



Resorts Development and Management Policy

POLICY HISTORY

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ABBREVIATIONS

CBO	Community Based Organization
IDP	Integrated Development Plan
MAT Regulations	Municipal Asset Transfer Regulations
NGO	Non-governmental Organization
SDF	Spatial Development Framework
SOP	Standard Operating Procedure
SRAC	Sport, Recreation, Arts and Cultural Services
TGCSA	Tourism Grading Council of South Africa

DEFINITIONS

In the Policy, unless the context indicated otherwise;

“City” means the Nelson Mandela Bay Metropolitan Municipality a, Category A Municipality established in terms of Part 2 of Schedule 1 of Notice 85 in the Eastern Cape Provincial Gazette No. 654 on 27 September 2000, promulgated in terms of Section 12(1) of the Local Government: Municipal Structures Act 117 of 1998 or any structure or employee of the City acting in terms of delegated authority;

“Coastal Recreational Node” refers to concentrated development at a specific coastal location where visitors can access a cluster of facilities such as resorts, beaches, tidal pools, slipways, braai facilities, pools, parks, parking areas, restaurants, kiosks, beach trading areas, play parks, undisturbed natural areas, walkways, boardwalks and ablutions;

“Constitution” means the Constitution of the Republic of South Africa, Act 108 of 1996;

“Concession Contract” refers to a mechanism whereby a service provider accepts investment obligations for a facility and operates it at commercial risk;

“Eco-lodge” refers to hotel type accommodation or establishment that is environmentally responsible through the practises of green living;

“Financially viable” refers to a resort that is deemed able to generate an income for the city;

“Management contract” refers to a mechanism whereby a city-owned resorts is managed by a service provider under certain conditions are specified in a contract;

“Master Plan” refers to an overarching plan that provides a vision for the infrastructure development at a Resort;

“Multiplier effect” refers to the increase in final income arising from any new increase in spending;

“Policy” means the Resorts Development and Management Policy;

“Resort” refers to a facility, which provides overnight accommodation in the form of a camping site and chalets. Other facilities within the boundaries of a resort might include conference facilities, day visitor’s braai facilities, and educational facilities (leadership / environmental education) restaurants, tented camps and eco-lodges;

“Municipality or NMBM” means the Nelson Mandela Bay Municipality.

1. PREAMBLE

Section 152 of the *Constitution* of the Republic of South Africa, Act 108 of 1996 in conjunction with Schedule 5B places responsibilities and an obligation to local government to ensure that basic services are provided. The Nelson Mandela Bay Municipality in fulfilment of its obligations under the *Constitution* puts forward this *policy* document which will be the framework for the development and management of all resorts owned by the *Municipality*.

2. PURPOSE

Resorts are of strategic importance as they provide affordable accommodation in prime locations around the City and, hence, make Nelson Mandela Bay more accessible to international, domestic and local tourists. This is noted by the National Tourism Sector Strategy which emphasises the use of resorts to create accessible and affordable tourism facilities for domestic tourism. Some resorts also have the potential to attract more international tourists. The resorts are an integral part of *coastal recreational nodes* that attracts tourists and residents and increases the visitor's experience of the coastline and the surrounding natural areas.

Resorts have the potential to generate income for Municipalities. In addition, spending in resorts and its surrounds generates an economic *multiplier effect* in the wider economy as visitors spend money at the resorts and support employment opportunities. Four of the five resorts in the Municipality are situated along the coastline, which is one of the key environmental, social and economic assets of the City. Well-managed resorts will result in the increase of the value of the coastline which will in turn increase the value of the city further as it grows.

Furthermore, resorts can play an important role in providing opportunities for community and social development through programmes, environmental education and general recreation and leisure opportunities. It is against this backdrop that the city having realized the strategic importance of resorts is developing a *policy* framework that will guide the future development and management of resorts in the

city so that the economic benefits of such amenities can not only be a source of revenue for the city but be beneficial to all the communities of the city.

3. APPLICATION AND SCOPE OF THE POLICY

The *Policy* applies to all resorts, owned by the Municipality, which are namely:

- a) Beachview Resort;
- b) Van Stadens Resort;
- c) Willows Resort;
- d) Maitlands Resort and;
- e) Springs Resort.

The Resorts Management and Development Policy will be used by the Nelson Mandela Bay Municipality to guide decisions involving the development and management of the resorts.

The *policy* gives effect to the IDP and contributes to the following strategic pillars of the Nelson Mandela Bay Municipality:

- a) **The Opportunity City** - resorts promote tourism which has a *multiplier effect* on the wider economy, contributing to economic growth and job creation.
- b) **The Caring City** - resort facilities provide space for social development programmes and improve access to affordable holiday accommodation for residents.
- c) **The Inclusive City** - well-managed and well-maintained resorts offer access to the coast for residents and visitors alike.
- d) **Well Run City** - this pertains to initiatives that cater for meeting the standards operational expectations of the Municipality, including initiatives that address human resources, governance that is accountable and financial viability. Resorts must be operated in a manner that will promote financial viability and a positive return on investment for the Municipality and its citizens.
- e) **Safe City** – resort facilities must be safe for all residents and tourists.

4. POLICY OBJECTIVES

The *Policy* aims to:

- a) Guide development and maintenance of resorts to ensure that facilities are on par with tourism industry standards in order to attract visitors to these areas.
- b) Introduce management mechanisms that will leverage tourism industry management, expertise and investment to increase income generation;
- c) Use resorts for social development activities for marginalised communities in order to promote the social development objectives of the City;
- d) Set out the responsible tourism practices that will result in sustainable resorts that will add to the competitive edge of Nelson Mandela Bay Municipality.

4.1 The NMBM Spatial Development Framework (NMBM SDF)

- 4.1.1 The SDF guides the overall spatial form and identity and speaks to future desirable land uses with the Municipality at a broad level in order to give physical effect to the vision, goals and objectives of the IDP.
- 4.1.2 The NMBM SDF furthermore provides the broader context for the development of coastal nodes.

4.2 NMBM Tourism Strategy

- 4.2.1 Responsible Tourism is an approach to the management of tourism, aimed at maximising economic, social and environmental benefits.
- 4.2.2 The resorts will respond to the responsibility placed on role-players in the tourism sector to achieve sustainable tourism development.

4.3 Tourism Development Framework for NMBM

- 4.3.1 The *Policy* is directly aligned to the goals of the Tourism Development Framework for NMBM.
- 4.3.2 The goals include the protection of tourism resources, product provision and quality services and standards.

4.4 Economic Growth Strategy

- 4.4.1 This *Policy* is directly linked to the Economic Growth Strategy objective of developing sustainable growth strategies.

4.4.2 These strategies focus on the protection of environmental assets, the proper management of the city's coastal areas and to working with stakeholders to ensure an optimal tourism experience for visitors to grow the tourism sector.

4.5 **Social Development Strategy**

4.5.1 The City's Social Development Strategy adopts a 'whole of government approach' to addressing poverty, inequality and social ills and encouraging people to take part in their own development. It encourages Municipality's Directorates to work together on projects directed at young people at risk.

4.5.2 The hosting of youth development programmes in resorts in cooperation with the Municipality's Sport, Recreation, Arts and Cultural Services Directorate focused on youth and sport programmes Development gives effect to transversal aspects of the Social Development Strategy.

4.5.3 Cooperative Agreements with NGOs or CBOs provides the opportunity to leverage social development expertise and initiatives in delivering community development programmes in resorts.

4.6 **NMBM Integrated Coastal Management Policy**

4.6.1 This *policy* is a guideline document designed to assist the *Municipality* in the daily management and the coastal zone within the Municipality's jurisdiction to ensure that the coastline is managed as a sensitive, complex and dynamic space to achieve future prosperity. The *policy* facilitates holistic and integrated management of the coast that allows for conservation of the coastal environment as well as equitable access to and sustainable use of coastal resources.

5. **REGULATORY FRAMEWORK AND CONTEXT**

5.1 **Constitution of the Republic of South Africa, Act No 108 of 1996**

5.1.1 In terms of the Schedule 5B of the *Constitution*, beaches are included under 'local amenities', 'parks & recreation' and 'public spaces'. The generally accepted interpretation is that access to beaches, together with basic toilet facilities is the obligatory requirement and the function of local government.

5.1.2 Additional facilities such as braai and overnight facilities (resorts) are discretionary functions as it is the result of a strategic decision to allocate resources to the function, and not the result of a constitutional obligation to provide the service.

5.2 **Municipal Systems Act No 32 of 2000**

5.2.1 Sections 78 (1) of the Municipal Systems Act provides the basis for deciding whether an internal or external mechanism will be the preferred option for service provision.

5.3 **Municipal Finance Management Act, No 56 of 2003 and the Municipal Asset Transfer Regulations**

5.3.1 The granting of a right to 'use, control or manage' City-owned properties is regulated by the Municipal Asset Transfer Regulations.

5.3.2 The granting of Management Contracts, Concessions Contracts or Cooperative Agreements must be implemented according to the requirements of the Municipal Asset Transfer Regulations. Each case will be assessed on merit and will take into account the detail of the rights to be granted and the value of the property.

5.4 **National Environmental Management Act, No 107 of 1998 (NEMA)**

5.4.1 NEMA defines the environment as the natural environment and the physical, chemical, aesthetic and cultural properties of it that influence human health and well-being.

5.4.2 A number of resorts are located in environmentally, aesthetically and culturally sensitive areas that must be developed and managed in accordance with the provisions of this Act.

5.5 **Integrated Coastal Management Act, No 24 of 2008**

5.5.1 This Act promotes the conservation of the coastal environment.

5.5.2 The *Policy* is in line with this act and specifically the requirement that the use of natural resources within the coastal zone is socially and economically justifiable.

5.6 **National Heritage Resources Act, No 25 of 1999**

- 5.6.1 The *policy* is in alignment with this Act which protects heritage resources of cultural significance or special value.
- 5.6.2 Some resorts might have buildings within their boundaries which are protected under national heritage legislation.

5.7 **Other Relevant Acts, Policies and By-Laws**

- 5.7.1 Local Government: Municipal Structures Act (Act No. 117 of 1998)
- 5.7.2 National Biodiversity Act (Act No. 10 of 2004)
- 5.7.3 National Building Standards and Building Regulations Act (Act No. 103 of 1977)
- 5.7.4 Land Use Planning Ordinance (15 of 1985)
- 5.7.5 Public Amenities by-law
- 5.7.6 Integrated Development Plan
- 5.7.7 NMBM Integrated Environmental Policy
- 5.7.8 NMBM Events Policy

6. **POLICY PROVISIONS**

6.1 **Resort Planning And Development**

- 6.1.1 A Spatial Development Framework shall be developed for each resort.
- 6.1.2 The masterplans shall be developed and approved by the Municipality where necessary and shall serve as the overarching development framework and all interventions must be aligned to it.
- 6.1.3 To ensure integration masterplans shall include planning for the overall Recreational Node where appropriate.
- 6.1.4 Masterplans shall be developed through a structured planning process informed by site analysis, documentation of existing infrastructure and buildings and include recommendations on:
 - a) Facilities, layouts and user areas, landscaping, and service infrastructure;
 - b) Identification of tourism, economic and social development opportunities; and environmental implications.
- 6.1.5 Recommendations shall be consulted with key internal and external stakeholders and relevant suggestions incorporated in the recommendations.

6.1.6 Public participation will be conducted in line with the public participation guidelines of the City.

7. RESORT MANAGEMENT MECHANISMS

7.1 Management Contracts

7.1.1 The following key elements will be required in the drafting of a *Management Contract*:

- a) The contractor shall be given enough autonomy to implement commercial reforms;
- b) The contract shall include effective incentives for good performance and penalties for failure to meet performance goals.

7.1.2 The City is required to play a very interactive and involved role in the management of the contract.

7.1.3 Combining resorts which are relatively similar or in close proximity will be considered for management under one *Management Contract* should the following benefits be envisaged:

- a) A more efficient management system, which avoids a duplication of services and facilitates bulk procurement and joint marketing;
- b) A more commercial resort subsidising a less *financially viable* resort.

7.1.4 Resorts that are subsidised could also be managed by a service provider, in this regard the operator fee will be subsidised rather than generated from tariff income.

7.1.5 Under a *Management Contract* major improvements and major repairs and maintenance of the infrastructure of resorts remain the responsibility of the City.

7.2 Concession Contracts

7.2.1 Under a *Concession Contract* the concessionaire manages the facility, operates it at commercial risk and accepts investment obligations, whether they are to build a new facility or expand or rehabilitate an existing facility.

7.2.2 The granting of a *Concession Contract* will require the following:

- a) A fixed term after which the City becomes the owner of the new or improved facilities on the property. The contract may then be re-advertised;
- b) Contract periods that are long enough to allow the concessionaire to recoup its investment capital;
- c) A performance related component and on-going monitoring of service levels as set by the TGCSA;
- d) The operations and maintenance of the facilities is deemed the responsibility of the concessionaire.

7.2.3 *Concession Contract* opportunities can be entered into separately or in combination depending on the proposals received and their financial viability. Opportunities may be conventionalised in a flexible manner to ensure creative input from concessionaires into their proposals.

7.3 **Cooperative Agreements**

- 7.3.1 The City shall establish Cooperative Agreements with NGOs or CBOs to leverage social development expertise or initiatives in delivering community development programmes in resorts.
- 7.3.2 The Cooperative Agreement could include the management of a building or area within a resort for social development purposes at a nominal rate.

7.4 **City-Managed Resorts**

- 7.4.1 The resorts managed by the City shall adhere to:
 - a) Standard Operating Procedures and service standards dealing with day-to-day management;
 - b) Minimum standards for resorts facilities dealing with day-to-day maintenance and housekeeping; and
 - c) Criteria of the Tourism Grading Council of South Africa, where relevant.
- 7.4.2 Resorts will be evaluated to identify potential to be managed under the Management Contracts presented above.
- 7.4.3 *Concession Contract* opportunities will be identified and implemented, starting with low risk opportunities.

7.4.4 Potential for Cooperative Agreements will be identified and leveraged. Management of resorts located in sensitive natural areas shall adhere to the Environmental Management Plans for the resorts.

The Table below provides a summary of what has been discussed above

Mechanism	Description	Appropriate Use
<i>Management Contract</i>	A resort is managed by an operator that pays a performance based management fee linked to the turnover of the Resort.	When a resort's location and facilities, indicate that it could be <i>financially viable</i> if managed by an operator. This refers to the whole of a Resort.
<i>Concession Contract</i>	A concession opportunity in a Resort is developed and managed by a concessionaire who pays a concession fee linked to the turnover of the facility.	When an opportunity for a new facility has been identified within an existing Resort and investment is required by a concessionaire to develop and manage such a facility. Refers to only a part of a Resort.
Cooperative Agreement	City gives the right to a NGO/ CBO to manage a facility in a resort at a nominal rent.	When a NGO, CBO, or service provider delivers a programme that aligns with the City's Recreational or Social Development Strategy for the benefit of the community. This refers to only a part of a Resort.
City Managed Resorts	Resort is managed by the NMBM	When the resort is not <i>financially viable</i> due to its facilities or the primary use of the facility is for community development purposes. This refers to the whole of a resort.

8. ROLE PLAYERS AND STAKEHOLDERS

- a) Due to the role of resorts in promoting tourism, social development and recreation, this *Policy* is transversal in nature and effects the functioning of several departments.
- b) The Sport, Recreation, Arts and Culture Directorate is the lead department responsible for the management and development of the resorts and shall ensure that internal and external stakeholders are consulted in order to achieve the desired outcomes.

8.1 Key internal stakeholders within the Municipality include the following Directorates:

- a) Economic Development Tourism and Agriculture (EDTA)
- b) Nelson Mandela Bay Tourism
- c) Public Health: Environmental Management
- d) Human Settlements
- e) Electricity and Energy Department
- f) Infrastructure and Engineering.

8.2 Key external stakeholders include the following:

- a) National and Provincial Departments of Environmental Affairs, Economic Development and Tourism
- b) Eastern Cape Tourism Agency
- c) Nelson Mandela Bay University.

8.3 Other critical stakeholders include:

- a) Councillors
- b) Residents and the general public
- c) Sporting Clubs
- d) Event organisers
- e) NGOs and/or CBOs which have an interest
- f) Business chamber.

9. COMMUNITY DEVELOPMENT PROGRAMMES

When deciding on the suitability of community development programmes at selected resorts, the following shall be considered;

- a) Potential income generation of the resort;
- b) Significance for social development.

9.1 The historical role that the resort plays in providing facilities to communities and paying particular focus on the following;

- a) Resorts that are community focused rather than potentially *financially viable*, shall become the focal point for the community development opportunities promoted by the City;
- b) Utilising resorts for community development purposes must not impact negatively on the primary use of the resort as a location for overnight accommodation for visitors;
- c) Community development usage should occur primarily during the week and outside of the High Season (Christmas and Easter) unless it is focused on the paid visitors to the resorts;
- d) The above should not exclude the *financially viable* resorts from being utilised for community development activities, where appropriate.

10. IMPLEMENTATION PROGRAMME: RESORTS MASTER PLAN

- a) The Sport, Recreation, Arts and Culture Directorate will develop Masterplans for the City-managed resorts.
- b) These planning processes shall be extended to the leased resorts that will come under SRA management once Management Contracts have been concluded.
- c) Infrastructure improvements in line with the Masterplans shall be budgeted for in terms of the City' s Medium Term Expenditure Framework.

10.1 Resorts Master Plan Guidelines

- 10.1.1 Masterplans must enhance the development of resorts as year round destinations in well-maintained settings, providing good quality infrastructure and facilities (aligned with industry standards) to ensure that the resorts become significant assets.
- 10.1.2 Masterplans must be developed through a structured planning process assisted by professional technical experts such as landscape architects, urban designers, architects, economist, social development experts, engineers, tourism experts and environmentalists where appropriate. Additional specialist skills such as coastal specialists must be contracted when required.
- 10.1.3 Masterplans must ensure that the unique look & feel, sense of place and character of individual resorts are enhanced by utilising their specific assets to the maximum. For example:

- a) Resorts within nature conservation areas through enhancement of the natural feel, demarcation of natural areas, planting, re-establishment of natural vegetation and environmental education;
- b) Resorts in urban areas to have a verdant parkland character in a build-up area – an “unexpected haven” for visitors;
- c) Resort with unique attributes for example a ‘small village’ feel or an opportunity for a ‘tented bush camp’.

10.1.4 Architectural and Landscape Architectural designs should allow for:

- a) Effective management through improved layouts, demarcation, circulation of pedestrians and vehicles and signage;
- b) Improve safety through overlooking features, sightlines, lighting, sensitive fencing, etc.;
- c) Enhanced visual aspects such as building/ landscape designs, finishing of buildings, overall visual appearance, planting, screening, sensitive fencing, etc.

10.1.5 Masterplan shall identify the tourism, economic and social development opportunities for a resort. It shall stipulate a range of products, services and facilities that will appeal to a variety of target markets. This may include the establishment of *Eco-lodges/ Tented Bush Camps/ Backpackers, Self-catering accommodation (Chalets), Restaurants/ Tea Rooms/ Kiosks, Conference Facilities, Retail Opportunities, walking, cycling, horse-riding trails (within resorts & linking resorts), the promotion of nature related recreation (including adventure tourism), enhancement of cultural heritage facilities, Education/ Environmental Education / Environmental Information Facilities, amongst others.*

10.1.6 Recommended infrastructure improvements will be accompanied by a cost framework which must guide budgeting and applications for external funding. The Masterplans will also guide infrastructure improvements within resort managed by external service providers.

10.1.7 Masterplans can be accompanied by a set of principles/ design guidelines for the improvement of Resorts infrastructure that must be adhered to under all circumstances.

11. MANAGEMENT AND INSTITUTIONAL ARRANGEMENTS

- 11.1 Key functions to be managed by the Municipality to ensure sustainability of resorts include:
- a) Infrastructure Planning and Development;
 - b) Tourism Market Analysis and Tourism Development;
 - c) Product Enhancement including Holiday Programmes;
 - d) Management and monitoring of Management Contracts, Concession Contracts and Cooperative Agreements; and
 - e) Service Provider Support.
- 11.2 General functions to be addressed by the *Municipality* include:
- a) Budgeting;
 - b) Accessibility and Tariff Modelling;
 - c) Marketing;
 - d) Training and development of internal resort staff;
 - e) Service Standards & Management of TGCSA adherence;
 - f) Procedures and Guidelines;
 - g) Research or Service Information;
 - h) Benchmarking;
 - i) Programme or project planning.
- 11.3 Tariffs shall be managed as part of the Sport, Recreation, Arts and Culture Directorate approved Tariff System.
- a) Tariffs at the City-managed resorts shall be benchmarked against private facilities and be on par with them.
 - b) Resorts catering for local communities shall receive a discount on the benchmarked tariff.
 - c) Service providers contracted under Management Contracts will be required to consult their tariffs charges before it is finalised.
- 11.4 A range of facilities will be offered to lower income groups through:
- a) Providing a range of resorts that cater for various income groups

- b) Providing a range of facilities within individual resorts that cater for a range of income groups.

12. POLICY REVIEW

- 12.1 The *Policy* will be subject to review and revision, if necessary every three years from the date of adoption.