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REQUEST FOR EXPRESSION OF INTEREST

REQUEST FOR EXPRESSION OF INTEREST ISSUED BY THE SOUTH AFRICAN HERITAGE RESOURCES AGENCY (SAHRA) IN RESPECT OF THE PROPOSED PUBLIC PRIVATE PARTERSHIP PROJECT FOR THE COMMERCIAL USE OF THE STRUISBAAI FISHERMEN COTTAGES IN STRUISBAAI, AGULHAS MUNICIPALITY, IN THE WESTERN CAPE.



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IMPORTANT NOTICE

This request for Expression of Interest (EOI) has been produced by the **South African Heritage Resources Agency (SAHRA)**, in connection with the tourism Public Private Partnership (PPP) opportunity available at Struisbaai Fishermen Cottages, in Struisbaai, Cape Agulhas Municipality, Western Cape.

No representation or warranty, express or implied, is made, or responsibility of any kind is or will be accepted, by **SAHRA**, with respect to the accuracy and completeness of this EOI, and any liability in connection with the use by any interested Party of the information contained in this EOI is hereby disclaimed.

This EOI has been provided to the recipient to assist in making its own appraisal of the opportunities presented herein and in deciding whether to submit its qualifications in connection with the opportunity. However, this EOI is not intended to serve as the basis for an investment decision on the opportunities, and each recipient is expected to make such independent investigation and to obtain such independent advice, as he or she may deem necessary for a decision.

The **South African Heritage Resources Agency** may amend or replace any information contained in this EOI at any time, without giving any prior notice or providing any reason.

14 July 2017



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ABBREVIATIONS

EOI	Expression Of Interest
SAHRA	South African Heritage Resources Agency
PPP	Public Private Partnership
PFMA	Public Finance Management Act
BEE	Black Economic Empowerment
NDP	National Development Plan



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1. **Introduction**

The South African Heritage Resources Agency (SAHRA) requests Expression of Interest in the commercial use of potential accommodation and related tourism facilities on the property referred to as the Struisbaai Fishermen Cottages in Struisbaai, Cape Agulhas Municipality, Western Cape, through a Public Private Partnership (PPP) agreement.

This request for Expression of Interest (EOI) is issued by SAHRA in accordance with the guidelines for PPP's contained in the National Treasury's PPP Toolkit for Tourism, and in compliance with Treasury Regulation 16 issued in terms of the Public Finance Management Act, 1999 (PFMA).

2. **Important general notes**

- 2.1 SAHRA makes no guarantees about and takes no responsibility for the accuracy and completeness of this request for EOI and disclaims any liability for any interested party's use of the information.
- 2.2 This request for EOI is not intended to serve as the basis for an investment decision. Each recipient is expected to make an independent investigation and to obtain the necessary independent advice for submitting an EOI.
- 2.3 SAHRA may change or replace any information contained in this request for EOI at any time, without giving any prior notice or providing any reason.

3. **The purpose and limits of the EOI process**

- 3.1 SAHRA is currently investigating the feasibility of a PPP opportunity in which it gives a selected private party the right to the appropriate commercial use of the property referred to as the Struisbaai Fishermen Cottages.



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- 3.2 As part of establishing the feasibility of this PPP opportunity, particularly what scale and type of market interest there is in it, SAHRA invites prospective investors or operators to submit an EOI following the format in paragraph 8 below.
- 3.3 SAHRA will assess the EOI and will use the information to assist its feasibility study. If the PPP opportunity is feasible, SAHRA will use the EOI information it received to compile bid documentation, and a competitive bid will follow. SAHRA reserves the right to ask any investor or operator that submits EOI questions for clarity.
- 3.4 In a typical PPP agreement in this sector, the private party is granted rights to finance, design, build, maintain and operate a tourism facility on state conservation land for a period likely to provide a fair return on investment. In return, the private party will meet agreed heritage, environmental, development, operating and broad-based BEE obligations, and pay a PPP fee to SAHRA. At the end of the agreement term, the facility reverts to SAHRA.
- 3.5 Submitting an EOI does not constitute a bid. No investor or operator will be bound by anything contained in their EOI submission. The information in the EOI will be used solely to assist SAHRA in its feasibility study and prepare bid documentation if it decides to proceed with a PPP.
- 3.6 SAHRA will acknowledge receipt of all EOIs received, but reserves the right not to proceed any further with the proposed PPP.
- 3.7 If a PPP bid process follow for the opportunity at the Struisbaai Fishermen Cottages, all interested parties that submitted an EOI will be invited to bid.
- 3.8 SAHRA is following the PPP feasibility and procurement processes set out in *National Treasury's PPP Toolkit for Tourism*. The toolkit can be downloaded from www.qtac.gov.za



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4. SAHRA's Strategic Overview

4.1 SAHRA is a Schedule 3A public entity as per the PFMA (Act No. 1 of 1999). It identifies, conserves, protects and promotes our national heritage resources for the greater good of our society and humanity and contributes to Outcome 14 of the NDP: Social cohesion and national building.

As outlined in the SAHRA preamble, preservation and protection of our heritage is a catalyst and it:

- Encourages communities to nurture and conserve their legacy;
- Defines cultural identity;
- Lies at the heart of our spiritual well-being;
- Has the power to build our nation and the potential to affirm our diverse cultures;
- Shapes our national character;
- Celebrates our achievements; and
- Contributes to redressing past inequities.

Legislation and other mandates that relate to heritage resource management:

- National Heritage Council Act (Act No. 11 of 1999)
- Cultural Institutions Act (Act No. 119 of 1998)
- South African Geographical Names Council Act (Act No. 118 of 1998)
- National Library of South Africa Act (Act No. 92 of 1998)
- South African Library for the Blind Act (Act No. 91 of 1998)
- National Film and Video Foundation Act (Act No. 73 of 1997)
- National Arts Council Act (Act No. 56 of 1997)
- Legal Deposit Act (Act No. 54 of 1997)
- National Archives and Record Services of South Africa Act (Act No. 43 of 1996)
- Pan South African Language Board Act (Act No. 59 of 1995)



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- Culture Promotion Act (Act No. 35 of 1983)
- Heraldry Act (Act No. 18 of 1962)
- South African World Heritage Convention Act (1999)
- National Environmental Management Act (At No. 107 of 1998)

Other relevant legislations and mandates include:

- Public Finance Management Act (Act No. 1 of 1999)
- The Annual Division of Revenue Act (Act No. 10 of 2014)
- Basic Conditions of Employment Act (Act No. 75 of 1997)
- Employment Equity Act (Act No. 55 of 1998)
- Labour Relations Act (Act No. 66 of 1995)
- Skills Development Act (Act No. 37 of 2008)
- Government Immovable Asset Management Act (Act No. 19 of 2007)
- The Constitution of the Republic of South Africa, 1996

4.2 Vision

“A nation united through heritage”

4.3 Mission

Our mission in fulfilling our mandate is promoting social cohesion in our country by:

- Identification, conservation and management of heritage resources in South Africa so that they can contribute to socio-economic development and nation building;
- Developing norms, standards and charters for the management of heritage resources in South Africa and codes of international best practices; and
- Contributing to skills and knowledge production and transformation in heritage resources management in South Africa and beyond.



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4.4 SAHRA's Strategic Outcome-Orientated Goals

Moving into the future SAHRA is guided by the following strategic objectives and goals:

- Regulated and protected heritage resources
- Social cohesion and upliftment
- Dynamic functional networks
- Integrated developmental programmes
- Financial sustainability
- Well-governed performing organisation
- Professional and capacitated Heritage Resources Management Sector

5. **Strategic plan for Property Maximisation**

A Property Maximisation Strategy has been developed in 2015.

The objective of the strategy is to repurpose the properties owned by SAHRA to preserve their heritage value and to maximise the properties for income generation, for socio-economic development of communities and for the purpose of education. One of the avenues for commercialisation is through the Public Private Partnership which may provide SAHRA the opportunity to achieve this goal.

High-level commercialisation objectives for SAHRA include any of the following:

- Revenue Generation
- Optimal use of under-performing assets
- Job creation
- Broad based Black Economic Empowerment
- Infrastructure upgrades



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- Upgrade/development of historical and/ or cultural sites
- Tourism promotion, and
- Socio-economic benefits to disadvantaged communities

For more background on SAHRA please visit www.sahra.org.za

6. Description of Struisbaai Fishermen Cottages

6.1 Background

The enclave of fishermen cottages known as “Hot Agter Klip” is located at the entrance of the coastal town of Struisbaai, on the R319. The date of origin of the fishing community at Hot Agter Klip is not known. It creates the important first impression of the culture of place, which is Struisbaai.

The property consists of nine fishermen cottages which are worthy of preservation in view of various architectural and historical considerations.

The property was declared a national monument on 10 April 1981 by Government Notice No. 770, as published in Government Gazette No. 7541. Its current status is a Grade II (Provincial Heritage Site).

6.2 Location

Struisbaai is situated approximately 230km east of the Cape Town CBD. It is a small rural and holiday town. It is located in the Cape Agulhas Municipality that includes the towns Bredasdorp, Napier, Arniston, L’Agulhas and Suiderstrand.

The subject properties are located on the corner of the Main Road and Argonauta Avenue on the northern periphery of Struisbaai as you enter the town.



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6.3 Access

Struisbaai can be reached from Cape Town via the N2 National Road to Caledon and then via the R316 route leading through Bredasdorp to Struisbaai.

Access to the subject property can be gained from main Road via small dirt roads. The subject property is close to all amenities such as shopping facilities, restaurants and harbor, all located in and around the immediate CBD.

6.4 Topography

Both sites are irregular shaped, with a steep to fairly level topography. Both sites offer a northern orientation.

6.5 Erf 1400 Struisbaai

Access to this site is from the Main Road, via a dirt road. There are five cottages on this site and as proposed more cottages can be constructed on this site.

6.6 Erf 1401 Struisbaai

Access to this site is from the Main Road, via a dirt road. There are four cottages on this site and as proposed more cottages can be constructed on this site.

6.7 Construction Material and Finishes

Roof:	Thatched roofing
Superstructure:	Brick / stone with plaster and paint
Window Frames:	Timber window frames fitted with clear glass panes



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6.8 Construction Areas

Measurements taken on site indicate the following gross building areas:

Building	No.	Size
Cottage	1	68.3m ²
Cottage	2	46.4m ²
Cottage	3	72.4m ²
Cottage	4	46.9m ²
Cottage	5	46.4m ²
Cottage	6	55.8m ²
Cottage	7	91.0m ²
Cottage	8	46.2m ²
Cottage	9	43.7m ²
Outbuilding		17.2m ²
Shelter		22.1m ²
TOTAL		556.4m²

7. Proposed Development

Many factors influence the repurposing of the property, and it is beneficial for interested parties to take the social, economic, and general population statistics into recourse when determining suitable concepts. The property is proposed to be repurposed as holiday cottages. It is a location accessible and ideally located as a first option for overnight accommodation, guest suites and options for self-catering weekend resort style accommodation. It is within close proximity to the beach and fishing harbor. The potential is not only in the location but also the appeal of authentic fishermen cottages



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that together with additional high quality units leave a sense of real charm of a 'Cape fishermen village', vernacular architecture and resort style luxury in an 'eco-village'.

SAHRA has developed a proposal entailing the upgrading of the existing cottages, adding 12 (twelve) more and a tea-room / restaurant space that is family friendly in a tranquil setting.

The proposal and the details of the site development plan are attached as **Annexure A**.

8. Value for Money Targets

The request for EOI will provide SAHRA information to focus the feasibility study appropriately and in the subsequent procurement phase, to enable SAHRA to draft the RFP documents with bid evaluation criteria clearly specified, to evaluate bids precisely, and to negotiate the terms of the PPP agreement appropriately.

Value for money however does not only depend on the actual monetary receipts from a PPP. It includes numerous factors some of which may be deemed as equally important by SAHRA for example, repurposing and/or developing a property can be done while at the same time highlighting the significant history of the property. The feasibility study for the project can determine the viability from the Operation's perspective and the anticipated monetary benefits to SAHRA. Value for Money targets may be set for any combination of the following objective:

- Revenue generation for SAHRA
- Loss minimisation or savings on existing operations
- Optimal utilisation of under-performing assets
- Job creation
- Black Economic Empowerment
- Infrastructure upgrades



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- Tourism promotion

9. **Market Review**

9.1 Competitor Analysis

'Struisbaai Fishermen Cottages' is surrounded by competitive products. There are other guest houses in the area and there is no evidence of a demand supply problem in the vicinity. Tourism is a significant economic sector around the world, and it makes a substantial contribution in the developed and developing countries. Tourism now comprises 30% of all global service exports. The SA Department of Tourism confirmed that a total of 10 044 163 international tourist arrivals were recorded in South Africa in 2016, according to the latest Stats SA statistical release, representing an additional 1.1 million international tourists.

The Western Cape's MEC for Economic Opportunities revealed that historically repeat visitors explore other regions, outside of Cape Town, and these regions need to prepare themselves for the second wave of growth. To respond to these trends there is the need to build the tourist asset base by increasing investment into new attractions. The new increases in the tourist numbers speaks to the "emergence of the Western Cape as one of the world's leading tourism destinations, on the back of a new, focused approach to growing tourism, and a surge in the private sector investment in the hospitality infrastructure." (<http://www.gov.za/speeches/state-tourism-western-cape-24-jan-2017-0000>). Therefore there is no shortage of tourists worldwide. It is mainly a function of the right product market fit.

Product owners' need to discover and determine their competitive advantage and the unique selling features of the subject property.



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9.2 Stakeholder analysis

It is important that product owners operating in the concession areas support the objectives of SAHRA while establishing an awareness of their own products in the marketplace. Product owners are responsible for the marketing of their product. Stakeholders may include the adjacent neighbouring communities, local municipality, provincial entities, and any other government entities which may have stakes in the community and surrounds. Engagement is recommended with the surrounding municipalities to explore how best to align the concepts with the municipal Integrated Development Plans (IDPs) and Spatial Development Frameworks (SDFs).

10. **Conclusion**

Indicators are generally positive for tourism growth in the South Africa. The Western Cape is primarily a tourist attraction and good comfortable and well-priced accommodation is often sought after. The Struisbaai Fishermen Cottages offers a sea-side setting in a small coastal town with limited entertainment. The opportunity to view this environment may suit those who looks more seclusion from busy towns but not too distant from amenities. The property is partially occupied and has the potential to grow into a profit situation by increasing its tourist appeal. A 'holiday cottage' facility, for example, will need a good room occupancy rate to be viable. A scenario may be developed for the different concepts and with each of it can indicate that phased development over a period time can turn into a healthy profit situation without increasing the operating costs significantly.



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11. **Submission of EOI**

- 11.1 Tourism investors or operators interested in this PPP opportunity should submit information under the headings in paragraph 12. They are welcome to provide additional information.
- 11.2 EOI must be submitted to the relevant unit with details provided in paragraph 11.3 no later than **03 November 2017**.
- 11.3 Enquiries can be sent to:
South African Heritage Resources Agency
111 Harrington Street,
Cape Town 8000
Tel: 021 462 4502
Email: propertiesprojects@sahra.org.za

12. **Required Information for an EOI**

- 12.1 Contact Information
- 12.1.1 Name of Person submitting the EOI
- 12.1.2 Company Name
- 12.1.3 Position in Company
- 12.1.4 Contact details
- Postal Address
 - Telephone
 - Fax



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- Cell phone number
- Email

12.2. Company's Profile and Experience in the Tourism Industry

12.2.1 Names and locations of current operations

12.2.2 Market segments

12.2.3 Number of years in operation

12.2.4 Number of visitors per year for last three years

12.2.5 Annual turnover per year for the last three years

12.2.6 Black Economic Empowerment profile measured by the Tourism BEE scorecard

12.2.7 Membership / affiliations / accreditations

12.3 Interest in a PPP opportunity at Struisbaai Fishermen Cottages

12.3.1 Fully describe the **type**, **scale**, and **market segment** of tourism you would be interested in.

12.3.2 Are you interested in as an **investor** or as an **operator** or both?

12.3.3 What level (ballpark) of **capital investment** would you will be prepared to consider?

12.3.4 What **period** of PPP agreement would you deem viable?

12.3.5 What specific conditions would **encourage** you to bid?

12.3.6 What specific conditions would **discourage** you from bidding?

13. Closing Date

13.1 The closing date and time for submission of EOI: **03 November 2017 at 11h00**

13.2 EOI is to be placed in a sealed envelope and placed in the Tender Box situated in the foyer of the SAHRA Head Office at 111 Harrington Street, Cape Town.