Dalbergia obovata*, *Millettia grandis*, and *Euphorbia triangularis*. The common characteristics of most all of these forest/thicket types was the presence of the herbaceous undercover of *Isoglossa woodii*. Species richness was high, varying from 34-56 species.

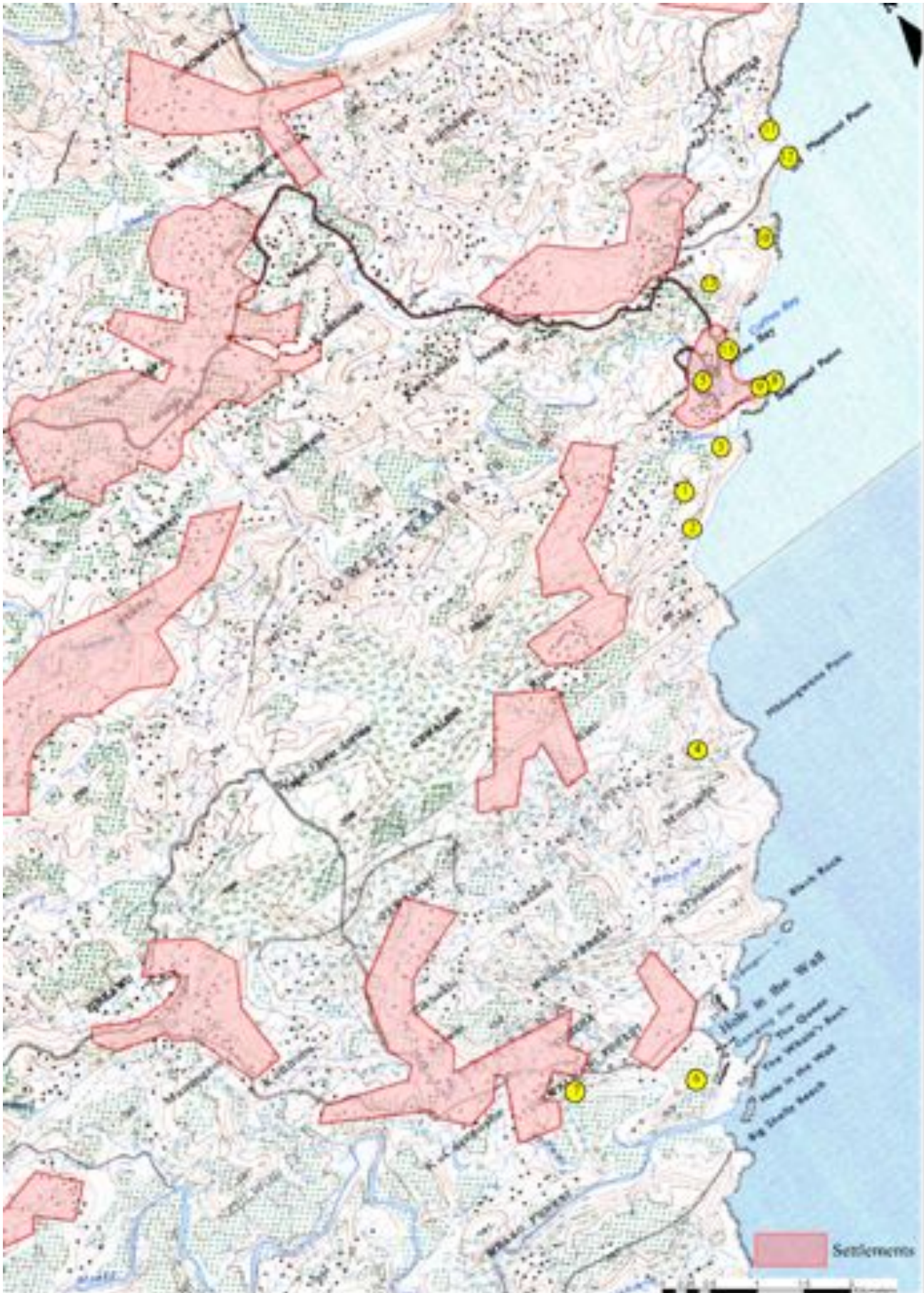


Figure 8.1: Topographical map of the Coffee bay and Hole-in-the-Wall area illustrating the landform and location of relevés sampled during the field visit

3. Coastal Dune Forest (Relevés 5, 6, 9, 12 & 15.)

The common characteristic of this forest was that it occurs on very old mature sand dunes and had tall trees, usually up 8-10m high and 60-80% cover. In some cases shrubs 3-4m tall were abundant but they range from 10-50% cover. The undergrowth of herbaceous plants was high, ranging from 20-50cm and could be anything from 20-60% cover.

The dominant tree species are *Mimusops caffra*, *Brachylaena discolor*, *Sideroxylon inerme* and, in one relevé at Mapuzi Point, *Euphorbia triangularis* was abundant. The shrub *Dracaena alectrifomis* was common and *Isoglossa woodii* was usually the dominant under shrub or tall herb. The diversity of various species richness was usually high ranging from 34 to over 70 species in some of the more pristine areas. These coastal dune forests are in an almost pristine condition at Coffee Bay camping site (Figure 8.3) and will be discussed in more detail below where a full list of the species of the different coastal forests is provided.



Figure 8.2: Vegetation types of the Coffee Bay/Hole in the Wall Region: a. Riverine Forest; b. Scarp Forest; c. Coastal Grassland; d. Dune Pioneer Community.

4. Coastal Grasslands (Relevés 17, 8 & 10)

The grasslands are discussed in general as no detailed studies were made of the grasslands, particularly with respect to species composition. In some areas there are mixed grasslands with a number of species, but in many other sites coastal buffalo grass (*Stenotaphrum secundatum*) is the dominant species usually at the edge of rocky promontories and cliff faces (Figure 8.2) At such sites a number of woody species may be present, such as *Cassine papillosa*, *Eugenia capensis* and *Aloe thraskii*. Further inland small bushclumps may occur along the drainage lines where species such as *Millettia grandis* and *Douvyalis rhamnoides*

may be common. Especially on the steep cliff face slopes and sea facing slopes, there is a variety of species of herbaceous plants and the diversity may be higher than in the other coastal grasslands. Species richness varied from 20-34 in these coastal grassland.

5. Dune Pioneer Communities (Relevé 14)

There are few sand dune areas and where these did occur, such as on the main beach in Coffee Bay, they were under extreme pressure from trampling and use of the beach (Figure 8.2). The area had also been artificially stabilized with dune plants. Dominant species included *Stenotaphrum secundatum* and *Carpobrotus dimidiatus* as well as a number of other species commonly found on dunes such as *Gazania rigens*, *Tretragonia decumbens* and *Sporobolus virginicus*. The species richness in the dune communities is low, only reaching about 15 species and the cover is low, around 50%.

8.4 IMPORTANCE, USE AND SENSITIVITY OF THE VEGETATION

The grasslands are an important grazing area, but in this area they are of very low nutritional value and fortunately the stocking rate is fairly low. The coastal buffalo grass (*Stenotaphrum secundatum*) forms a very short, dense turf and makes the slopes resistant to erosion. Because of the rolling hillsides and plateaus with windswept coastal cliffs a stunted grassland vegetation dominates, except for some small shrubs and trees in the sheltered valleys and on the scarp faces. The forests are mostly found on protected slopes (very often on the moister south-facing slopes) or in valleys.

The forests are heavily utilised for timber for the construction of houses and kraals and for firewood, and consequently in areas that are heavily populated the forests have been impacted. In addition, because of the lack of fodder for goats and cattle in the short, low nutritional grasslands where there is intense grazing, the livestock has also invaded and impacted upon the forest communities. However, some of the forests which are protected are well preserved and in a near pristine condition. Some of the most sensitive communities are the Dune Forests and pioneer communities on coastal dunes which are sea-facing and very susceptible to erosion. The scarp forests on the slopes are less easily penetrated and infrequently used by both humans and animals alike.

With respect to development, the grasslands are generally areas which are more favourable for siting resorts. Access to these developments should also take cognizance of the steep slopes and must manage water drainage to prevent damage to the grasslands on these slopes. It is easier to site the developments favourably rather than damage the vegetation then try and restore sensitive environments.

Developments in forest areas are generally not desirable due to the great diversity of species and the available habitats for animals which occur in these forests. All of the forests discussed above are extremely susceptible to development and disturbance, and siting of any development must take cognizance of not only the presence of this vegetation type, but also many individual tree species in the forests which should not be disturbed.

The sensitivity analysis, as discussed below, is largely influenced by the type of vegetation and the topography in which it occurs.

9. TRAVEL TO THE REGION

The majority of travellers to this portion of the Wild Coast would travel by road along the N2 either from East London or Durban and Umtata. Tourists may also fly into the Umtata airport and travel by road to the study area. Many travellers would use public transport from Umtata

to Coffee Bay, but currently there is no regular public bus service. The backpackers from Coffee Bay undertake a daily trip to Umtata to collect backpackers from the larger bus stops. Should the proposed tourism developments become popular there would be an opportunity to develop a bus services from the N2 to the Coffee Bay and Hole-in-the-Wall Resorts.

One of the proposed projects is the re-development and upgrading of the airstrip at Coffee Bay which will be discussed below. Currently this facility is rarely used by private operators, due to its poor condition. Alternative access via the ocean is not possible due to the rugged nature of the coastline. The final form of access to the region is by hiking the coastal trail either from the north or the south. A minority of the tourists will enter the region in this way, and facilities for these type of tourists will be discussed in the appropriate sections of the report below.

9.1 ACCESS ROADS

Traffic along the N2 is somewhat congested and dangerous due to pedestrian traffic, including cattle, sheep and goats which have to be navigated, making travel to the study area fairly tedious. A number of congested towns, such as Idutwa, Umtata and Butterworth, must also be navigated in order to reach these coastal resorts. It is anticipated that the N2 Wild Coast toll road will improve the current unsafe travel conditions, making the area more attractive to more discerning and safety conscious foreign tourists.

The turn-off from the N2 onto the tarred road leading to Coffee Bay is currently not well marked and it is advised that this intersection be clearly signposted to draw attention to the resorts that occur in this area. Travel along the Coffee Bay road is fairly arduous as it is very congested and passes through a number of villages with much traffic, and, due to the nature of the landscape, the road has a number of sharp bends and curves. During bad weather conditions or at night, travel along this road can be dangerous. The road is not well marked and signs for the turn-off to Hole-in-the-Wall and to the existing resorts are very poor. Furthermore the road does not seem to have any official road number (e.g. R67).



Figure 9.1: A regional map showing access roads to Coffee Bay and Hole-in-the-Wall

9.2 FACILITIES

Facilities for tourists travelling by car through the former Transkei to the resorts are extremely poor. Currently there is a facility at the Kei Bridge for travellers coming from the south, where fuel and refreshments can be purchased. Other facilities along this route are poor and limited to garages and fuel stations which provide little more than package snacks and refuelling facilities. Umtata provides far better facilities for tourists travelling from the north. There is, however, a lack of facilities on route from the N2 to the coast.

It will be beneficial to all the existing and proposed resorts to develop a service station with tourism shops and restaurants and an information centre along the N2 or Coffee Bay Road. Figure 9.2 shows the type of tourist kiosk situated at Storms River Bridge on the N2. This facility could provide useful services for casual travellers and be used to market the tourism activities which are available within the region. As the existing fuel facilities at Coffee Bay are currently limited the development of such a facility would relieve the anxiety of persons travelling to the area by providing fuel and amenities with credit card facilities. The advantage of this tourist resort information centre and refreshment facility would enhance the overall tourist potential and desirability of the area. At present no such facility exists on the existing roads from the major highways to the coast.



Figure 9.2: Tourist kiosk and information boards at Storms River Bridge.

9.3 LINKAGE WITHIN THE REGION

Although the Coffee Bay and Hole in the Wall resorts are separate, they are linked by a gravel road, which, if in good condition, provides a good link between the two regions. In addition the Wild Coast hiking trail, which connects these two areas, is usually kept in good condition and is well marked. However, a limited number of tourists will enter the region in this way and if they do they will most likely travel right through using few facilities. It is important to foster links between the Coffee Bay and Hole in the Wall regions this ensures that tourists who visit the area make use of a number of the facilities rather than confine themselves to one resort. Various methods maybe used to promote these links as indicated below (Figure 9.3):

A tourist information centre: The establishment of a tourist information centre en route to the area (see Section 19.5) would emphasise links with the region. This could be enhanced by the establishment of a “Gateway” at the entrance to Coffee Bay which provides tourists with information on all the resorts and activities within the area.

Annotated Signboards in Coffee Bay and Hole in the Wall: By erecting boards with information on the various resorts within the area and connecting roads or routes, casual and unguided tourists are more likely to visit the various resorts (Figure 9.3).

Outlook sites and viewpoints: The establishment of viewpoints off the roads or trails at selected sites above Coffee Bay and Hole in the Wall with information boards would provide an overview of the area.

Small restaurants or catering facilities: Especially at the Hole in the Wall view site a small cafeteria would be used by casual tourists or hikers through the area. This particular site could be developed to enhance linkage between Hole in the Wall and Coffee Bay.

On the entrances along the hiking trail information boards need to be erected with details of the services available within the region, thus promoting facilities which could be used by hikers.

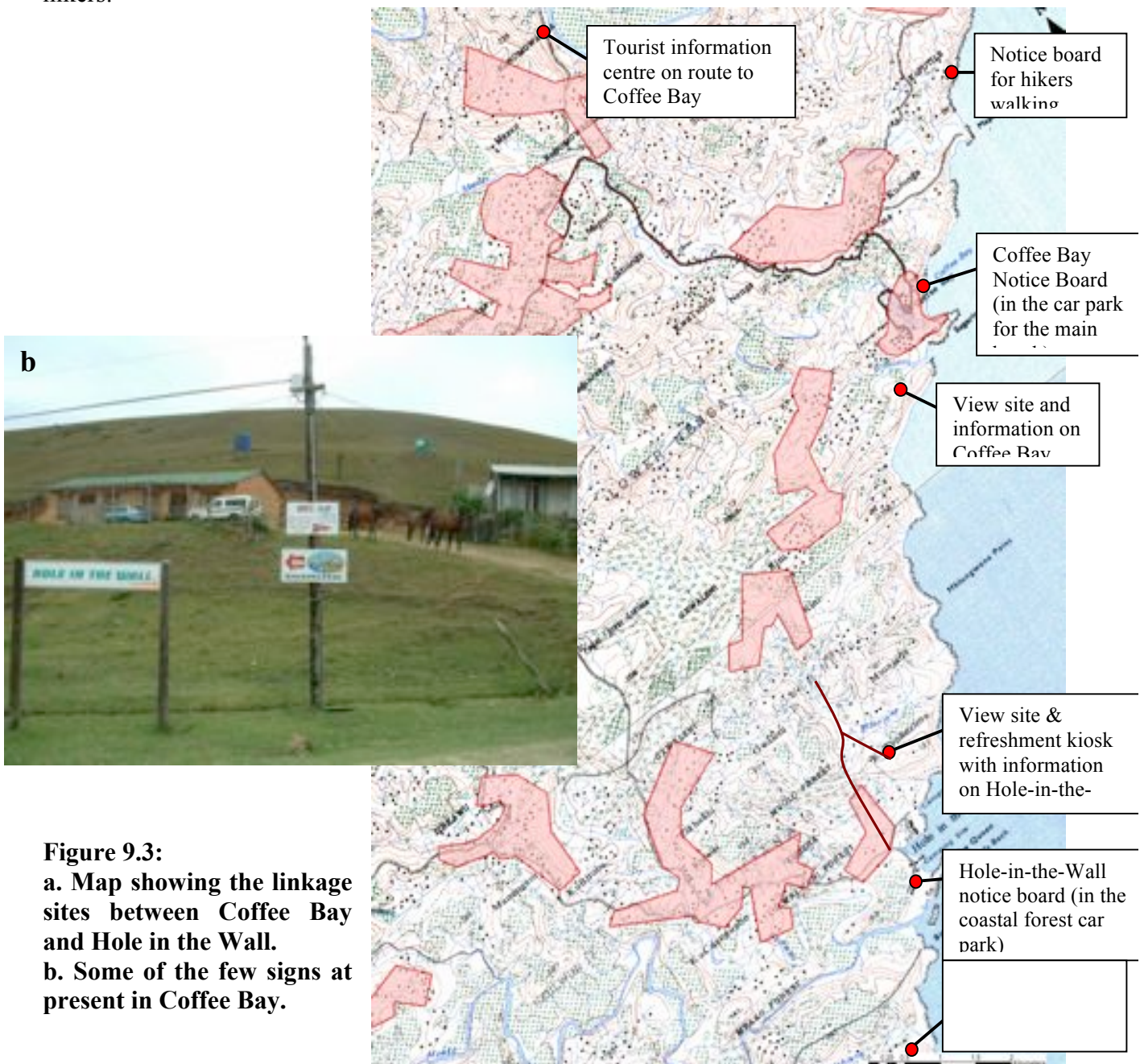


Figure 9.3:
a. Map showing the linkage sites between Coffee Bay and Hole in the Wall.
b. Some of the few signs at present in Coffee Bay.

9.4 GENERAL RECOMMENDATIONS REGARDING TRAVEL TO THE REGION

In order to facilitate the marketing of the region the following is suggested:

- Suitable signage is placed on the N2 road indicating the availability of tourism facilities, in particularly at the turn off to the road to Coffee Bay.
- Marketing information to all potential tourist facilities in the area should be provided, including information on the state of the roads in the Transkei, availability of fuel, credit card facilities, restaurants and shops.
- Fuel companies should be approached to develop a suitable facility on the Coffee Bay Road, either by upgrading one of the existing fuel stations or establishing a new service station and shopping facility at a favourable location along the route. This will provide visitors with valuable services and information (see Figure 9.3).
- Support for this type of service centre development could be solicited from the existing and proposed tourism resorts in the area who will benefit from advertising at such a site. For example, if this facility were fairly close to the N2 one may be able to encourage the regional bus companies to drop off and pick up passengers from this service centre situated on a direct route to Coffee Bay.
- Information on all the tourist facilities within the region could be provided at this service centre along with booking facilities.
- An alternative to the above would be to establish the tourist centre at the N2/Coffee Bay intersection, particularly if the N2 Toll Road is established with a Toll Plaza at that location.
- Additional facilities which are not available at Coffee Bay, such as auto-bank facilities, should be provided at the service centre mentioned above.
- Every opportunity must be taken to market and encourage tourists to visit the area. The current low number of tourists in many parts of the Wild Coast is due to poor advertising, and dissemination of information about the facilities available at coastal resorts.

10. ECOLOGICAL SENSITIVITY ANALYSIS

10.1 INTRODUCTION

Within the study area two major components of the environment have an important bearing when considering sensitivity, namely ecological aspects and visual intrusion, as the latter will affect the “sense of place” the area has. This becomes an important component of development planning, so one might determine how ecological and other aspects influence development.

The aim of this section is to clearly describe the method used to produce a sensitivity map for the region, and to use this information to discuss the location of the proposed developments in terms of ecological sensitivity

5.6.2 Methods

To provide a more objective or formalised approach to evaluating the sensitivity of the study area, ten criteria were used. These criteria were chosen as being important in determining ecosystem and landscape sensitivity. However, it must be acknowledged that the use of these criteria does not negate the need to apply a value judgement, and that the basis of defining sensitive areas is largely vegetation, which some might argue is not sufficiently objective.

Vegetation types and topography were used as the basis for assigning sensitivity to localities on the maps, as they are more clearly defined on the ground and from aerial photographs. The contribution of each criterion to sensitivity was rated as Low, Moderate or High for each site under analysis. The following criteria were used:

1: The type or nature of topography of the site

Low Sensitivity: Level or even

Mod Sensitivity: Undulating to fairly steep slopes

High Sensitivity: Complex and uneven or with very steep slopes

2: The extent of a specific vegetation type or animal habitat elsewhere in the region

Low Sensitivity: Extensive elsewhere in region

Mod Sensitivity: Restricted to a particular region or zone (e.g. Coastal zone)

High Sensitivity: Restricted to a specific locality(ies) or site(s)

3: Conservation status and value of fauna, flora or habitats occurring in the area

This refers to the extent of this vegetation type or habitat presently conserved elsewhere, and its innate conservation value.

Low sensitivity: Well conserved, independent of conservation value

Mod Sensitivity: Not well conserved, and with a moderate conservation value

High Sensitivity: Not conserved and/or has a moderate to high conservation value

4: Presence and number of Species of Special Concern

This refers to the number of species of special concern which could potentially be lost from the area should the development proceed.

Low Sensitivity: No endangered, rare or vulnerable species, but occasional Eastern Cape endemics might occur.

Mod Sensitivity: No endangered or vulnerable species occur, but some indeterminate, or rare Wild Coast endemics may occur.

High Sensitivity: One, or more than one endangered or vulnerable species, or more than two Wild Coast endemics or rare species may occur.

5: Habitat fragmentation, leading to the loss of viable populations

This refers to the availability of habitats or plant communities elsewhere in the region to maintain viable populations, where viability is defined in evolutionary terms, not short-term survival. For example the minimum area of a particular habitat required to sustain a viable colony or population of a particular species. Although an area of grassland 200m x 200m may be big enough to sustain a small population of a small mouse species, it may be too limited an area to sustain a population of larger animals, such as hares.

Low Sensitivity: Extensive areas of preferred habitat present elsewhere in the region, and habitat not susceptible to fragmentation (e.g. open grassland)

Mod Sensitivity: Reasonably extensive areas of preferred habitat present elsewhere in the region and habitat fairly susceptible to fragmentation (e.g. thicket, rocky areas).

High Sensitivity: Limited areas of this habitat large enough to contain viable populations of a given species are present elsewhere in the region, and the habitat is susceptible to fragmentation.

6: Importance and contribution to biodiversity

This refers to the within-habitat species richness (both fauna and flora) and the between-habitat (beta) diversity of the site.

Low Sensitivity: Overall diversity low, species richness of both vertebrate fauna and flora of the defined communities low.

Mod Sensitivity: Moderate diversity, with relatively high species richness.

High Sensitivity: Overall diversity high, with a complex mosaic of plant communities and many animal species present.

7: Visibility of the site or landscape from other vantage points

A visual assessment is an appraisal of the type of affect the activity will have on the affected environment. The affected area, its scenic resources and visual absorption capacity must be described. The range of visual impacts that could be expected with the proposed developments must be established e.g. obstruction of views, change in character to the area, possible visual intrusion on scenic routes, view sites and important vistas.

Low Sensitivity: Site is hidden or barely visible from any vantage points with the exception in some cases from the sea.

Mod Sensitivity: Site is visible from some or a few vantage points but is not obtrusive or very conspicuous.

High Sensitivity: Site is visible from many or all angles or vantage points.

8: Erosion potential or instability of the region

This factor may be correlated with topography or landform, but is dependant on soil type as well so this is not always the case.

Low Sensitivity: Very stable and an area not subjected to erosion.

Mod Sensitivity: Some possibility of erosion or change due to episodic events.

High Sensitivity: Large possibility of erosion, change to the site or destruction due to climatic or other factors.

9: Rehabilitation potential of the area or region

Some areas can easily be rehabilitated with the use of indigenous species, whereas others require extensive attention, management and effort.

Low Sensitivity: Site is easily rehabilitated.

Mod Sensitivity: There is some degree of difficulty in rehabilitation of the site.

High Sensitivity: The site is difficult to rehabilitate due to the terrain, type of habitat or species required to reintroduce.

10: Disturbance due to human habitation or other influences

In some cases due to the past land use the intrinsic sensitivity of a region may be lost or greatly reduced.

Low Sensitivity: Site is very disturbed or degraded.

Mod Sensitivity: There is some degree of disturbance of the site.

High Sensitivity: The site is hardly or very slightly impacted upon by human disturbance.

Sites were visited throughout the study area and the 10 criteria were recorded as Low, Moderate or High Sensitivity on a ten-point scale as follows:

Low: 0 1 2 or 3

Mod: 4 5 or 6

High: 7 8 9 or 10,

This was done in an attempt to rank the sensitivity of the sites on the basis of these criteria and assign more objectivity to the analysis. By summing the values for the 10 criteria a sensitivity index (% sensitivity) was calculated for all sites.

In this way it was possible to introduce some level of objectivity into the designation of sensitive areas and delimit some areas from development. However, some elements of past land use, overlying factors of visual intrusion, conservation value or value of sites to the

region as a whole need to be discussed as being of intrinsic value in many instances, and could be regarded as “fatal flaws” to development.

Results of the Ecological Sensitivity Analysis

The sensitivity analyses resulted in a percentage index for the 36 different sites throughout the region. The higher the percentage the more sensitive the site, on the basis of the various variables used to measure sensitivity. A table of summarising the information for all the sites, shows the three categories of sensitivity; namely, highly sensitive – No-Go areas; moderately sensitive areas – Go-But various conditions should be applied; and relatively insensitive areas – Go areas. This table shows the various sites where the sensitivity indices were recorded, with additional information on the vegetation types and habitats of the categories. In some cases there are anomalies as indicated in the comments column (Table 5.6.3).

Most of the sites where we recorded sensitivity were in forested areas or sites which were expected to be sensitive (23 sites). One feature that was not adequately addressed was the number of rare or protected species in the site, because of the lack of time for a detailed survey.

Table 10.1: Sensitivity Index Categories and their characteristics and the localities where they are found.

Site Sensitivity Category	Sensitivity Index(%)	Site Numbers	Vegetation Types	Environmental Features	Comments
Highly Sensitive Sites – No-Go Areas	> 50 Range: 52 to 77	2,6,7,9, 14-17, 20,21, 24-29, 31-37	Coastal, Dune, Riverine and Scarp Forests Cliff and Shore-line Communities Dune Communities Wetlands and drainage areas	Steep slopes, promontories Floodplains, streams and rivers Exposed or mobile dunes Erodable soils	Highest value on steep exposed forested sites
Moderately Sensitive Sites. Go-But various conditions to be applied	40 to 49	5,8,10,18, 23,30	Thicket Mixed Grassland Degraded Forest/Thicket	Summit of hills or slopes Margin of water-courses Various degraded sites	Ecotone between Forests and Grasslands Some degraded forests
Non-sensitive Sites – Go Areas	< 40 Range: 13 to 38	1,3,4,11-13,19,22	Coastal Grasslands (uniform) Degraded Thicket or Savanna Cultivated & developed areas	Rolling hills, mild slopes and flatland Various degraded sites	Lowest value of 13% in a cultivated area

This information was transposed to maps of the areas to produce a general sensitivity map and detailed maps of each proposed development area (Figures 10.1). This general sensitivity map shows the sites designated as sensitive areas, either for conservation reasons, because of the visual importance, or as national icons of the area, etc. The main feature to note in the sensitivity map is that the steep coastal cliffs and promontories, as well as most forests and drainage lines are highly sensitive sites. This does not preclude development in some of these

areas but it does mean that it requires very detailed planning and consideration of the natural environment. For example, plants such as large trees in the forests should be demarcated for protection. The ecotones between the sensitive forests, wetland areas and the less sensitive grasslands also need special consideration. As seen on the map, these are the Go-But areas. Disturbed sites and the hardy and less diverse grasslands make up most of the less sensitive areas. This is not to say that the grasslands should not be preserved wherever possible and restored following disturbance due to development. Likewise some of the regions, which are inhabited by the local communities, are sensitive areas in that they enhance the character and value of the region.

The aim of this section is to clearly describe the method used to produce a sensitivity map for the region, and to use this information to discuss the location of the proposed developments in terms of ecological sensitivity.

Most of the sites where we recorded sensitivity were in forested areas or sites which were exposed (23 sites). One feature that was not adequately addressed was the number of rare or protected species at the site, because a detailed vegetation survey was not deemed appropriate at this level of investigation. This information was transposed onto a map of the Coffee Bay Hole-in-the-Wall area, to produce a general sensitivity map (Figure 10.1). More detailed maps of three of the proposed development area were also produced, and are discussed in the respective sections.

10.2 SENSITIVITY OF SPECIFIC SITES IN THE STUDY AREA

More particularly, the following sensitive sites are important and described in more detail:

Coffee Bay main beach site: There are very few sandy beaches and bays within the area and the maintenance of this beach is a vital feature of the region. In general it is degraded and the erosion of the beach could occur under extreme storm conditions. It is therefore important that priority be given to the preservation of the dune system backing the beach by promoting the growth of vegetation on the dunes and thus ensuring that sand is not lost from the dunes or the beach (Figure 10.2).

Coffee Bay Forests: The forests at Coffee Bay, especially along the main beach and on Sugar Loaf Hill are very degraded and these should be protected environments. The beach is a major asset for the whole area and needs to be given conservation status. Coastal forests on Sugar Loaf Hill are also a national asset and need to be protected for tourism. Thus they also require protection from grazing and inappropriate utilisation by the local people and the tourists alike (Figure 5.6).

Rocky promontories and cliffs: These are extremely sensitive environments, sometimes covered with coastal escarpment forest and contain a great diversity of plants. They need to be given protected status and the invasion of alien plant species prevented (figure 12.2b).

Coastal Forests at Hole in the Wall: This area has become extremely degraded with the establishment of a campsite and now the indiscriminate grazing within the forest. It is a major tourist attraction and an area of national importance and should be protected from grazing and further degradation (Figure 10.2).

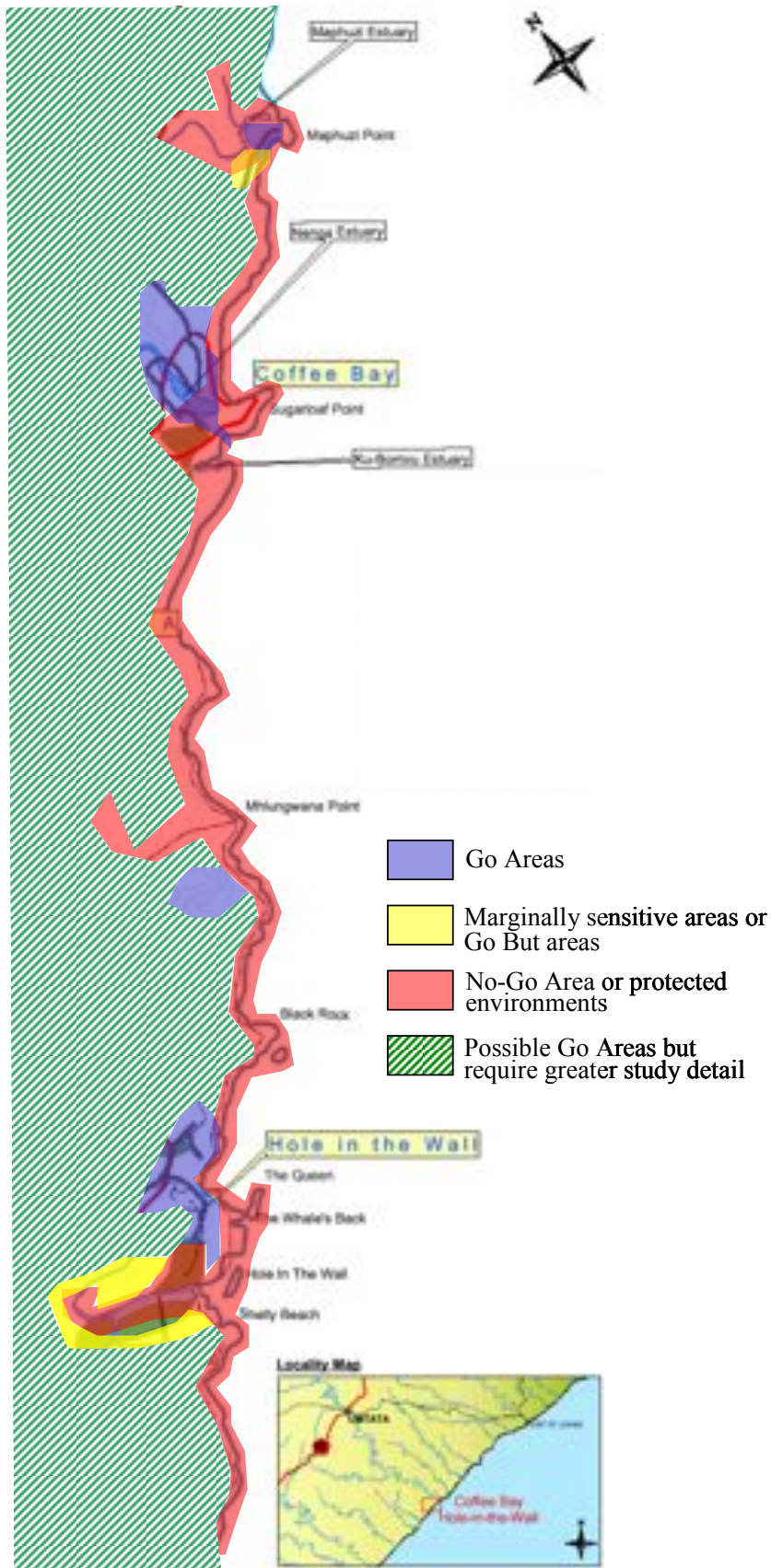


Figure 10.1: Sensitivity Map of the Region Within the study area two major components of the environment have an important bearing when considering sensitivity, namely ecological aspects and visual intrusion, as the latter will affect the “sense of place” the area has. This becomes an important component of development planning, so one might determine how ecological and other aspects influence development.

Wetlands and seepage areas: There are not many wetlands in the region, but those that do occur are of importance and should be protected.

In general the area has great potential for tourism and resort development and the conservation of many areas within the region will add greatly to its value as a tourist destination.



Figure 10.2: Sensitive sites in the region. a&b Main Beach at Coffee Bay. c Sugar Loaf Hill and Coffee Bay Forest.

11. SPATIAL EXTENT OF THE FIRST AND SECOND ORDER NODES

11.1 INTRODUCTION

As part of the Wild Coast SDI Coffee Bay has been designated as a First Order node for the development of resorts and other commercial development, and Hole in the Wall was designated as a Second Order node for development (Guy Nicholson *et al* 1996). The provincial gazette of February 2001 outlines the Wild Coast Tourism Development Policy and includes guidelines for various forms of development, as well as guidelines specific to different types of nodes. The rationale is to encourage nodal development, and to ensure that more commercially orientated developments are concentrated in first order nodes. Within second order nodes smaller resorts and recreational facilities are encouraged.

The Gazette does not define the spatial extent of any first and second order nodes. The European Union, in support of the Wild Coast SDI, have funded an interpretation of the Wild Coast Tourism Policy in terms of the spatial implications of the guidelines. Tshani Consulting cc and Wanklin & Naidoo Development Specialists have produced a draft report which

defines the nodes identified in the Wild Coast Tourism Policy. In defining these nodes consideration has been given to various planning guidelines, such as the Development Facilitation Act and Land Use Management Bill, as well as national policy on spatial planning including spatial development frameworks, the White Paper on Coastal Development and the Provincial Spatial Development Plan. **All the projects proposed by Incopho fall outside the spatial boundaries of the development nodes outlined in the Wild Coast Tourism Development Policy.**

Thus, in order for these developments to proceed they will need to comply with specifications outlined in the Tourism Policy Guidelines (REF). The guidelines for tourism developments falling outside of demarcated nodes are summarised in Section 15 and Appendix E. The existing tourism policy, as outlined in Provincial Gazette No. 720 dated 23 February 2001 does however allow for the development of ecotourism projects outside of the designated nodes, as long as they do not fall within “no development environments” as described in the policy document. The projects will however be subject to the full Integrated Environmental Management and Environmental Impact Assessment procedures.

What follows is a description of the spatial extent of these nodes, and a comparison of how these compare with our ecological sensitivity analysis.

11.2 THE COFFEE BAY NODE

The first order node primarily includes the developed areas of Coffee Bay in the south west, where the boundary is defined by the urban fringe. The node extends in a north easterly direction in a previously undeveloped area, inland of the Ocean View Hotel and incorporating the river (Figure 11.1). The proposed node includes the forest areas on the seaward margins of Coffee Bay, but excludes Sugar Loaf hill. The areas to the north east, south west and slightly inland of the first order node have been defined as special development zones. These are simply referred to as “areas of eco-management in special controlled environments” (Tshani Consulting cc and Wanklin & Naidoo Development Specialists, 2003). We would assume that this is the same category as “special controlled environments” as defined in the Wild Coast Tourism Development Policy. Within these areas, eco-tourism developments would typically be in a secluded venue and would be in the form of a camp or small cluster of specialised larger facilities and offer a high standard of accommodation and service.

Tourism developments within these special control environments would be subject to full integrated environmental management procedures and EIAs. They would also need to comply with certain specifications relating to the nature of the development, with guidelines being developed to ensure that the valuable intrinsic qualities of the particular environment be protected and that the developments within these areas are in character with and actually take advantage of these special qualities. No areas around the Coffee Bay first order node have been defined as “no development zones”.

11.3 HOLE-IN-THE-WALL SECOND ORDER NODE

The second order node around Hole-in-the-Wall excludes the coastal strip, the Hole-in-the-Wall and Queen rocks, as well as much of the high lying area to the north west and behind the Hole-in-the-Wall. It incorporates the existing settlements at Hole-in-the-Wall, but extends north east towards the high lying hills on the Coffee Bay side of Hole-in-the-Wall. The proposed site for the ridge development falls immediately outside the node, as does the area immediately adjacent to the Hole-in-the-Wall rock (Figure 11.2). Areas surrounding the second order node have also been defined as special development zones, and interestingly and

possibly incorrectly, the areas immediately adjacent to and including the actual Hole-in-the-wall have not been defined as no development zones.



Figure 11.1: Spatial boundaries and tourism zones for Coffee Bay tourism node



Figure 11.2: Spatial boundaries and tourism zones for Hole-in-the-Wall tourism node

12. AN OVERVIEW OF THE TOURISM POTENTIAL OF THE WILD COAST AND THE COFFEE BAY & HOLE-IN-THE-WALL NODES

12.1 INTRODUCTION

The Wild Coast Tourism Development Policy provides guidelines for tourism development within a policy framework but does not quantify the economic impact of tourism. Nowhere in the document is the volume of tourists visiting the area quantified neither is the size of the tourism plant measured (number of beds available in tourist accommodation). A supply and demand analysis was not included in the document.

Over 100 reports on the Wild Coast have been documented but very few have attempted to scientifically assess the economic impact of tourism in the OR Tambo District. The amount of information on the supply side is scant and occupancy rates are either misleading or speculative.

In 1994, a helicopter audit of all the Wild Coast holiday resorts operating at that time was undertaken by Tourism 2000 with support from the former Transkei National Tourism Board. The audit confirmed a total of 1 380 (see table 12.1 below) beds excluding the Wild Coast Sun and Casino. The resorts were rundown and the average occupancy rates were about 11%. This meant that apart from occupation of illegal cottages and visiting friends & relatives, only about 55 407 guests were staying in Wild Coast holiday resorts.

Table 12.1: Transkei tourism plant hotels and resorts 1994

NAME	ROOMS	CHALETS	BEDS
Trennery's	65		170
Seagulls	38		75
Wavecrest	50		200
Mazeppa Bay	47		150
Kob Inn	33		84
The Haven	43		86
Hole-in-the-Wall	23	17	150
Ocean View	35		58
The Anchorage	18		56
Umgazi		42	120
Mbotyi	30	5	80
Second Beach		38	150
TOTAL	382	102	1 379

$1380 \text{ beds} \times 365 \text{ days} \times 11\% = 55\,407 \text{ guests}$

The average room rate of the resorts was about R90 per person a day inclusive of all meals. The value of tourism at that time was estimated at about R5.0 million.

$1380 \text{ beds} \times 11\% \text{ bed occupancy} \times R90 \text{ per person per day} \times 365 \text{ days} = R5.0 \text{ million}$

In 1995 the Wild Coast Sun and Casino had about 800 beds and was operating at an average bed occupancy rate of 60%. This meant that the Wild Coast Sun and Casino was hosting about 175 200 overnight guests a year.

$800 \text{ beds} \times 60\% \times 365 \text{ days} = 175\,200$

The average rate per person per day was about R300. This meant that the value of tourism from bed nights sold in the Wild Coast Sun and Casino was R53 million.

$800 \text{ beds} \times 60\% \text{ bed occupancy} \times R300 \text{ per person per day} \times 365 \text{ days} = R53 \text{ million}$

In the early to mid 1990's, the Wild Coast depended almost entirely on the Wild Coast Sun and Casino for any marketing support and exposure. This is not the position today and this is indicative of the tremendous potential for resort development along the unspoilt beauty of this spectacular coastline.

12.2 SWOT ANALYSIS

Graphite, a company specialising in providing advertising, design, digital and print services, was commissioned by the European Union Wild Coast SDI Programme Management Unit to prepare a Wild Coast Community Tourism Marketing Strategy and Action Plan. Tourism 2000 was commissioned to provide further input into the strategic plan. The following SWOT Analysis was undertaken during a consultative workshop:

Table 12.2: Wild Coast tourism SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ➤ Unique, pristine, coastal wilderness destination ➤ Affordable destination ➤ Rich in history and culture ➤ Local story-tellers ➤ Exceptional botanical wealth (more than 150 endemic plants in the riverine forest and grasslands) ➤ The Eastern Cape has 20% share of foreign arrivals to South Africa ➤ Archaeological sites ➤ Fossil formations ➤ Horse and hiking trails ➤ Village guest home trails ➤ Fishing / fly fishing ➤ Bird watching ➤ Dolphin and whale viewing ➤ Sardine run ➤ Gorges, natural pools and waterfalls ➤ River ferries ➤ Canoeing ➤ Shipwrecks ➤ Estuaries / coastline / sand dunes ➤ Diving ➤ Temperate all year round climate 	<ul style="list-style-type: none"> ➤ Access problem ➤ Poor electricity supply ➤ Lack of potable water ➤ Sanitation ➤ Employment levels ➤ Safety – ‘negative perceptions’ ➤ Communication hierarchy ➤ Coastal wilderness topography inhibits development of infrastructure ➤ High unemployment ➤ Time lags in decision-making ➤ Poor reservation facilities ➤ Branding / signposting ➤ No maps or trails ➤ Limited information available to public ➤ Lack of upmarket accommodation for foreign tourists ➤ Few package tours for foreign tourists ➤ Umtata Airport needs some serious upgrading ➤ Lack of an international airport limits the development of charter airline business
Opportunities	Threats
<ul style="list-style-type: none"> ➤ Investments ➤ Skills development ➤ Tarring of roads ➤ Toll road ➤ To establish a significant conservation area ➤ Local arts and crafts ➤ Sea, kayaking, expeditions ➤ Land claims ➤ Community and private sector 	<ul style="list-style-type: none"> ➤ Illegal cottages ➤ Crime ➤ Faction fighting ➤ Mining ➤ Uncontrolled destruction of forests ➤ HIV Aids ➤ Exploitation of the AmaPondo people ➤ Departure of EU programme ➤ Conflict between community and

<ul style="list-style-type: none"> ➤ partnerships ➤ Tourism information and environmental awareness centres ➤ Responsible tourism ➤ Increased levels of income 	hotel owners
--	--------------

12.3 FOREIGN TOURISM

The Wild Coast has all the elements in place for attracting foreign tourists as can be seen from the following profiles:

Profile of Foreign Tourists to South Africa 2002

Purpose of Visit:

Holiday	62.4%
Business	23.3%
Visiting Friends & Relatives	7.0%
Other	7.3%
TOTAL	100.0%

Top 5 Highlights of Visit to South Africa:

Wildlife	42%
Scenic Beauty	44%
Warm Hospitality	22%
Business Opportunities	19%
Culture, Heritage, History	12%

The Eastern Cape Tourism Master Plan has projected that the value of tourism to the province will virtually double between 2002 and 2006. The projections are based on conservative but realistic growth trends in the foreign and domestic tourism markets.

Table 12.3: Tourism growth projections Eastern Cape province 2002 - 2006

	2002	2003	2004	2005	2006
Foreign Tourist Arrivals	616,000	646,800	679,140	713,097	748,752
Domestic Tourism Trips	4.6mn	4.7mn	4.8mn	4.9mn	5.0mn
Value - Foreign Tourism	R2.9bn	R3.3bn	R3.8bn	R4.4bn	R5.1bn
Value - Domestic Tourism	R3.0bn	R3.4bn	R3.8bn	R4.3bn	R4.8bn
TOTAL VALUE TOURISM	R6.0bn	R6.7bn	R7.6bn	R8.7bn	R10.0bn
Market share foreign tourism	20%	20%	20%	20%	20%
Market share domestic tourism	13%	13%	14%	14%	15%
Av length of stay foreign tourists	3 nights	3 nights	3 nights	4 nights	4 nights
Av length of stay domestic tourists	4 nights	4 nights	5 nights	5 nights	6 nights
Employment Direct Jobs	32 358	33 626	34 957	36 355	37 823

(Source: Centre for Tourism Studies, UPE)

In 2002, the Strategic Research Unit of SA Tourism replaced the previous system of SA international market surveys with SA Tourism Index quarterly reports, based on the new systems and refined methodologies that have been developed and applied to data collection at Johannesburg and Cape Town international airports. However, there is a trade off against consistency and comparability. Since different (albeit much improved) methods are applied, comparisons between data generated from the beginning of 2002 and data generated in previous years need to be made with great care and insight into methodological changes. However, the Eastern Cape has definitely experienced real tourism growth in the foreign tourism markets, as shown in Table 12.4.

Table 12.4: Eastern Cape growth in overseas tourism 1995 - 2002

Year	Market share %	Tourist volume numbers	Average spend per day	Average length of stay	Tourist value R million
1995	12%	128 599	R 530	3 days	R 204m
1996	16%	187 583	R 608	3 days	R 342m
1997	16%	208 000	R 695	3 days	R 434m
1998	14%	196 000	R 852	3 days	R 500m
1999	14%	210 000	R 947	3 days	R 596m
2000	13%	195 000	R 981	3 days	R 574m
2001	11%	176 000	R1404	3 days	R 741m
2002	20%	616 000	R1559	3 days	R2900m

The Eastern Cape is the fifth most popular holiday destination for foreign tourists to South Africa. Table 12.5 below illustrates that although the Eastern Cape received 20% of the overseas arrivals in 2002 this only represented 9% of the bed nights sold to foreign tourists in South Africa. This means that foreign tourists are staying longer in the other provinces. **The Wild Coast could contribute significantly to enticing foreign tourists to stay longer in the province but this will require the development of five star accommodation and significant improvement in access to the region i.e. roads and air transport.** The opportunities for developing package tours to the Wild Coast is discussed in section 12.6.1.

Table 12.5: Provincial distribution of visitors to South Africa 2002

Province Visited	% of tourists who visited provinces	Total number of bed nights spent in provinces	% share of bed nights SA
Gauteng	63%	1,782,546	25%
Western Cape	48%	2,035,745	29%
KwaZulu-Natal	29%	1,148,435	16%
Mpumalanga	32%	819,679	12%
Eastern Cape	20%	616,828	9%
Limpopo	7%	296,012	4%
North West	12%	199,026	3%
Northern Cape	3%	80,183	1%
Free State	3%	60,065	1%
TOTAL		7,038,519	100%

The figures in Table 12.5 represent the market share of foreign tourists to South Africa based on a percentage of those who visited the provinces and a percentage share of bed nights spent in each province. E.g. 63% of foreign tourists visited Gauteng but only 25% of bed nights were spent in Gauteng. 20% of foreign tourists visited the Eastern Cape but this only accounted for 9% of total bed nights spent in South Africa.

The SA Tourism Index for 2002 confirmed that the majority of foreign tourists to South Africa were independent travellers. Whilst on the one hand this might be an advantage for the Wild Coast because not many coach tour operators are prepared to travel in the Wild Coast region due to the bad roads, on the other hand it is much more difficult to substantially increase the critical mass of tourists by offering package tours.

12.4 ACCOMMODATION

Overseas tour operators and wholesalers have commented on the lack of upmarket accommodation for the foreign tourism market. The issues around appropriate accommodation for the Wild Coast are discussed more fully in [section xx](#).

Table 12.6: Types of accommodation in the Eastern Cape Province

FACILITY	1998	1999	2000	2001	2002
Hotels	42%	48%	48%	38%	
Visiting Friends/Relatives	21%	14%	14%	28%	
Game Lodges	11%	9%	9%	11%	
Country/Guest Houses	19%	14%	10%	10%	
Self-catering	13%	10%	10%	7%	
Bed & Breakfast	16%	21%	21%	17%	
Backpackers' Hostels	-	-	4%	10%	
Holiday Resorts	6%	3%	3%	2%	
Camping/Caravanning	-	-	3%	7%	

Note: The columns will not add up to 100% because foreign tourists stay in more than one type of accommodation during their visit. The baseline was changed in 2000 to include Backpacker's Hostels and Camping/Caravanning facilities.

It is clear that hotels remain the most popular accommodation but revealed a significant decline in 2001. There was a similar decline in country/guest houses, possibly due to the increase in backpacker hostels.

12.5 DOMESTIC TOURISM

The first domestic tourism survey in South Africa was undertaken in 1992, thereafter in 1994, 1997 and 2001. Additionally, Tourism Kwazulu-Natal undertook a survey of the urban domestic tourism market in 1997/1998. It is very difficult to find a correlation or travel pattern when comparing these surveys. The 2001 domestic tourism survey is by far the largest of its type ever taken in South Africa. A national sample of 10,000 respondents was selected across the country, stratified by province and lifestyle category.

According to the survey, 59% of domestic tourism trips were made by visiting friends and relatives (VFR) (Table 12.7). When one considers the population distribution in the cities and towns of the Eastern Cape, then one cannot help wonder if this category was not skewed by including returning migrant workers i.e. domestic expatriates.

Table 12.7 Domestic Trips in South Africa May 2000 – April 2001

Number of trips	Holiday, leisure & recreation	Visits to friends & relatives	Business or professional trips	Trips for health treatment	Trips for religious reasons	Total trips
One	2,956,163	6,527,860	418,991	617,487	2,304,810	12,825,311
Two	1,487,840	4,841,082	215,522	147,678	1,177,044	7,869,166
Three	1,188,174	2,553,576	138,639	45,363	402,840	4,328,592
Four	478,024	1,484,252	66,632	-	308,004	2,336,912
Five	235,385	685,630	61,215	-	541,455	1,523,685
Six	540,012	3,518,528	559,332	-	-	4,617,872
TOTAL	6,885,599	19,610,928	1,460,331	810,528	4,734,153	33,501,538
%	21%	59%	4%	2%	14%	100%
R Value	R9 753m	R4 520m	R894m	R298m	R1 104m	R16 569m

The Wild Coast is primarily a domestic tourism destination. More than 90% of visitors to the Wild Coast are domestic tourists. **The percentage of foreign tourists to the Wild Coast has not been calculated neither has a foreign tourist profile been developed for the region.**

Many consider the Wild Coast to be the most affordable holiday destination in South Africa for domestic tourists offering the best value for money. The Eastern Cape is the fourth most popular holiday destination in South Africa for domestic tourists (Table 12.8).

Table 12.8: Provincial Distribution of Domestic Tourism Trips 2001

Province	Number of trips	Percentage	Value of trips
Gauteng	6,579,421	19,6%	R 3 248m
Kwazulu-Natal	6,378,010	19,0%	R 3 148m
Limpopo	4,330,333	12,9%	R 2 137m
Eastern Cape	4,296,765	12,8%	R 2 121m
Western Cape	4,196,059	12,5%	R 2 071m
North West	2,651,910	7,9%	R 1 309m
Free State	2,249,088	6,7%	R 1 110m
Mpumalanga	1,913,403	5,7%	R 944m
Northern Cape	906,348	2,7%	R 447m
TOTAL	33,501,538	100,0%	R16 569m

The Eastern Cape has been divided into six tourism regions for the purpose of the domestic tourism survey. The six regions are:

1. Wild Coast (Umtata, Butterworth, Port St Johns, Queenstown, Coffee Bay)
2. Friendly N6 (Aliwal North, Burgersdorp, Lady Frere)
3. Amatola (Fort Beaufort, King William's Town, Bisho)
4. Sunshine Coast & Country (Port Alfred, Port Elizabeth, East London)
5. Karoo Heartland (Graaff-Reinet, Aberdeen, Jansenville)
6. Tsitsikamma (Tsitsikamma National Park)

In the opinion of Tourism 2000 the information in Table 12.9 extracted from the 2001 Domestic Tourism Survey is skewed. It is inconceivable that the Wild Coast tourism region could possibly receive more domestic VFR's (visiting friends & relatives) than metropolitan cities such as Buffalo City and Nelson Mandela Bay (Port Elizabeth, Uitenhage and Despatch). The most likely scenario is that interviewers confused returning residents (migrant workers) with VFR's. Nevertheless, the number of trips and amount of people visiting for leisure reasons is greatest for the Wild Coast.

Table 12.9: Types of trips to Eastern Cape destinations by tourism region 2001

Tourism Region	Number of Trips	Leisure	VFR	Business	Health	Religious
Wild Coast-Tkei-Ciskei	1,847,609	369,522	1,274,850	18,476	36,952	147,809
Friendly N6	945,288	217,416	604,984	28,359	-	94,529
Amatola	300,774	51,132	192,495	3,008	-	54,139
Sunshine Coast & Country	945,288	349,757	482,097	28,359	9,452	75,623
Karoo Heartland	214,838	49,413	124,606	2,148	2,149	36,522
Tsitsikamma	42,968	36,952	6,016	-	-	-
TOTAL	4,296,765	1,074,192	2,685,048	80,350	48,553	408,622

12.6 MARKETING

The EU has increased its marketing investment in the Wild Coast SDI programme. The year-by-year marketing budget allocations over a four-year period have been increased as follows:

Table 12.10: Allocated marketing budget for the years 2000 - 2003

Year	Allocation (rands)
2000	R 700 000
2001	R1 300 000
2002	R1 450 000
2003	R1 400 000
TOTAL	R4 850 000

Equal funding (a Rand-for-Rand matching fund contribution) was provided by national government plus R1 million for the Premier Award. The Wild Coast Marketing Strategy and Action Plan for 2003 included an above-the-line advertising campaign in popular magazines and below-the-line promotions such as representation at the annual Indaba Travel Market in Durban and selected consumer travel trade shows such as the Getaway Show. In the print media promotional themes included 'Touch the Sky', 'Ride like the Wind' and 'Feel the Earth Move'. The print campaign received radio support.

An effective website has been designed for direct marketing on the Internet. The Wild Coast Holiday Association also coordinates cooperative marketing promotions such as educational tours for the travel trade and international journalists. National and international TV coverage was achieved for major cultural and sporting events e.g. the Sardine Run. Table 12.11 below illustrates the sources of information used by domestic tourists in South Africa. Word-of-mouth recommendation by visiting friends and relatives remains the most effective source of information for domestic tourists, highlighting the importance of delivering a quality tourism experience supported by service excellence.

Table 12.11: Sources of Information % Users - Domestic Tourism Survey 2001

Information Types	East Cape	West Cape	North Cape	KZN	Gaut	Mpum	Free State	North West	Limp
Family & Friends	79,9%	58,2%	65,3%	60,1%	64,5%	66,1%	63,4%	65,5%	72,4%
Radio	19,8%	14,3%	23,2%	18,0%	21,7%	19,6%	23,0%	24,5%	18,7%
Television	10,3%	16,5%	17,3%	18,2%	18,6%	13,1%	15,1%	17,9%	10,2%
Magazines	6,2%	16,4%	16,1%	11,7%	12,6%	8,5%	9,8%	9,6%	6,9%
Newspapers	9,5%	15,6%	16,7%	14,6%	16,5%	11,6%	9,6%	12,0%	9,3%
Brochures	5,1%	21,7%	15,2%	12,5%	9,0%	6,3%	8,8%	5,2%	3,3%
TIC's (Bureaus)	3,2%	18,3%	15,1%	7,4%	5,5%	3,2%	5,4%	3,0%	2,0%
Colleagues	3,8%	6,0%	5,1%	5,6%	5,4%	6,4%	4,2%	4,4%	4,0%
Tourist Books	3,1%	9,5%	7,8%	4,5%	3,7%	2,9%	4,2%	2,0%	1,5%
Internet	2,8%	8,5%	5,7%	5,4%	3,9%	3,7%	3,2%	2,7%	1,5%

12.6.1 Package Tours

Foreign Tourists make their travel arrangements either independently, or they purchase a package holiday, or they book to go on an organized tour. The majority of foreign arrivals travel independently but certain countries such as France have a higher propensity to purchase inclusive tours.

Independent Travel:

Airfare, accommodation, coach tours, car rental and food are each purchased separately by the tourist.

Package Holiday:

Airfare and accommodation are purchased from the same agent.

Full Package:

Airfare, accommodation and food are purchased together at a discount rate.

Inclusive Tour:

Airfare, accommodation, coach tours and food are purchased from the same operator who also pre-determines the itinerary.

South African Fact File:

In 2002, the average length of stay of foreign visitors to South Africa arriving by air was 13 nights and the average daily expenditure was R1 559. Some 62% of the foreign arrivals were free independent travellers (FIT), 10% purchased a package, 4% purchased a full package, and 24% purchased an inclusive tour. Table 12.12 below reflects the travel arrangement profiles of foreign tourists from different countries.

Table 12.12: Travel arrangements for foreign tourist arrivals 2002

Country	Independent Travel	Package Holiday	Full Package	Inclusive Tour
United Kingdom	63,5%	9,6%	4,4%	22,5%
France	30,4%	5,2%	5,9%	58,5%
Germany	59,0%	10,9%	3,6%	26,5%
Netherlands	51,9%	10,5%	7,5%	30,1%
Sweden	56,6%	3,8%	13,2%	26,4%
Italy	51,6%	8,1%	8,1%	32,3%
USA	63,9%	8,8%	2,9%	24,5%
Canada	63,0%	11,1%	5,6%	20,4%
Brazil	77,8%	17,8%	2,2%	2,2%
India	75,7%	10,8%	2,7%	10,8%
Japan	55,6%	3,7%	-	40,7%
Australia	69,3%	8,0%	7,3%	15,3%
China	51,9%	8,1%	3,7%	36,4%
Africa by Air	79,0%	10,2%	2,5%	8,2%

12.7 SUPPLY AND DEMAND ANALYSIS

Accommodation along the Wild Coast has increased considerably since the audit in 1995. According to the Wild Coast Marketing Strategy and Action Plan, the number of available beds excluding the Wild Coast Sun and Casino has increased to 2 565 beds:

Table 12.13: Accommodation available along the Wild Coast

Region	Number of Beds
Mzamba	800
Magwa / Mbotyi	160
Port St Johns	895
Dwesa / Cwebe	125
Kei to Nqabara	585
TOTAL	2 565

If one assumes that the Wild Coast Sun and Casino will continue to do its own independent marketing with Sun International support, then the economic impact of the remaining coastal resorts based on the latest room and occupancy rates is estimated to be about R170 million excluding revenue generated by the Wild Coast Sun and Casino. At a 60% bed occupancy rate the present Wild Coast holiday resorts, bed & breakfast establishments, backpacker lodges, self-catering units and nature reserves are probably hosting about 562 000 overnight visitors a year. Table 12.14 below illustrates the economic impact of increasing bed occupancy and rack rates:

Table 12.14: Economic impact of increasing bed occupancies and rack rates

Number of beds	Bed occupancy rate %	Number of days in a year	Rack rate per bed night sold	Revenue generated
2 565	30%	365 days	R300	R 84 million
2 565	40%	365 days	R350	R131 million
2 565	50%	365 days	R400	R187 million
2 565	60%	365 days	R450	R253 million
2 565	70%	365 days	R500	R328 million

12.8 TRAFFIC COUNT

In 1996, traffic counts undertaken by Hawkins, Hawkins & Osborn, Consulting Civil Engineers, at different counting stations in the Transkei, confirmed that on average 4 200 vehicles a day travelled on the N2 highway through the region. This would equate to about 1.5 million vehicles a year. However, with considerable improvements to the road infrastructure and new developments in the Wild Coast SDI region, this figure must have increased considerably. It would not be surprising if current traffic counts at strategic sites were to confirm over 2 million vehicles a year travelling on the N2.

If the proposed toll road is built or even if the existing R61 is upgraded, then it would not be unrealistic to assume that eventually 3 to 4 million vehicles a year would travel through the former Transkei region **providing a captive market for domestic tourism**. Tourist route development supported by good road direction signs could encourage mainstream traffic to explore the Wild Coast attractions.

12.9 RELEVANCE OF THIS GROWTH AND DEVELOPMENT FOR COFFEE BAY AND HOLE-IN-THE-WALL

According to the Wild Coast Tourism Development Policy, first order nodes are the most urban and extensively developed areas, of a 'seaside resort' nature, such as Port St Johns or Coffee Bay. Within these areas, the main focus should be on recreation provided by the development, not the environment, although the development is located in a pleasant, clean and attractive setting. These nodes are suitable for large hotel and cluster developments, with some cottage development.

Research undertaken by Peter Myles in New Zealand, the Caribbean, Florida, USA and also in Zambia, confirms that **cultural tourism developments are more likely to be successful when they are in close proximity to a major tourist attraction or resort development**. The Coffee Shack is a popular backpackers lodge and attracts both international and domestic backpackers. However, the Ocean View Hotel (35 rooms and 58 beds) and Hole-in-the-Wall Hotel (23 rooms, 17 chalets and 150 beds) comprise the main accommodation in the Coffee Bay and Hole-in-the-Wall nodes. Ocean View has been extensively upgraded and offers the best accommodation in Coffee Bay, providing good affordable value for the South African domestic tourism market.

To substantially increase the critical mass of tourists to the Coffee Bay area, especially foreign tourists, will require a major resort development in the style of the famous resorts and clubs in Mauritius, the Caribbean and now in Cuba and Tanzania. The architectural style of these resorts and clubs is on a grand scale incorporating features such as a large swimming pool, a world-class golf course, tennis courts, squash court, equestrian centre, small boat harbour, aquatic centre, health club and other recreational facilities designed for upmarket clientele. **This is what appeals to tour operators selling package tours.**

The architectural design of a 100-room resort hotel and club could accommodate African design features to blend in with a tropical coastal environment. Eco lodges and cabana style apartments set in a village complex could provide the accommodation units rather than typical hotel rooms in a box. A Coffee Bay Resort & Club should reflect a design theme in harmony with the Wild Coast environment i.e. vegetation types and indigenous culture.

In this regard, Peter Myles of Tourism 2000 recently went on a fact finding mission to the Dominican Republic in the Caribbean where he stayed at the famous Punta Cana Resort & Club while undertaking research on the world's most successful privately owned and managed international airport i.e. the Punta Cana International Airport. The combination of coastal resorts & clubs and an international airport have increased international tourism to Punta Cana from 4 000 arrivals in 1984 to over 1,000,000 in 2002. The majority of overseas tourists are from Europe and they have purchased package tours offered mainly by charter airlines.

A Coffee Bay Resort & Club could generate R22 million a year in tourist revenue based on the following calculation:

200 beds x 365 days x 60% bed occupancy x R500 p/p/day rack rate = R22 million
Most of the Caribbean resorts & clubs offer an all-inclusive rate.

13. TOURISM MARKETS AND RATES FOR COFFEE BAY DEVELOPMENTS

13.1 ACCOMMODATION RATES IN SOUTH AFRICA

Accommodation establishments in South Africa are not priced specifically for foreign and domestic tourism markets. **Hotel accommodation is priced according to grade and classification** e.g. from 1 star to 5 star grading for all markets. Alternative accommodation such as bed & breakfast establishments, guesthouses, self-catering units, holiday cottages, backpacker lodges, farm-stays etc are currently not graded but the whole system is under review by the South African Grading Council.

A two-tier pricing system (one price for tourists and a lower price for local residents) for accommodation establishments was introduced in Zimbabwe some years ago. However this backfired and tourists complained that they were being 'ripped off' by the Zimbabwe tourism industry.

A good example of price differentiation by quality and standard is accommodation offered in the South African National Parks. The parks offer upmarket accommodation in exclusive luxury game lodges or tented camps, self-catering cottages for middle-income groups and affordable budget accommodation for lower-income families. The luxury accommodation includes all meals provided and the affordable accommodation offers the choice of self-

catering or meals in the camp restaurant. Table 13.1 below provides a comparison of room rates within the Wild Coast region for 2004.

Table 13.1: Wild Coast holiday resorts: A comparison of room rates 2004

Accommodation	High Season Rate	Low Season Rate	Meals included
Seagulls Hotel	R375 p/p/d	R295 p/p/d	All meals included
Kob Inn	R495 p/p/d	R260 p/p/d	All meals included
Mazeppa Bay	R425 p/p/d	R255 p/p/d	All meals included
Mbotyi River Lodge	R550 p/p/d	R295 p/p/d	All meals included
Wavecrest Resort	R480 p/p/d	R310 p/p/d	All meals included
Ocean View Hotel	R430 p/p/d	R260 p/p/d	All meals included
Umngazi River Bungalows	R488 p/p/d	R420 p/p/d	All meals included
Cremorne Estate	R420 p/p/d	R295 p/p/d	Bed & Breakfast
The Estuary Country Hotel	R690 p/p/d	R420 p/p/d	All meals included
Wild Coast Sun	R675 p/p/d	R397 p/p/d	Bed & Breakfast

Note:

These rates are based on sea facing rooms (best view) and reflect seasonal variation

13.2 ROOM OCCUPANCIES IN WILD COAST HOLIDAY RESORTS

There is a lot of misleading information and speculation with regard to room occupancy rates concerning the Wild Coast holiday resorts. A statement was made by the MEC in the provincial legislature that Wild Coast holiday resorts operated at 80% room occupancy rates throughout the year in 2002. This is not true and some resorts only operated at 35% room occupancy rates especially where bad roads limited access to the resorts. However, 2002 was a record-breaking year for South Coast & Interior hotels as can be seen in tables 13.2 and 13.3 below.

Table 13.2: Hotel room occupancy rates South Coast and Interior Region

Month	2002	2001	2000	1999	1998
Jan	63,2%	54,3%	55,1%	62,1%	50,8%
Feb	66,2%	54,5%	56,0%	69,1%	58,4%
Mar	75,0%	52,0%	59,3%	67,6%	50,0%
Apr	62,6%	62,6%	65,7%	67,3%	54,2%
May	59,0%	49,5%	52,7%	63,5%	50,9%
Jun	63,9%	53,1%	54,1%	55,4%	45,4%
Jul	58,2%	48,1%	54,1%	46,4%	43,3%
Aug	52,7%	51,9%	48,2%	45,4%	49,7%
Sep	60,8%	57,4%	50,4%	56,7%	48,9%
Oct	63,7%	52,0%	48,5%	53,2%	45,3%
Nov	69,8%	59,0%	59,1%	60,6%	45,3%
Dec	79,6%	64,0%	55,6%	56,2%	60,9%
AVERAGE	64,6%	54,9%	54,9%	58,6%	50,3%

Table 13.3: Hotel bed nights sold South Coast and Interior Region

Month	2002	2001	2000	1999	1998
Jan	44,245	39,395	35,767	42,262	29,759
Feb	37,286	33,214	35,209	37,708	28,857
Mar	48,699	32,190	37,567	42,091	26,702
Apr	40,014	41,778	42,156	45,174	29,667
May	35,629	30,958	34,972	39,183	27,185
Jun	37,031	33,194	33,720	33,825	22,839

Jul	36,661	30,473	34,241	30,416	22,092
Aug	32,608	31,015	29,559	30,473	23,508
Sep	38,188	35,099	32,077	35,352	26,071
Oct	40,516	32,831	30,014	34,548	27,114
Nov	46,401	35,590	34,876	36,027	26,231
Dec	56,246	48,881	43,774	39,275	47,915
TOTAL	493,524	424,618	423,942	446,334	337,940

Note:

The South Coast & Interior tourism region includes the following towns: Illovo Beach, Umzinto, Clansthal, Umkomaas, Willow Glen, Widenham, Hibberdene, Mtwalume, Ocean View, Park Rynie, Pennington, Scottburgh, Saiccor, Ifafa Beach, Craigieburn, Port Shepstone, Marina Beach, Melville, Munster, Port Edward, Southbroom, Ramsgate, Umtentweni, Umzumbe, Uvongo, Margate, Shelly Beach, Marburg, San Lameer, Harding, Mount Currie, Kokstad, Cedarville, Matatiele, Ixopo and Creighton.

There were 1204 hotel rooms and 2745 hotel beds available in the South Coast & Interior tourism region in October 2002.

The average hotel room night sold in October 2002 was R433.30

13.3 TOURISM MARKETS

Generally domestic tourists stay with family and friends mainly because of limited disposable income. This is also the reason why the majority of domestic tourists seek affordable family holiday accommodation e.g. self-catering cottages. However, corporate executives are prepared to pay premium prices at luxury resorts. Currently the majority of foreign tourists on holiday are independent travellers. The viability of upmarket coastal resorts on the Wild Coast could depend on the ability to attract group tours. This is a function of an effective market strategy. The key issues are the development of competitive packages, good access roads for coach tours, and airline access especially the upgrading of Umtata Airport.

Rack rates should be priced according to the quality and design of the accommodation, good food especially seafood, good service, appropriate entertainment and activities, exclusivity and unique selling features. The Centre for Tourism Studies can provide technical assistance with the preparation of a strategic Tourism Marketing Plan for the Coffee Bay and Hole-in-the-Wall developments. The Centre has access to fourth year B Com Honours (Tourism) postgraduates who are available for tourism related projects under supervision of the Centre.

13.4 MARKETING PLAN

Targeting foreign and domestic tourism markets is the function of an effective Tourism Marketing Plan rather than developing different types of accommodation for different markets.

The Wild Coast is primarily a domestic tourism destination and regardless of the quality and standard of accommodation there are other factors that determine the potential to attract more foreign tourists e.g. good access roads and airline access to the Wild Coast area (upgrading the Umtata Airport for scheduled and non-scheduled flights).

13.5 BENCHMARK ECO LODGES IN THE TSITSIKAMMA FOREST AREA

The Tsitsikamma forest area has been selected as a relevant benchmark for appropriate accommodation development in the Coffee Bay area. Tsitsikamma is the premier adventure tourism region in the Eastern Cape Province and receives a good mix of foreign and domestic tourists. Furthermore, there has been an increase in more exclusive holiday retreats for family groups, offered at privately owned property with special reference to good quality eco lodges that blend in with the natural environments e.g. log cabins and other timber constructed cottages.

Details of various lodges are provided in Appendix C. Rates range from R250-00 per person per night to R495-00, with all offering fairly spacious rooms, en suite bathrooms and other facilities such as deck, TV and kitchenettes. Occupancies range from 35-80%.

13.6 TOURISM LEARNERSHIP PROJECT (TLP)

The TLP is a programme of the Tourism Hospitality, Education and Sport Training Authority (THETA) in the tourism training sector which is co-funded by the Department of Labour. The basic idea is to boost training and skills in the tourism and hospitality sector.

Background:

The training programme is structured within the requirements of the Skills Development Act. It is based on:

- The development of accredited qualifications,
- The development of unit standards,
- The assembly of unit standards into qualifications and
- The registration of qualifications by the South African Qualifications Authority (SAQUA);
- The certification of the competence of skilled workers and the provision of training for the unemployed.

The TLP has three core objectives:

- To accelerate the development of national qualifications (NQs) for all primary sub-sectors of the tourism sector. It is estimated that the project will cut the time to develop these qualifications by up to 10 years;
- To increase the availability of NQs, which will trigger increased investment in training by employers in the sector because they have clearly articulated standards of competence against which to measure the impact of training. This will assist employers in accessing levy grants in terms of the Skills Development Act.
- To develop systems and support the training of unemployed people through learnerships which provide them with the skills necessary to find jobs in a growing job market. It will generate 40 new NQs in different disciplines in the tourism industry and some 1 250 new unit standards. It will award 10 000 national qualifications in the next four years and implement 5 000 learnerships for both employed and unemployed people.

Targets:

- Train more than 10 000 people already in the sector and a further 5 000 unemployed by 2003
- Design and register 35 new national tourism qualifications for trades.

Contact details:

Call Centre: 0860 100 221

Email: info@theta.org.za

Tel: (011) 803 6010

Website: www.theta.org.za

Fax: (011) 803 6702

14. OVERARCHING SOCIAL AND COMMUNITY ISSUES

14.1 BACKGROUND INFORMATION

The Coffee Bay area falls under the KSD municipality within the O.R. Tambo District Municipality. The population growth rate for the whole municipality is consistent although higher growth rates are common in rural areas like Coffee Bay in comparison to the urban centers such as Umtata. Retrenchment of people from urban areas is problematic and is

resulting in in-migration and an increase in population in the rural areas, as people move back into their former homelands. The average unemployment rate for the KSD municipality is 50%, although villages close to tourism nodes, such as Coffee Bay, may have higher employment rates than other areas in the municipality. Unemployment however, is still prevalent at Coffee Bay, particularly from a tribal perspective (i.e. the Tshezi community as a whole) as the community includes a number of villages, many of which are situated a long distance from Coffee Bay and do not benefit from the opportunities created within the town directly.

Ironically job opportunities created by tourism within Coffee Bay have a negative effect on the youth. They are creating serious problems with regard to education and literacy levels within the local communities, as children who should be attending school, either at lower or secondary level, often do not go to school in order to collect and sell sea harvests and produce crafts to tourists in order to generate an income.

Although most young people living in the area speak English fluently, they do not have a formal education. A further factor influencing education levels is the standard of the schools in the area. Some of the schools are hardly recognizable as a school. A culture of education needs to be entrenched in the area for tourism to succeed effectively.

In addition to employment, the development of hotels, cultural villages and campsites in the area will help to increase the potential for agriculture. People in the area are locked in the mindset of planting maize in their plots and vegetables and other food sources. This results in them not fully exploiting the local market because they do not plant according to market demand.

14.2 RELEVANT STAKEHOLDERS AND ROLE-PLAYERS

14.2.1 Kwa-Tshezi communities

Involvement: The Kwa-Tshezi community is the most important role-player in these developments, as they are the beneficiaries of the project. Chief Dubulingqanga is the main chief of the community with a number of headmen under him. The community is divided into four administrative areas, and each administrative area has a number of villages:

Lower Mpako – eight villages.
Lower Nenga - sixteen villages
Mtonjana - five villages
Enzulwini - seven villages

All these villages belong to the Kwa-Tshezi community but not all of them are directly involved with Incopho development while they might benefit from the development. Only the seven traditional boards that were visited are directly affected by the developments. The villages are:

- Mathokazini where the air strip is located.
- Jonga and Mawotsheni both are affected by the Mapuzi Small Craft Harbour and the golf course is at Jonga location.
- Rhini is related to the Coffee bay camping site
- Kham and Hlunglwana are affected by the Hlunglwana traditional village
- Hole-in-the-Wall affected by the development in the ridge and the Hole-in-the-Wall Forest Reserve

These villages belong to two administrative areas which are Lower Nenga and Mthonjana. All the villages, except for Hole-in-the-Wall which belongs to Mthonjana administrative area, belong to Lower Nenga administrative area. We held a meeting at the Tribal Authority's place at Gqwangushe because it is where all decision that affect the Kwa-Tshezi communities are taken but the village is not directly affected by the development.

Influence on the developments: The Tshezi community has a lot influence on the development as they are legal shareholders in a Trust. As co-owners of the project the Kwa-Tshezi community must be involved in all aspects of the project. This is why it is important for Incopho to ensure that the majority of the people of Kwa-Tshezi are happy for the projects to proceed. The success of these developments depends on support from the communities, and it is therefore important for the developers to gather support from as many as is possible.

14.2.2 Incopho Wild Coast Development Corporation (PTY) Ltd

Involvement: Incopho are the stakeholders who are bringing development to the area, and are directly involved in establishing the projects. They own 55% of the shares of the company, and are keen to see the developments taking place.

Influence on the developments: Incopho are the most influential people on the project as they initiated the project. They engaged with communities, discussed the developments and ensured that they had the blessing of the chief and the communities to do the project.

14.2.3 Coffee bay and Hole-in-the-Wall (PTY) LTD

Involvement: This company was formed because Incopho felt that developments should not take place under their name. Therefore this company consists of Incopho and the Kwa-Tshezi community, being represented by the trust (see below), as shareholders in the company. Coffee bay and Hole-in-the-Wall Developments (Pty) Ltd will be the legal owners of the developments, and the vehicle through which the developments will be established.

Influence on the developments: At this stage the company has no influence on the developments as they have not started yet. The company is mainly interested in seeing the developments taking place, and will have real influence when the projects have been approved.

14.2.4 Kwa Thsezi Development Trust

Involvement: This trust was formed to represent the Kwa-Tshezi communities in the companies discussed above. The trust own 45% of the company shares and is supposed to have eight members, but at the present time there are only six members. These are: Thobeka Nkonkwana; Vuyiswa Nyali; Ngonqana Mlamleli; Vulindlela Zenzele; Zibekile Tupayi; Nosiselo Nombanjani. There are a number of issues with regards to the trust's involvement in the project. While the trust is a legal entity, there are problems in different communities with regard to the trust. For example, some members of the trust do not attend meetings. Some villages have concerns about their representation on the Trust, and feel they are not properly represented. During meetings with trust members to get information on their understanding on how the trust works, we found that trust members were told about the trust itself and what it stood for, but were not informed about their roles and responsibilities. For example, they do not know what it means to be 45% shareholder in the company, and what their legal obligations as trust members are.

Influence on the development: They have a serious bearing on the success of the developments. The trust must actively participate in the development process, and non-

participation or even partial participation by the trust could lead to the failure of the projects, and suffering in the Kwa-Tshezi community.

14.2.5 Kwa-Tshezi Development Programme

Involvement: This committee consists of members elected from the different areas of Kwa-Tshezi. The aim of the committee is to look at all developments in the wider area. In theory all developers coming to Coffee Bay must work with this committee. The committee will then liaise with the different communities and inform them about the developments. While some developers seem not to recognize this development committee, Incopho work closely with it. The committee has seven members with an additional member being co-opted when necessary. The members are:

M. Vulindlela

E. Simoyi

J. Zithulele

R. Zithulele

T. Khabalaza

N. Miligwane

N. Mvibo (additional member)

N. Nombanjani

Influence on the development: This development committee has a lot of influence in the Incopho developments, especially Mr. R. Zithulele who has dedicated a lot of his time in supporting Incopho with the organization of the meetings. While there are problems in other villages with regard to representation in the development committee, the committee enjoys considerable support from the villages. The success of the developments depend largely on the support Incopho and the trust get from this committee, which can also act as a watchdog of the trust to ensure that the projects run smoothly.

14.2.6 Department of Water Affairs and Forestry (DWAF)

Involvement: The Department of Water Affairs and Forestry (DWAF) is one of the statutory organizations involved in the development. We have engaged with Mr. Tonjeni from DWAF in Umtata, to ask him to comment on the developments. While Mr. Tonjeni has never visited the sites per se, he will be able to give us an idea of where his department stands with regards to the developments.

Influence on the developments: DWAF as the custodian of South African water resources has to be involved in the developments because they occur along the coast. DWAF also own the forests and because some of these projects will occur in forests, DWAF has to give a go ahead for the projects. We are still awaiting his comments and we will be able to get a better understanding of the department's point of view from his comments. (We still await his comments).

14.2.7 Department of Environmental, Economic and Tourism Affairs (DEAET)

Involvement: The Department of Economic Affairs, Environment and Tourism (DEAET) has to be involved because it is the organization that approves the env aspects of the development, in terms of the Environmental Conservation Act. We requested feedback from Mr. Gabula of DEAET about the developments. He explained that his department will be able to comment on the projects after the EIA study has been initiated. Mr. Gabula also clearly stated that with regards to the project in the forested area of Coffee Bay (i.e. camping site), they have a problem as DWAF has authority over the forest but DEAET is managing the forest and camp

site. Therefore it is difficult for DEAET to give a go ahead on this project without DWAF's approval.

Influence on the developments: DEAET has the most influence on the developments, because if it does not approve the EIA no development will take place. It is therefore of utmost importance to ensure that EIA regulations are followed to ensure that the department approves the projects. We will get more comments from the department after they have received the copy of this study.

14.2.8 Department of Land Affairs (DLA)

Involvement: The Department of Land Affairs (DLA) governs the land allocation process in the country. The DLA has been involved with the projects prior to the study being initiated. Mr. Baqwa of the DLA office in Umtata held a number of meetings with the Kwa-Tshezi communities to ensure that the communities approve of the developments.

Influence on the development: The Department of Land Affairs has an influence in the development because, according to the departments requirements, when land is owned by the community a "Community Resolution" has to be taken in order for development to take place. After meeting with Mr. Baqwa, he informed us that he has a Community Resolution from three administrative areas of Kwa-Tshezi, except for Lower Mpako where it was difficult for him to organize a meeting. This was due to a political problem between the headman of the area and the councilor. Mr. Baqwa promised to send CES copies of the community resolution certificates but he has not done so yet. It is not clear how much influence the Lower Mpako problem will have on the projects, as the areas identified do not fall within the area but it is also part of Kwa-Tshezi. For example, this might have serious implications for the success of the development as the ward councilor for the area stays at Lower Mpako and he might have a lot of influence in these villages.

14.2.9 Ntinga/O.R.Tambo District Municipality

Involvement: Ntinga Development Agency is contracted by O.R. Tambo District Municipality to look at overall development in the area. Ntinga held a number of meetings with the Kwa-Tshezi communities to assess development options in the area. The agency has been working with all the developers in the area, which includes Incopho. At a recent meeting organized by Ntinga all potential developers and stakeholders with interests in the area were invited.

Influence on the development: Ntinga has a lot of influence in these developments as it is working with the district municipality in trying to bring development to the area. The Incopho developments have the support of Ntinga, as Mr. Kanisi who is involved with developments at Coffee Bay approved of the trust formed by Incopho and the Kwa-Tshezi community. Ntinga registered all the proposed projects in the area from different developers to avoid duplication of projects. They also promised to support projects where necessary, not only in terms of finances but also with skills development. The involvement of Ntinga/O.R. Tambo in the projects is important as some of the communities feel Ntinga is the relevant agent to spearhead development in the area. Ntinga also believes that one trust must be formed for the whole of the Kwa-Tshezi area so that the trust can be the custodian of development in the area.

14.2.10 KSD Municipality

Involvement: KSD municipality is the local municipality in which Coffee Bay falls. KSD is therefore an important role-player. Although we have never had the opportunity of meeting

Mr. Titi, the councilor for the area, we managed to meet with Mr. Mike Merry who is the development officer of the municipality.

Influence on the development: While Mr. Merry informed us that KSD does not have a clear programme of development in the area, the municipality will have a lot of influence on the developments. For example, Mr. Baqwa could not get a resolution from Lower Mpako because of the problem between the traditional and the political leader. There are also no trust members representing Lower Mpako because of the same problem. If the municipality can be more involved with these projects the rest of the people from areas where there are conflicts between traditional and formal structures may support Incopho. It is also important for the mayor of the municipality to look at the problem of Lower Mpako as he has the ability to influence the local councilor. It is difficult for Incopho to have the support of all the communities if the councilor is not supportive, as then all his constituencies will not support the development.

14.3 CAPACITY AND SOCIAL CONSTRAINTS - PROBLEMS GATHERED DURING COMMUNITY MEETINGS

14.3.1 Social problems and constraints

Relying on people from the area to organise and advertise meetings for one is a problem because one only finds out once one is in the area that they did not organize the meetings properly. Whilst most of the villages know about Incopho, some of the villages felt that they were not properly consulted in the early stages of the process.

A further problem is with the trust itself, because some people are confused as to 'who is who' in the trust and which trust is really working with Incopho, since there are three different trusts for different developers. In some areas people do not even know there is a trust that was formed by Incopho and the Tshezi community.

Another constraint to the development is the problem of Lower Mpako, which does not have representatives in the trust. This was due to the political tension between the headman and the ward councilor who resides in the area. It is also clear from the information gathered from the meetings that politics plays a big role in these communities. This result in divisions within the community, and this retards the development process. This was confirmed by Mr. X. Baqwa from the Department of Land Affairs, who visited the Kwa-Tshezi community to get community resolutions on the developments. In Lower Mpako he could not get a meeting due to political problems. Lower Mpako seems to have a serious problem between the ward councillor and the chief and this why they do not have representatives in the trust. There is also no resolution about the availability of land for development.

There are fears within the communities as to who will benefit the most from the trust, as some villages are not represented in the trust. This is why people from Mathokazini are unhappy by not having someone representing their village on the trust and the development committee. This seems to be the case for the people of Kham village near Hlungulwana. While they argue that Incopho never had proper consultation and meetings to discuss the projects with them. Our assessment is that they are unhappiness is a result of not being represented in both the trust and Tshezi development committee. Incopho promised to meet with them on the 11 of December 2003 to deal with their concern. We consulted with Mr.B. Bosman from Incopho and he confirmed that the meeting did take place.

14.3.2 Local capacity

Due to the high level of illiteracy in these communities, it is difficult for the majority of community members to understand the issue of the trust properly. The youth are in a better position to understand these developments as compared to elders in the villages. This is why the trust has a majority of young people as representatives for the communities. Another reason for the involvement of the youth in the trust is the fact that young people are more active in developmental issues than older people. This implies that young people are in a better position to participate meaningfully in the trust and make informed decisions about the developments, especially if they are given more workshops and education on their roles and responsibilities. Except for smaller problems gathered during our meetings with communities, the trust members are in a good position to take the process forward.

14.3.3 Meaningful community involvement

The issue of community involvement in any kind of development is of utmost importance, especially if the development is to benefit the communities. It is also important to state that it is very difficult to reach full consensus and agreement with all the people. This is more so when there are political issues within the communities. This does not in anyway reduce the importance of community participation in development.

Incopho has done a good job in this regard, as it has consulted with every community in the area. On the other hand Incopho seem to have overlooked some of the problems that exist within the communities. This is due to the fact that this process has been going on for more than three years now and they are under pressure from some of the communities to produce. However, this is cause for concern as some of these problems might come up later and cause serious problems to the developments. These problems can be overcome with proper consultation.

In order for community involvement and participation to be meaningful all the different groups need to be consulted properly. This does not mean that agreements will be reached with each and every group, and everybody will be satisfied, but people must not feel excluded in the process. At Coffee Bay it was clear from our meetings that everyone supports Incopho and its development, and the reason for the small amount of conflict is representation. Some people feel that they are not properly represented in the trust, as mentioned by the people from Mathokazini. It will be more useful for Incopho to have another round of consultation with people in areas where there are problems so as to ensure that solutions are found to these problems.

14.3.4 Benefits to the local communities

The proposed will bring both direct and indirect benefits to the local communities. The major benefit for the communities will be employment for the locals and the contribution the projects will bring to the local economy. Other forms of employment will result due to the development of the projects e.g. for the traditional village at Hlungulwana, an access road needs to be built or the existing road be upgraded and this will increase the number of people that will be employed in the area. Communities will be able to sell both agricultural and art products to these developments. For example, at Mapuzi where most of the accommodation will be self-catering and will accommodate families, people from the villages will be able to sell vegetables and other products to the visitors.

The profits that will come from the projects will help in developing the Tshezi community at large. For example, the profits can be used to upgrade the existing schools, improving sports facilities and developing recreational facilities for children of area. While there are benefits that come with the projects, there are also disadvantages that result from the projects. Firstly,

people will lose portions of their grazing areas because some land will have to be fenced. Secondly, some people will have to be relocated, like the owner of the shack on the ridge at Hole-in-the-Wall. It is important to ensure that the local people understand these losses prior to the development taking place, as it will not be possible to revert back to the present state after development has taken place.

14.3.5 Ensuring equitable benefits

In this section of the report we will not analyse each project in detail, for a detailed analyses (see part 2 below). While some of the projects might be more viable than others, it will be crucial for the developers to ensure that their choice of projects does not create a rift within the Tshezi community. For example, they need to consider establishing projects on both sides of the area as promised, and if this is not possible consultation is needed with the communities to explain the decisions regarding the projects. This will ensure that people in areas where there are no viable projects at present will understand the reasoning behind such a decision.

It is clear from the evaluation of the development options that the most viable projects are on the south western side of the area, and will be more beneficial to communities close to the Hole-in-the-Wall. Villages like Mathokazini will be furthest away from the most viable options, and strategies to ensure that they benefit equally in the projects will have to be devised. It will be easy to develop strategies regarding employment but it will not be easy to come up with strategies that will ensure that people from villages like Mathokazini are able to sell their agricultural products to places as far as the Hole-in-the-Wall as there is a lack of transport for people to transport their products.

14.4 RECOMMENDATIONS

From our assessment of the social issues in the area we recommend that:

- In the villages where there are problems relating to the trust, Incopho must have another round of consultation with those specific communities to address these issues. These should include such issues as how and who can be elected to serve on the trust.
- Negotiations with the people owning the plots on the ridge must be formalized and a method of compensating them needs to be established. This is to ensure uniformity regarding compensation.
- Except for the one workshop given to trust members on how the trust works, education must be given to trust members as to their roles, responsibilities and legal obligations pertaining to them serving on the trust. The development committee can be invited to the workshops as it will act as a watchdog for the communities in the developments.
- In order to establish good working relations with the communities and to avoid causing conflicts within the communities, Incopho needs to establish some working relations with the local councilor. It is understandable that the chiefs play a major role in running these communities but the problem of Lower Mpako poses a threat to the success of the projects especially the trust.
- If possible, means of getting community resolution from the communities of Lower Mpako must be made.
- The people that were removed due to non-attendance of meetings from the trust can be reinstated to avoid future conflicts, if that is possible, either as full members or additional members to the trust.
- It is also recommended that the Incopho, the Kwa-Tshezi trust and the development committee should go from village to village to explain how the trust will work. This will ensure that all villages have been contacted by the trust and the development committee and not only by one group.

- The involvement of Ntinga O.R. Tambo and the KSD municipality is crucial as they can lend support in some of these issues either in form of finances and/or skills development.
- As recommended in the report (see Part 2) that the village of Jonga above the Mapuzi river should be incorporated to be part of the development to avoid people migrating from other areas and the building of shacks in the village. This must be negotiated with the people of this village to get their opinion on the idea.

14.5 CONCLUSION

While it is clear that there are still problems within the communities pertaining to the trust, it needs to be stated that Incopho has done a good job in communicating with the communities about the projects and the establishment of the trust. Some of the issues highlighted as problems need to be solved by the communities themselves and not Incopho. For example the problem at Lower Mpako was left for the community to solve. But because Incopho are the developers and are keen to see the development proceed, they can facilitate or ask another organisation like Ntinga to fast track this process.

The local municipality can also play an important role in the process of ensuring that the communities gain benefit meaningfully in all aspects of the projects. For example, by supporting communities and educating them on food garden methods that will enhance their productivity. This will also ensure that the products produced by the local communities are of good standard to be sold to the local hotels, especially at Incopho development projects.

The development of these projects must not exacerbate the problem of non-attendance of school by the local children. Instead it must promote and enhance education in these communities. Various measures can be developed to ensure that local children attend school. The projects will also create opportunities for school leavers as they can be trained in different skills that can be used in the tourism sector. Capacity building for local communities is also important as it will ensure that they understand the processes of development. In this manner the youth can play a vital role as they can easily understand these processes and are also in a good position to communicate the information with their parents and elders.

It will also be very important for Incopho to give guidance to the communities with regards to control of finances, even when the projects are running. This does not mean that Incopho will decide for the communities on what to do with their profits, but Incopho is in a better position to advise the Tshezi community on how to utilise their profits in a sound manner.

15. PLANNING AND APPLICATION PROCEDURES FOR DEVELOPMENT WITHIN THE WILD COAST

15.1 INTRODUCTION

Due to the aesthetic appeal of the coastal zone within the Wild Coast and its largely unspoilt natural environment, it has been identified as a prime tourism destination within the province. The Wild Coast has therefore been designated as a Spatial Development Initiative area with tourism as the lead economic sector (Gazette). In order to realise the full tourism potential and facilitate sustainable development within the coastal area of the Wild Coast, the Wild Coast Tourism Development Policy (WCTDP) was drafted. It provides a policy framework for tourism development which recognises the need to maintain the scenic nature of the natural environment as far as possible, and to ensure the long-term sustainability of the tourism industry. The policy provides the following guidelines and procedures:

- Tourism development and management guidelines
- Environmental policy guidelines for tourism development and management
- Institutional arrangements necessary for implementation of the policy
- Procedures for tourism development applications

15.2 SPATIAL CONTEXT OF THE WILD COAST TOURISM DEVELOPMENT POLICY

The WCTDP guidelines apply to a 1km strip of land from the high watermark, stretching between the Umtamvuna River in the north and the Kei River in the south which is also regulated by the Transkei Decree. The policy aims to prescribe in broad terms where tourism may and may not be developed and what types of developments are appropriate for certain locations. In order to achieve this, the Wild Coast coastline has been broadly divided into three tourism development categories which allow certain levels and types of development.

The three zones are as follows:

1. No development environments
2. Special control Environments
3. Normal Control Environments.

No development environments are those areas of the coastline which have sensitive environments, either on an ecological social, or heritage basis. The WCTDP provides the following guidelines for identifying these sensitive areas in which no development can take place:

1. Areas of special biological communities
2. Areas of great ecological sensitivity
3. Special breeding, nursery or migratory stop over areas
4. Areas of special palaeontological interest
5. Areas of special archaeological interest
6. Areas of special historical, social or cultural value
7. Areas of special or traditional resource use or access
8. Areas of outstanding natural scenery

Special Control Environments are those areas which do not fall within “no development areas” or within designated tourism nodes. Tourism development may occur in these areas but must be limited to ecotourism projects in which the projects consist of natural resource based, low intensity, environmentally and culturally sensitive activities. Ecotourism developments would typically consist of a cluster or specialised lodge facilities which offer a high standard of accommodation and service, and should typically be situated in secluded areas along the coastline. Developments occurring in these zones will be subject to the full Integrated Environmental Management and Environmental Impact Assessment procedures.

Normal control environments are those areas of the coastline which have been designated as either First or Second order tourism development nodes. Six First order tourism nodes (Figure 14.1) have been designated along the Wild Coast coastline, and the main tourism focus in these nodes is on recreation provided by the development rather than the environment, and these nodes allow for large hotel and cluster developments. Thirteen Second order nodes have been identified in which lesser developments are permitted (Figure 14.1). These nodes are

focused on holiday tourism and recreation facilities which are to be provided by both the environment and the development.

Any tourism development project which is to be situated within one of the designated nodes is likely to receive rapid approval if they conform to the intended types of development and environmental principles and procedures in the WCTDP. All areas not falling within development nodes or being identified as no development areas are subject to the special control guidelines.

Although the WCTP identifies the First and Second order nodes it does not provide any spatial boundaries or spatial limitations for development in these areas. This has recently been addressed and all the designated nodes have been mapped and the boundaries for development within these urban areas have been set (in draft form) by Tshani and Wanklin & Naidoo (2003).

The Coffee Bay node includes all the existing developed area on the west and extends eastwards past the Ocean View hotel incorporating the low lying area currently used for subsistence agriculture. The node is surrounded by land zoned as special control environment. The Hole-in-the-Wall node incorporates a large area of land, much of which is currently undeveloped. The node is also surrounded by special control environment areas. The extent of these nodes has been discussed more fully in Section 11.

Both the Coffee Bay and Hole-in-the-Wall node boundaries (Figure 14.2 & 14.3) exclude the projects proposed by Incopho. In order for the proposed developments to proceed they must conform to the planning and design guidelines provided in the WCTP for special control environments (summarized in Appendix B).

15.3 PLANNING AND LEGISLATIVE FRAMEWORKS

Due to poor and unplanned developments in the past the Wild Coast is subject to stringent legal frameworks to prevent illegal developments from occurring in the future. As the proposed projects fall outside of designated development areas they are subject to several regulating spatial planning policies and legislation. The most relevant of these are:

Development Facilitation Act (DFA)

The DFA is a national act which was promulgated as an interim measure to bridge the gap between the old apartheid era planning laws and a new planning system reflecting the needs and priorities of the new South Africa, with the primary purpose of “facilitating development” (Tsanhi & Wanklin & Naidoo, 2003). It operates parallel to existing legislation promulgated prior to 1994 and sets out the guidelines and principles of managing development and planning in accordance with national objectives. Although national legislation the Wild Coast is subject to two additional laws, namely the Transkei Decree 9 of 1992 which is administered along most of the coastline, and the Townships Ordinance No 33 of 1934 and the Townships Proclamation R293 of 1962 which is administered in the Port St Johns area.

15.4 LAND USE MANAGEMENT BILL

This Bill is intended to replace the Physical Planning and Development Facilitation Act and will enable government to formulate policies and strategies for land-use and land development which will resolve spatial, economic, social and environmental problems experienced in the country.

15.5 TRANSKEI DECREE

The Transkei Decree is still enforced along the Wild Coast coastline and awards protection to a 1km stretch of coastline from the high water mark between the Umtamvuna and Kei rives. This Decree sets out the laws relating to the conservation, management, protection, and commercial utilization of indigenous fauna and flora within this area. A large portion of coastal land within the former Transkei, however, still falls under communal tenure and is controlled by tribal authorities. In order for the proposed projects to continue an application in terms of the Transkei Decree is required and if the EIA record of decision is favourable a Development Permit in terms of this Decree will be drafted from the EIA ROD.

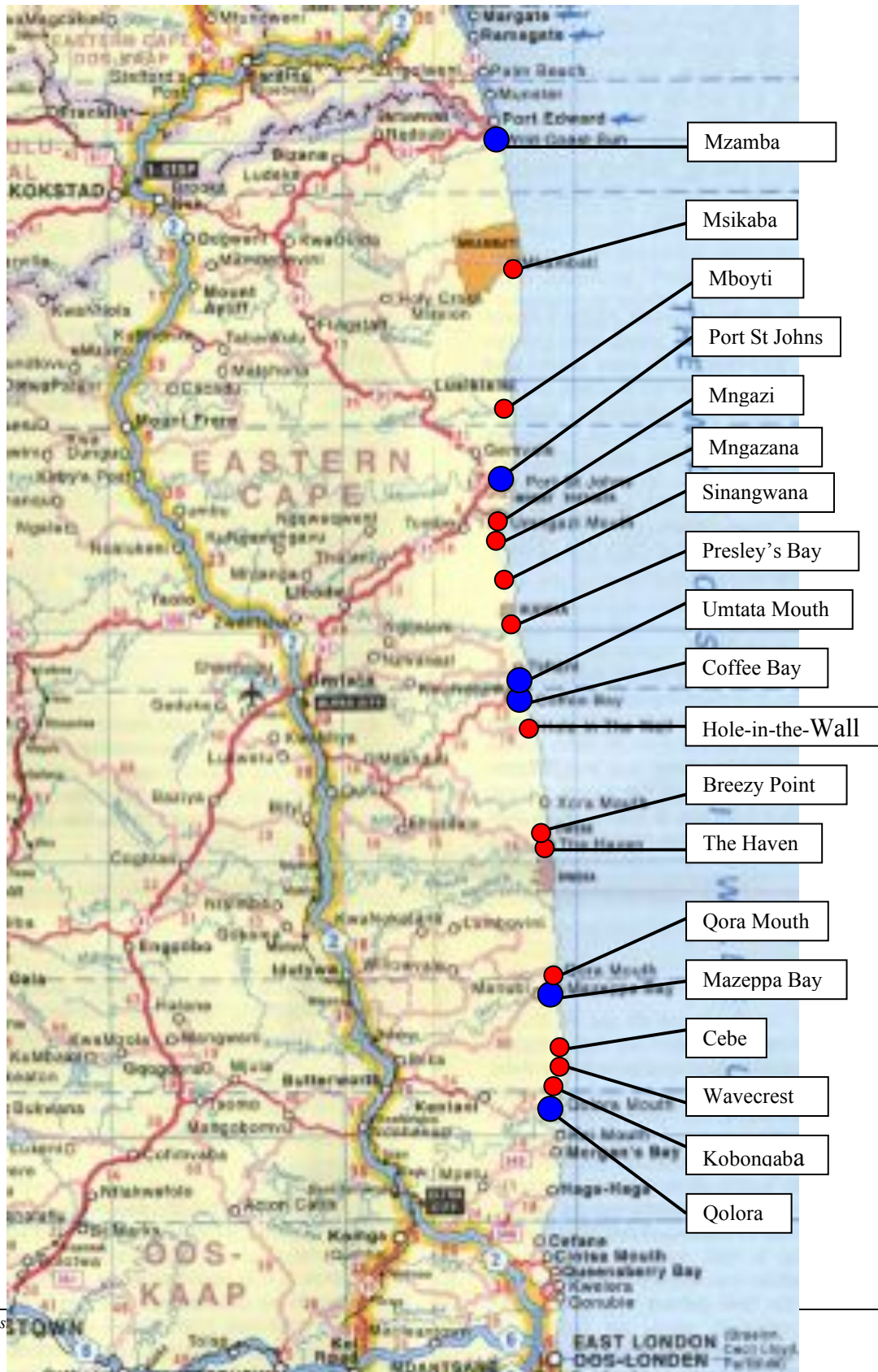


Figure 14.1 Spatial distribution of Wild Coast tourism nodes

15.6 WHITE PAPER ON SUSTAINABLE COASTAL DEVELOPMENT

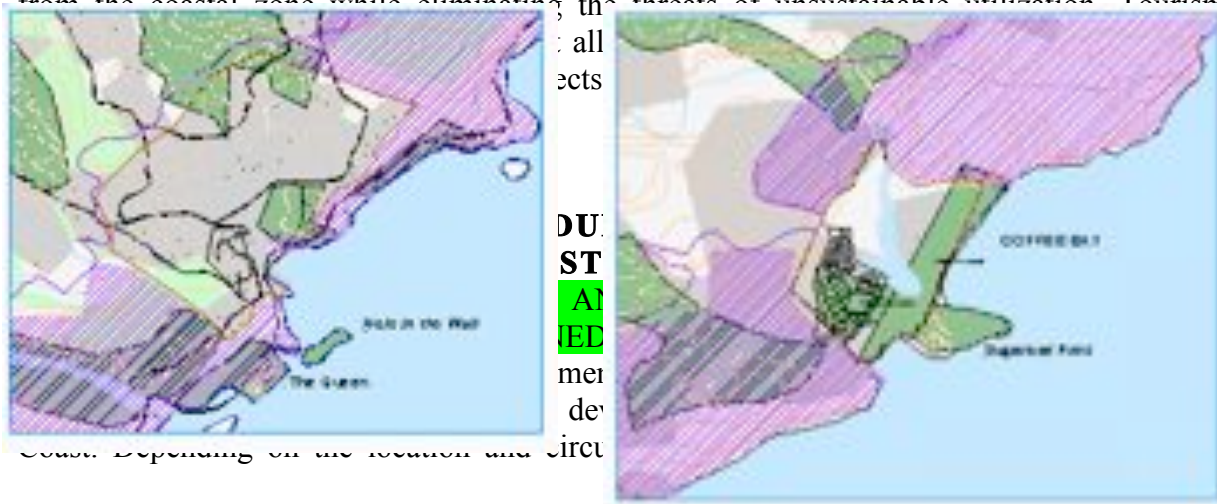
This policy aims to achieve sustainable coastal development through a dedicated and integrated coastal management approach. Spatial planning within the policy aims to promote coastal tourism, leisure and recreational development and improve public access to the coast and coastal resources. It further states that coastal planning must promote distinctively coastal development opportunities and non-coast dependent developments must be relocated inland. Nodal development and densification of existing nodes must be encouraged and the design and location of new structures in the coastal zone must not impair the natural visual beauty of the coast. The policy also states that physical development in high risk coastal areas must be avoided. The proposed developments are not in contradiction with these objectives provided they are designed to have minimal visual intrusion on the natural environment.

15.7 PROVINCIAL SPATIAL DEVELOPMENT PLAN

The Eastern Cape has approved a Provincial Spatial Development Plan which has significant implications for the Wild Coast (Tshani & Wanklin & Naidoo 2003). The plan supports the view that the focus of development should be on developing nodes and areas where economic opportunities can be stimulated. The plan focuses on various areas of the province and highlights the approach most suitable for that area. For the central and eastern areas of the province it aims to encourage nodal and consolidated settlement through the improved provision of infrastructure and facilities in targeted areas reinforcing the strategic advantages offered by coastal tourism nodes. For the coast in general the plan discourages linear development and places emphasis on the establishment of nodal developments to build on existing strengths and promote development which has minimal environmental impacts. Although the proposed developments fall outside of designated nodal areas they are located in close proximity to these areas and will encourage further development and refurbishment within the nodes as the tourism potential in the area increases.

15.8 EASTERN CAPE COASTAL MANAGEMENT PROGRAMME

The provincial coastal management programme is a provincial interpretation of the National White Paper for Sustainable Coastal Development and as such has similar goals and objectives. The programme sets out a vision to optimize the benefits which can be derived from the coastal zone while eliminating the threats of unsustainable utilization. Tourism



require additional authorizations from the Department of Land Affairs and the Department of Water Affairs and Forestry.

15.10 PROCESS TO BE FOLLOWED

The developer should ensure that the project is feasible and that there are no fatal flaws to the project concept in terms of the planning guidelines. A detailed project proposal and an EIA and Decree Permit application must be submitted to the relevant DEAET Regional Office. The EIA application form to the Wild Coast Development Organisation.

The development proposal must include the following details:

1. Location, siting, design and capital investment of the project
2. developmental benefits
3. potential impacts of the project on other developments
4. potential job creation
5. potential economic empowerment resulting from the project
6. Adherence to policy and development objectives established by the province
7. environmental impact
8. financial viability
9. community participation and support
10. ongoing management plans
11. any other details requested

The Wild Coast Development Organisation is to ensure that the proposal meets the requirements stipulated in the WCTDP before submitting it to the relevant government departments and District Council for comment. EIA application must be submitted to the DEAET and the application suitably advertised in local newspapers, magistrates court and the local traditional authority office for comment.

The application is then to be submitted to the Wild Coast Technical Committee (WCTC) who will assess the proposal according to established criteria and in terms of any objects which were received. Once assessed the WCTC may recommend the project for approval or rejection to the Minister of Land Affairs and/or Minister of Water Affairs and Forestry and the Eastern Cape MEC for economic Affairs, Environment and Tourism.

The final decision is to be made by the Minister of Land Affairs and/or Minister of Water Affairs and Forestry as well as the Eastern Cape MEC for economic Affairs, Environment and Tourism and is to be conveyed to the Wild Coast Development Organisation.

Once approved the developer may begin construction and the Wild Coast Development Organisation is responsible for ensuring that a contract is drawn up between the Building Inspectors (Department of Housing and Local Government) and the developer. An environmental clearance certificate must be obtained from the DEAET and the DHLG must issue a building certificate.

PART 2: EVALUATION OF PROPOSED DEVELOPMENTS AT COFFEE BAY AND HOLE-IN-THE-WALL

16. HOLE-IN-THE-WALL RIDGE

16.1 INTRODUCTION

This site has a spectacular view of the Hole-in-the-wall and would be a prime site for tourism development. It is felt that the site is too exposed for development and would result in significant visual intrusion, as the primary skyline would be broken by the structured form of the development, thus impacting significantly on the visual quality and “sense of place” of this area. Thus, we suggest that the site for development is shifted slightly north eastwards into a depression between the two hills, where the development will be sheltered from the prevailing winds and could be designed to have minimum visual intrusion from the Hole-in-the-Wall site (Figure 16.1). In this account we therefore describe the area in more detail and evaluate the development in terms of its potential for attracting investors.



Figure 16.1 Hole in the Wall Ridge Development. a. Site with Hole in the Wall in the distance. b. The site is mainly on coastal grassland.

16.2 EXTENSIONS AND CHANGES TO THE DEVELOPMENT CONCEPT

The major changes intended here are to prevent the visual intrusion of the development into the Hole-in-the-Wall area on the other hand, but to provide an attractive visual impression of the Hole-in-the-Wall village when one accesses the area from the Coffee Bay road. This can be achieved by repositioning the development slightly to the north-east of the proposed development site into a depression between two hills. The view from this point (Figure 16.3) shows the present holiday village and Back Packers in the valley, and the Ridge development has been sketched in this photograph showing how the one should compliment the other and form an attractive vista. The proposed development could be similar to the existing Hole-in-the-Wall holiday village with attractive units all of a similar design so as to provide an attractive landscape as described above.

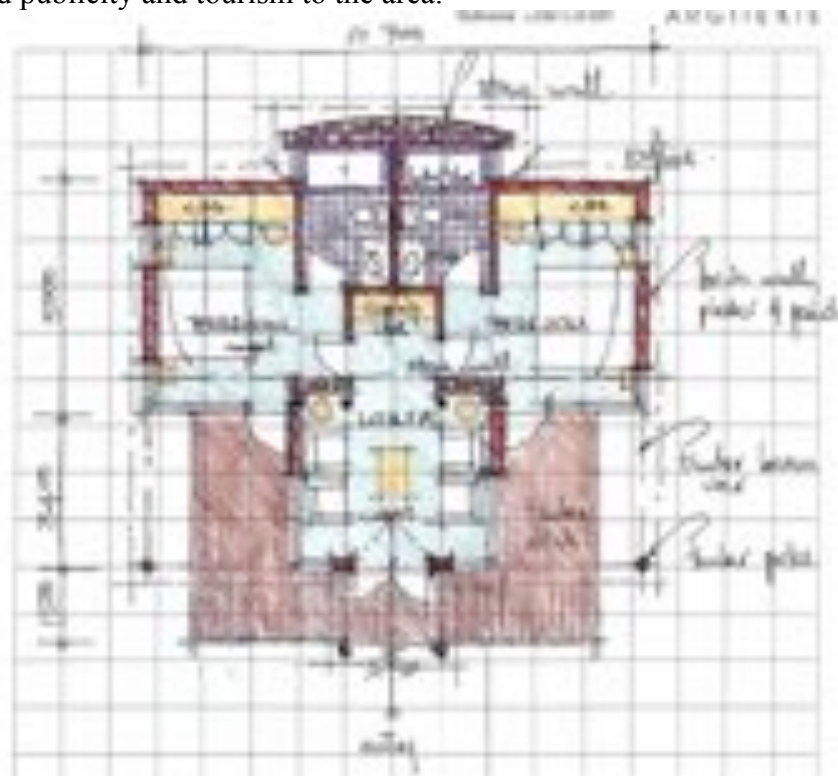
This tourism development project should be an fairly upmarket development aimed primarily at domestic tourists. The design should have a typical South Africa architectural theme and should consist of a central restaurant, curio shops and amenities situated close to the existing access road with single storey chalets being situated behind these facilities and extending up

the hill side. The restaurant and additional facilities should be designed to cater for all tourists and not only the residents residing at the complex. Chalets should only be constructed in single or duplex units and large terraced designs should be avoided.

In order to ensure that the surrounding land and visual beauty of the area is not compromised by future developments, the developers should acquire additional land surrounding the developed area which should be designated as open space and managed by the developer. A view point should form part of this open space area and allow public access and provide them with information on the local wildlife and geology as well as the local beliefs and customs. If possible the coastal forest below the ridge should also be incorporated into this project concept and fall under the same management. This forest area should be fenced to prevent domestic livestock from grazing in the forest and it should be rehabilitated to form a conservation area with trails and picnic sites which would serve to attract further tourists. Adequate facilities including sign boards, foot paths, benches as well as a parking area for day visitors will need to be developed. A parking area could possibly be developed near the existing ablutions which should be repaired and completed. Local people could be trained as guides to show people around the conservation area, provide information about the Hole-in-the-Wall, and a craft market could be developed near the parking area to facilitate job creation.

The existing plots and houses along the ridge are unattractive and if at all possible it will be useful to try and incorporate these stands into the Ridge resort and demolish the existing shacks in that area. Through providing financial incentives to the owners of those legal cottages one may attract them to relocate to a new location. Similar situations have occurred in other shack type developments along the Eastern Cape coast. For example, at East Kleinemonde the shack owners had to conform to the building regulations and establish conventional cottages on their existing sites, after the shacks were removed.

The Hole-in-the-Wall and surrounding forest conservation area should be put forward as a National Heritage site, as both the villages of Coffee Bay and Hole-in-the-Wall will benefit from increased publicity and tourism to the area.





Floor Plan, Duplex unit



Floor plan, single room unit

Figure 16.2: Design and layout of modified accommodation units for the ridge development

16.3 ECOLOGICAL EVALUATION

16.3.1 Bio-physical description of the site

The potential site lies in a small valley which runs in a south west/north east direction and would afford some protection from the prevailing winds of the area. It would be visible from the road to Hole-in-the-Wall from Coffee Bay (Figure 16.3), but would be unsighted from the sensitive Hole-in-the-Wall area and thus not intrude upon the character of the region.

It is covered with grassland and a few bushclumps and is of low ecological sensitivity. The open spaces within the area could be maintained and, if possible, there should be little disturbance to the grassland. Rehabilitation in disturbed areas should be possible.

The detailed positioning of the development would have to be carefully considered so as not to intrude upon the forests surrounding the area .

16.3.2 Ecologically sensitive sites and no go areas

The ecologically sensitive sites in this area include all the forests which drop steeply to the south and west of the area and also the ridge facing towards the Hole-in-the-Wall. Access to these areas should be limited by having them fenced with trails established to the Hole-in-the-Wall and to the estuary below. The restricted area would be available to casual day visitors as well as guests of the Ridge development. A recommended spatial plan for the Ridge Development is presented in Figure 16.4 which illustrates which areas should be conserved and which could be developed.

Due to the present degradation of the area the value of this unique site along the Wild Coast could be lost, and it is imperative that it be maintained through controlled access and good management of the forest and the estuary.

In our opinion the site could accommodate 30 units of the designs presented above. It is possible that the site could accommodate up to 50 units, but a detailed layout plan will be required to ensure that this will not result in significant visual impacts.



Figure 16.3: View of the proposed Hole in the Wall Ridge development from the Coffee Bay Road.

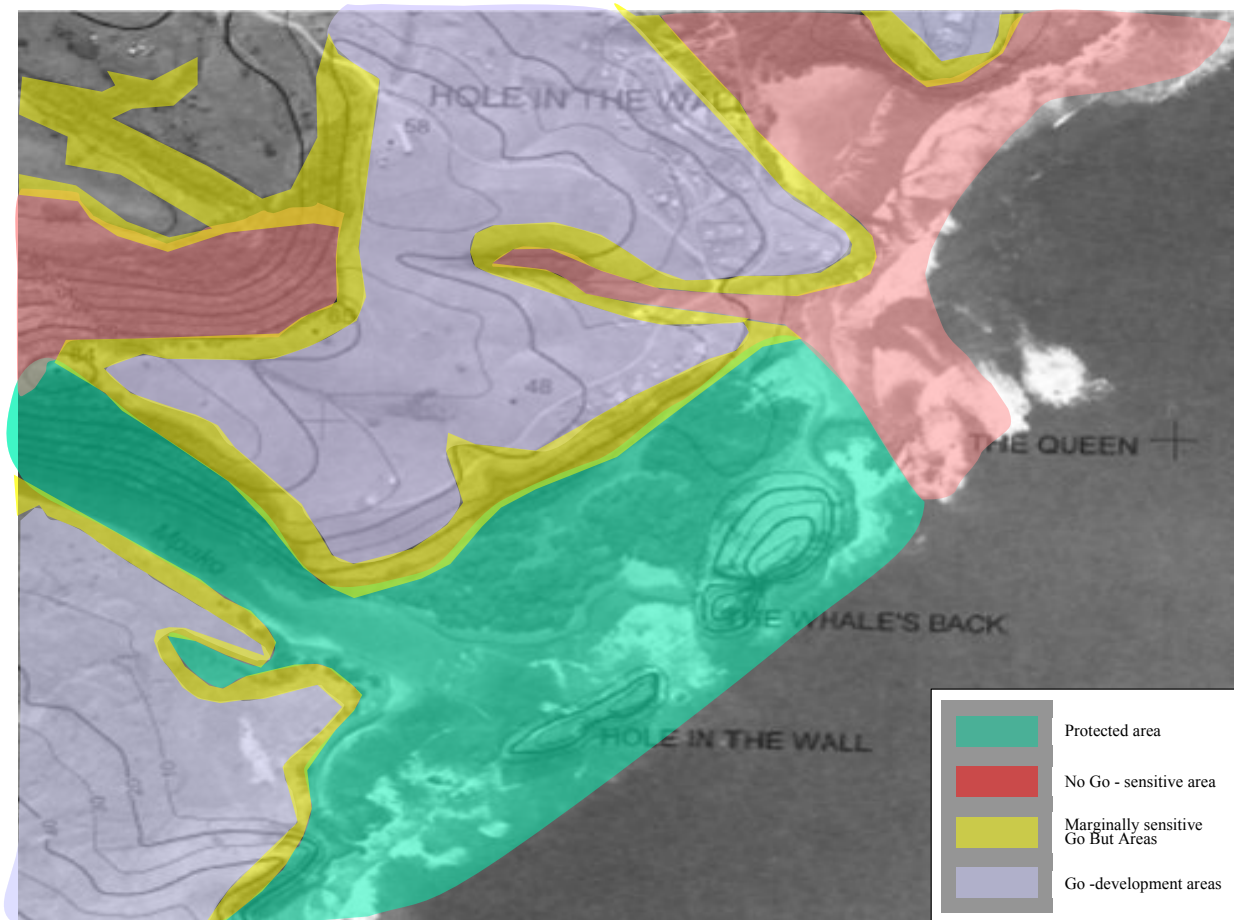


Figure 16.4: Spatial plan of the proposed development site indicating different areas which should be zoned accordingly.

16.4 FINANCIAL EVALUATION

16.4.1 Financial Analysis and Assumptions

The financial analysis of the proposed Hole-in-the-Wall Ridge Resort development included the following elements, as required by the project terms of reference.

- Potential income within specific time frames (20 years)
- Estimated overhead, operating and maintenance costs
- Fixed and movable assets needed
- Detailed cash flow analysis, for a period of 20 years
- NPV, IRR and debt cover ratio
- Loan repayment ability
- Sensitivity analysis

The analysis was performed for a combination of scenarios, which included:

- Number of accommodation units (30,40 and 50)
- Different occupancy rates (ranging from 30% to 80%)
- Different accommodation rack rates R250, R300 and R350 per person per day, excluding meals).

Potential phasing of implementation

It is currently envisaged that the Hole-in-the-Wall Ridge Resort development will be initiated without the implementation of future phases (although these cannot be discounted if demand dictates).

The development envisages the following items:

- Single rooms
- Double rooms
- Self catering units
- Restaurant, lounges etc.
- Swimming pool.
- Other ancillary structures

The financial analysis was considered under the following accommodation unit scenarios:

	No Units	No Units	No Units
Single rooms	15	20	25
Double rooms	10	10	15
Self catering units	5	10	10
TOTAL	30	40	50

Available support ecosystems and infrastructure

The following infrastructure needs were identified in the construction costing provided by Bisiwe Van Niekerk Quantity Surveyors and CDEC Consulting Engineers, and costs supporting the financial provision were made:

- Access road (0.5 km)
- Bulk electrical supply
- Electrical substation
- Bulk storm water
- Water supply and connectors
- Sewage reticulation and package plant

The magnitude of the above infrastructural requirements and associated costs appear reasonable and have been included in the capital expenditure budget.

With respect to sewage treatment, packaged treatment plant costs were obtained from a Durban company, Clearedge. The activated sludge system produces a treated discharge that is suitable for crop irrigation purposes and requiring little technical expertise to operate. The system also operates on minimal power. A system for treating about 50 housing units would cost in the order of R230,000 for equipment, installation and commissioning.

At Hole-in-the-Wall, solid waste from the existing hotel is currently disposed of in an illegal dump site located near the site of the proposed Ridge Resort. The site is not compliant with DWAFs Minimum Requirements for Landfills. An alternative site needs to be identified not just for the proposed development, but for the entire Coffee Bay and Hole-in-the-Wall area. The costs associated with establishing a landfill should be borne by the KSD local municipality who could in turn seek funding from CMIP.

According to discussions with CDEC Consulting Engineers, the water supply in the entire Coffee Bay and Hole-in-the-Wall area is currently in the process of being upgraded, including the construction of a bulk reservoir and feeder pipes for bulk supply.

Preliminary design, layout and technical options

Based on the results of the site visit and detailed environmental sensitivity analysis of the vicinity of the proposed Hole-in-the-Wall Ridge Resort, environmental and spatial guidelines were developed by CES (see Section 15) and provided to Winterbach Pretorius Letele Architects in order to develop a preliminary design, layout and technology plan for the Ridge Resort. CES also prepared and provided the architects with a summary of the Planning Guidelines, Aesthetic and Design Guidelines and Ecological Guidelines provided in the Wild Coast Tourism Development Policy (see Appendix I). The architect plans were passed on to Bisiwe Van Niekerk Quantity Surveyors and CDEC Consulting Engineers for detailed costing. The costings were reviewed by CES accountants for reasonableness, and revised where deemed appropriate.

It is important to note that further refinement of the development design concept must be undertaken in close co-operation with the environmental consultants, to ensure environmental impacts are minimized, and the natural and aesthetic value of the area optimized and that the development is in keeping with the environmental constraints identified by CES and the Wild Coast Tourism Development Policy guidelines.

Provisional organizational structure and costing

With respect to overall project implementation and management, Incopho have indicated that they will secure the services of a third party service provider to assist in this regard. In the current analysis, a provision of R500,000 per year for these services has been made.

An additional objective was to establish the Organisational Structure, manpower and supervisory requirements needed to operate the proposed Ridge Resort development concept, and provide fixed and variable costings in this regard. 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 on the Wild Coast, and elsewhere in the Eastern Cape coastal resort area.

Position	Monthly Salary Rate	Number	Total Monthly Salary Budget
General Manager	15000	1	15000
Food and beverage manager	8000	1	8000
Marketing manager	10000	1	10000
Admin manager	8000	1	8000
Head chef	10000	1	10000
Chef	4000	4	16000
Waiters	1500	12	18000
Kitchen staff	1200	6	7200
Housekeeper	6000	1	6000
Cleaners	1000	6	6000
Laundry	1000	4	4000
Receptionists	4000	4	16000
Night porter	1500	1	1500
Security	1200	4	4800
Landscape, gardening, pool	1200	4	4800
Barmen	3500	4	14000
Casuals (seasonal)	1200	6	7200

		61	156500
Statutory costs		5%	7825
Staff benefits		10%	15650
	Total Monthly Salary Budget		164325
	Total Annual Salary Budget		1971900

The above costings have been included in the financial analysis discussed further on. The same costings have been assumed for the changing numbers of accommodation units under the financial sensitivity analysis (30, 40, and 50 unit scenarios)

All efforts should be made to optimize the employment opportunities of the local community, both in the organization itself, and in potential service providers.

Incopho have indicated that they intend to secure the services of an outside training organization to train prospective staff in the required hospitality skills. The financial analysis has made a provision of R540,000 for training based on a rate of R300 per day per trainee, 30 trainees over a three month period prior to commencing operations. 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 (see Appendix I and Section 13.6 for more details).

It should also be noted that the Department of Trade and Industry provides tax incentives for the hospitality and tourism industry, where 10% of the capital costs of qualifying projects can be refunded to the developer for three years. Thus a capital investment of R30 million would generate a refund of R3 million over the first three years totaling R9 million. This would equate to the tourism development only costing the developer R21 million. These incentives have not been considered in the financial analysis, but could significantly improve the financial performance of the projects.

Detailed Income Statement and Cash Flow Analysis

Detailed 20 year income statements and cash flow projections was developed for each scenario. Key financial indicators from the respective income statements and cash flow projections are provided in Tables 1-3.

An example of a complete income statement and cash flow is provided in Appendix J, representing the following scenario:

- 40 unit development.
- An initial occupancy of 40% reaching 70% in year 4.
- A rack rate of R300 per person per night (meals excluded).

Appendix J also provides a sample finance requirement and amortization schedules.

Working capital requirements

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

Working capital requirements after the commencement of operations, amounts to the maximum accumulated cash deficit shown in the cash flow statement (Tables 1-3). Additional financing will be required to meet these cash short falls. The borrowing costs associated with the additional financing have not been included in the financial analysis.

Net Present Value (NPV)

Net Present Value (NPV) is the sum of the present value of expected future cash flows and determines whether the discounted cash flows exceed the initial capital investment. The NPVs for the various scenarios are provided in Tables 1-3.

Internal Rate of Return (IRR)

Internal rate of return (IRR) also considers the time value of money. It determines the rate of return of the project. If this internal rate of return exceeds the pre-determined minimum required rate, then the project is desirable. The IRRs for the various scenarios are provided in Tables 1-3.

Debt Cover Ratio

The debt ratio is the ratio of long term debt to equity (or total assets) and measures the total funds provided by long term creditors (gearing). Typically, the higher the debt ratio, the higher the financial risk. However, while a high ratio may be unattractive because of the associated risk, a very low ratio would also be unattractive because of the leveraged returns foregone. The year(s) when the debt/equity ratios are equal to (or 50/50) is provided for the various scenarios in Tables 1-3.

Loan Repayment Ability

Loan repayment ability refers to the period after commencement of operations where sufficient cash has been accumulated (in present value) in order to repay any loans. Tables 1-3 provide the timing (year) when this may occur.

Sensitivity Analysis

Sensitivity analysis measures how a project's performance (especially NPV and IRR) changes if we change the value of any input variable.

The primary factors contributing to the success of the Ridge Resort development will be number of accommodation units, occupancy rates and rack rates. Tables 1-3 provide details of the change in the key financial indicators when adjusting these three variables:

Additional Assumptions

The following additional assumptions have been made concerning the financial analysis:

- Cash basis accounting (i.e. no debtors or creditors).
- Construction phase of 13 months as provided by Bisiwe Van Niekerk Quantity Surveyors.
- Depreciation of furniture and equipment, fixtures and fittings over initial five years. Thereafter, asset refurbishment and replacement costs were provided for.
- NPV risk free interest rate used – 8%
- Inflation rate used – 8%
- Debt finance
 - o Interest rate – 12%
 - o Repayment period – 20 years (240 months)
 - o No repayment of capital portion of loan during construction phase.
- Assumed 100% debt to finance the development.

- Accommodation occupancy rates applied are the annual averages which include seasonal variation.
- Facilities management costs (costs for purchasing and securing non-construction assets such as stoves, freezers, TVs, beds, furniture, bedding, etc.) are included in costings).
- Timing of construction cash flows were based on estimates provided by provided by Bisiwe Van Niekerk Quantity Surveyors.
- Construction costings provided by CDEC Consulting Engineers.
- Taxation at 30%
- VAT has been excluded.
- The accommodation calculations are based on the following average room occupancies:
 - o Single units – 2 persons per room
 - o Double units – 3 persons per room
 - o Self catering – 4 persons per unit
- Land is to be provided by the community Trust at no cost.
- Trading occurs 365 days a year.
- Food and bar operate at a GP% of 50%.
- Curio shop and other activities operate at a GP% of 33%.

16.5 CONCLUSIONS

Based on the results of the financial analysis (summarized results in Tables 1-3), the following conclusions can be drawn:

- The only seemingly viable scenario for 30 accommodation units is when occupancy rates start at 50% per annum and reach and remain at 80% after four years (IRR = 6.2%) and the rack rate is R350 ppd.
- The construction of forty (40) accommodation units provides IRR values ranging from 3.8% to 13.1% with medium (40% - 70%) to high (50% to 80%) occupancy rates and higher rack rates (R300-R350 ppd).
- The construction of fifty (50) accommodation units generally provides greater IRR values ranging from 3.1% to 17.9%, at most levels of occupancy and rack rates analysed.

It is clear that the financial viability of a Ridge Resort development comprising thirty (30) units is questionable. The proposed development should at a minimum construct forty (40) units to begin with, perhaps adding additional units at a later stage, subject to potential environmental limitations.