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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 WELCOME COTTAGE, IN GLENCAIRN, CAPE TOWN.



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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 Welcome Cottage, in Glencairn, Cape Town.

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.

10 October 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 Welcome Cottage, in Glencairn, Cape Town 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.



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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 right to the commercial use of the Welcome Cottage.
- 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 complete 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 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 for SAHRA to complete its feasibility study and prepare bid documentation if it decides to proceed with a PPP.
- 3.6 SAHRA will acknowledge receipt of all EOI 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 Welcome Cottage, all interested parties that submitted EOI will be invited to bid.



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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.gtac.gov.za

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 African Act (Act No. 92 of 1998)
- South African Library for the Blind Act (Act No. 91 of 1998)



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- 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)
- 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:



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- 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.

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 the community and for the purpose of education. One of



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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
- 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. A description of Welcome Cottage

6.1 Introduction

The property is situated at 36 Glen Oak road, Glencairn, Simon's Town. The property consists of a main homestead, two additional houses, as well as three outbuildings. The land on which Welcome Cottage is built was graded in Perpetual Quitrent to Johannes Henricus Brand, Deputy Fiscal of Simon's Town, in 1811. He later became a member of the Court of Justice. J H Brand's son, Christoffel, was the first speaker of the house of Assembly and his grandson, Johannes Henricus Brand, became the first President of the Orange Free State. Both main homestead and the outbuildings are predominantly Cape Dutch in style and have architectural merit.

6.2 Description and Location of the Property



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Description: Portion 5 of the Farm Welcome Cottage Farm Number 967, Cape RD, Western Cape

Extent of Property: 2 885m²

No. of Dwellings: 3

Construction Material:

- Roof: Pitched tiled roof
- Superstructure: Brick with plaster & paint
- Window: Wooden
- Floor covering: Wooden floors
- Wall: Brick with plaster and paint

The subject property is pre-scheme and, as such, is not subject to prevailing town planning controls. However, in the event of redevelopment of the respective sites, prevailing controls and other environmental aspects will have to be considered and adhered to.

There are no servitudes or conditions of title of any major significance. However, SAHRA is the national administrative body responsible for the protection of South Africa's cultural heritage. SAHRA was established through the NHRA 1999 and together with provincial heritage resources authorities is one of the bodies that replaced the NMC. These heritage sites and objects therefore enjoy protection under the provisions of this Act.

The subject property is located off Glen Oak Road, Welcome Glen. Welcome Glen is an established residential node in False Bay. The node is accessible via the Main Road (M4) leading from Fish Hoek or via the Glencairn Expressway (M6) leading from Ou



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Kaapse Weg (M64). Ou Kaapse Weg in turn provides access to the M3 highway, leading to the Cape Town CBD.

Various amenities including schools and shopping centres are located within relatively close proximity to the subject property. This includes the Glencairn Shopping Centre that offers a Kwik Spar with other line shops and petrol filling station. This centre is located off Birkenhead Road at the base of the Glencairn Expressway. The Bay Primary School and Fish Hoek Senior High School are located in relatively close proximity.

The immediate node comprises mainly residential dwellings and vacant land, with no commercial activities in the immediate node. All amenities and public services such as the police station, fire department and municipal offices are easily accessible, being located within a 4 kilometre radius from the subject node.

Glen Oak Road is accessible via Glenhurst Road, which connect to Glen Road, one of the main arterials in the greater node. Glen Road leads directly from Main Road.

6.3 Potential Repurposing Concepts

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 may be refurbished with the intention of converting it to one of the following:

- Health centre (doctors rooms, physiotherapists, chiropractors)
- Day care centre
- Frail care facility
- Skills Training facility
- Upmarket Spa and Wellness centre



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- Guest house
- Themed restaurant
- Office space
- Cultural Centre

6.4 Value for Money Targets

The request for EOI will enable SAHRA to focus the forthcoming 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 a property while at the same time transforming its history to portray more factual accounts of the history of the property. The feasibility study for the project needs to be completed to 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
- Tourism promotion



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6.5 Market Review

6.5.1 Competitor Analysis

Welcome cottage 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.

Overseas and regional markets fared well. Overseas markets are typically associated with leisure tourism and business tourism events. Regional markets, particularly cross-border land tourist arrivals, make an enormous contribution to the economies of many border towns, as well as major cities and popular tourist regions. 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.

6.5.2 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



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municipalities to explore how best to align the concepts with the municipal Integrated Development Plans (IDPs) and Spatial Development Frameworks (SDFs).

7. 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. Welcome Cottage offers a more residential setting rather than an entertainment hub. 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 not currently occupied or used but has the potential to grow into a profit situation by increasing its tourist appeal. A Guest House or Lodge 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.

8. Submission of EOI

8.1 Tourism investors or operators interested in this PPP opportunity should submit information under the headings in paragraph 9. They are welcome to provide additional information.

8.2 EOI must be submitted to the relevant unit with details provided in paragraph 8.3 no later than 21 November 2017.

8.3 Enquiries can be sent to:



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South African Heritage Resources Agency
111 Harrington Street,
Cape Town 8000
Tel: 021 462 4502
Email: propertiesprojects@sahra.org.za

9. Required Information for an EOI

9.1 Contact Information

9.1.1 Name of Person submitting the EOI

9.1.2 Company Name

9.1.3 Position in Company

9.1.4 Contact details

- Postal Address
- Telephone
- Fax
- Cell phone number
- Email

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

9.2.1 Names and locations of current operations

9.2.2 Market segments

9.2.3 Number of years in operation

9.2.4 Number of visitors per year for last three years

9.2.5 Annual turnover per year for the last three years

9.2.6 Black Economic Empowerment profile measured by the Tourism BEE scorecard

9.2.7 Membership / affiliations / accreditations



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- 9.3 Interest in a PPP opportunity at Welcome Cottage
- 9.3.1 Fully describe the **type**, **scale**, and **market segment** of tourism you would be interested in.
- 9.3.2 Are you interested in as an **investor** or as an **operator** or both?
- 9.3.3 What level (ballpark) of **capital investment** would you be prepared to consider?
- 9.3.4 What **period** of PPP agreement would you deem viable?
- 9.3.5 What specific conditions would **encourage** you to bid?
- 9.3.6 What specific conditions would **discourage** you from bidding?

10. Closing Date

- 10.1 The closing date and time for submission of EOI: **21 November 2017 at 11h00**
- 10.2 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.