

Combining conservation and socio-economic development:

An assessment of eco-tourism-based
private game reserves in the Eastern Cape

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1. Executive summary

The 2011 socio-economic study (an assessment of eco-tourism based private game reserves in the Eastern Cape) is the fourth study to be commissioned by Indalo, an association of 10 private game reserves (PGRs) in the Eastern Cape Province, South Africa. Previous studies were conducted in 2004, 2006 and 2008.

In terms of the study, data were obtained from nine (9) reserves in the form of self-completed questionnaires, as well as face-to-face interviews with reserve managers. The size of the reserves ranged from 2 633 to 21 265 ha.

Viewing the "Big Five" and "an authentic wildlife experience" remain the most important attractions for visitors to the reserves. This is complemented by the natural scenery and landscape of the reserves, high-end accommodation, excellent service and fine dining.

International visitors to PGRs made up just over 71% of total visitors in 2011, a 22% drop from the 2008 survey results. In contrast, domestic tourism has increased between 2008 and 2011 by just over 100%, but at reduced rack rates (revenue) to the PGRs.

When examining the data, it is evident that the barriers to entry for new PGRs are becoming prohibitive. The cost per hectare for land and buildings has increased by 22.5% since 2008, which is in excess of the inflation rate of 10.55% during this period. This may explain why there have been no new PGR members of Indalo since 2008.

This survey confirms that there has been a substantial decrease in tourism and related revenues for the PGRs over the last two years. The average gross revenue per Indalo reserve is down by 20% since 2008.

In addition, bed nights sold in the reserves have not increased in the last three years. Bed nights are, in fact, down by 10% over the past financial year.

The fact that the marketing costs of the PGRs have, on average, increased by over 50% in the past two years further illustrates these trends.

PGRs are battling to retain their market share and compete in an economically stressed industry. As the downturn in international tourism continues into 2011, it is likely that Indalo members will see further drops in revenue for the Indalo PGRs, necessitating associated cost-saving exercises such as staff retrenchments.

As a result of the world economic recession it would seem that the rapid growth phase of PGRs over the past decade has declined. This has given way to industry consolidation, saturation, and weakening revenues.

Notwithstanding the above, this study once again highlights (as all the previous socio-economic reports have done to date) the fact that PGRs are significant job creators in rural areas where unemployment is an ongoing challenge. It also shows that PGRs pay relatively high wages compared to other land uses. This is particularly relevant in rural areas.

Indalo reserves employ 120 persons on average, which far exceeds the number employed on the original farms pre-conversion to PGR (4.5 times as many people). Furthermore, with an average of 3.7 dependants, and given the total employment figures of 1 079, this suggests that Indalo employees support an additional 3 992 dependants.

PGRs have brought about a considerable expanded conservation footprint and play a significant role in the biodiversity conservation of the Eastern Cape. More significantly, six (6) of South Africa's nine (9) recognised vegetation biomes are represented in the Indalo reserves (Skowno, 2010).

A lesser known aspect of Indalo PGRs is the extent of their engagement in community outreach or corporate social responsibility (CSR) programmes. All nine (9) Indalo PGRs are active in some way in dealing with social issues related to their staff and surrounding communities.

The most common forms of support occur in the areas of HIV/AIDS awareness, environmental education, CSR and job creation. Four (4) PGRs (44%) have a dedicated community trust set up to support community initiatives. The number of community trusts has doubled since the 2006 report.

A number of recommendations arise from this report, including the need for Indalo to develop a code of ethics for PGR members, as well as a corporate social responsibility framework. It is also recommended that Indalo members examine the tax incentive and conservation stewardship programmes that the government is currently implementing. Becoming part of these contractual agreements could reduce some of the conservation management and municipal rates costs for PGRs, as well as offer better legal protection against poaching, protection against development on the borders of reserves and other issues affecting PGRs.

2. Introduction

This report was commissioned by Indalo, an association of ten (10) private game reserves (PGRs) in the Eastern Cape Province, South Africa. The association was formed in 2002 by four (4) PGRs, facilitated by the Wilderness Foundation.

The **objectives** of Indalo are to promote biodiversity conservation in a socially responsible manner, share lessons and resources amongst members, and present a unified voice on issues affecting the ecotourism industry.

Despite the ongoing growth of private game reserves in the country, little is known about how PGRs contribute towards eco-tourism, and they are often overlooked when it comes to economic analysis. The purpose of this study is to follow on from the momentum and understanding gained from the past three socio-economic surveys in 2004, 2006 and 2008 (Sims-Castley et al, 2004; Langholz et al, 2006; Snowball et al, 2008); and to assess trends and developments in this evolving industry.

Tourism is one of the fastest growing sectors of South Africa's economy. Its contribution to the country's gross domestic product (GDP) increased from 4.6% in 1993 to 8.4% in 2009. Directly and indirectly, tourism constitutes approximately 7% of employment in South Africa. Tourism is ideally placed to create new jobs and add value to the country's many natural and cultural resources, and has been earmarked by the government as one of South Africa's growth sectors.

Over 1 600 000 foreign tourists visit South Africa each year. Landscapes, scenery and wildlife are cited as the primary attractions, with over 45% of tourists visiting at least one wildlife or nature reserve during their stay in South Africa (SA Tourism report 2010).

In the past twenty years, there has been a move towards linking conservation efforts with community development. Tourism is one of the major drivers of development, particularly in impoverished rural communities. It helps improve infrastructure and create sustainable employment (Hall, 2007).

3. Methodological approach

At the beginning of the 2011 study, a standard questionnaire was drawn up and approved by Indalo chairperson, Dr William Fowlds. The questionnaire was circulated to the ten (10) private game reserves¹ (PGRs) who are full members of Indalo.

The questionnaire was divided into six sections: 1) establishment of the reserve; 2) tourism related activities; 3) employment/socio-economic benefits; 4) conservation issues; 5) policy issues; and 6) financial.

A 90% response rate (9 of the 10 members and as per Table 1) was achieved, which is considered sufficient for comparative purposes and for drawing general conclusions. The 2008 study had nine (9) responses (Snowball et al, 2008) and the 2006 study (Langholz et al, 2006) had ten (10) responses.

Although the six (6) sections mirrored those from the three previous studies (2004, 2006, 2008), new questions were added and more focus was given to biodiversity, as well as the socio-economic impact of PGRs on the region and surrounding communities.

Respondents answered a combination of closed-ended, quantitative questions and open-ended qualitative items.

¹ All respondents are referred to as private game reserves (PGR) even though ownership types and legal status may differ. They all derive their earnings primarily from wildlife-based ecotourism ventures.

Table 1. Indalo Private Game Reserve membership and reserve size as of January 2011.

Indalo Private Game Reserve membership and reserve size as of January 2011:

Reserve	Size in Ha	website
Amakhala Game Reserve	6,943	www.amakhala.co.za
Hopewell Private Game Reserve	2,689	www.hopewell-lodge.com
Kariega Game Reserve	7,949	www.kariega.co.za
Kuzuko Contractual Area - AENP	15,162	www.kuzukolodge.co.za
Kwandwe Private Game Reserve	19,477	www.kwandwereserve.co.za
Lalibela Game Reserve	6,424	www.lalibela.net
Pumba Private Game Reserve	6,157	www.pumbagamereserve.co.za
Samara Private Game Reserve	26,342	www.samara.co.za
Shamwari Game Reserve	21,265	www.shamwari.com
Sibuya Game Reserve	2,633	www.sibuya-gamereserve.co.za
Total	115 041 Ha	

* Note that nine (9) out of ten (10) Indalo members participated in this 2011 survey.

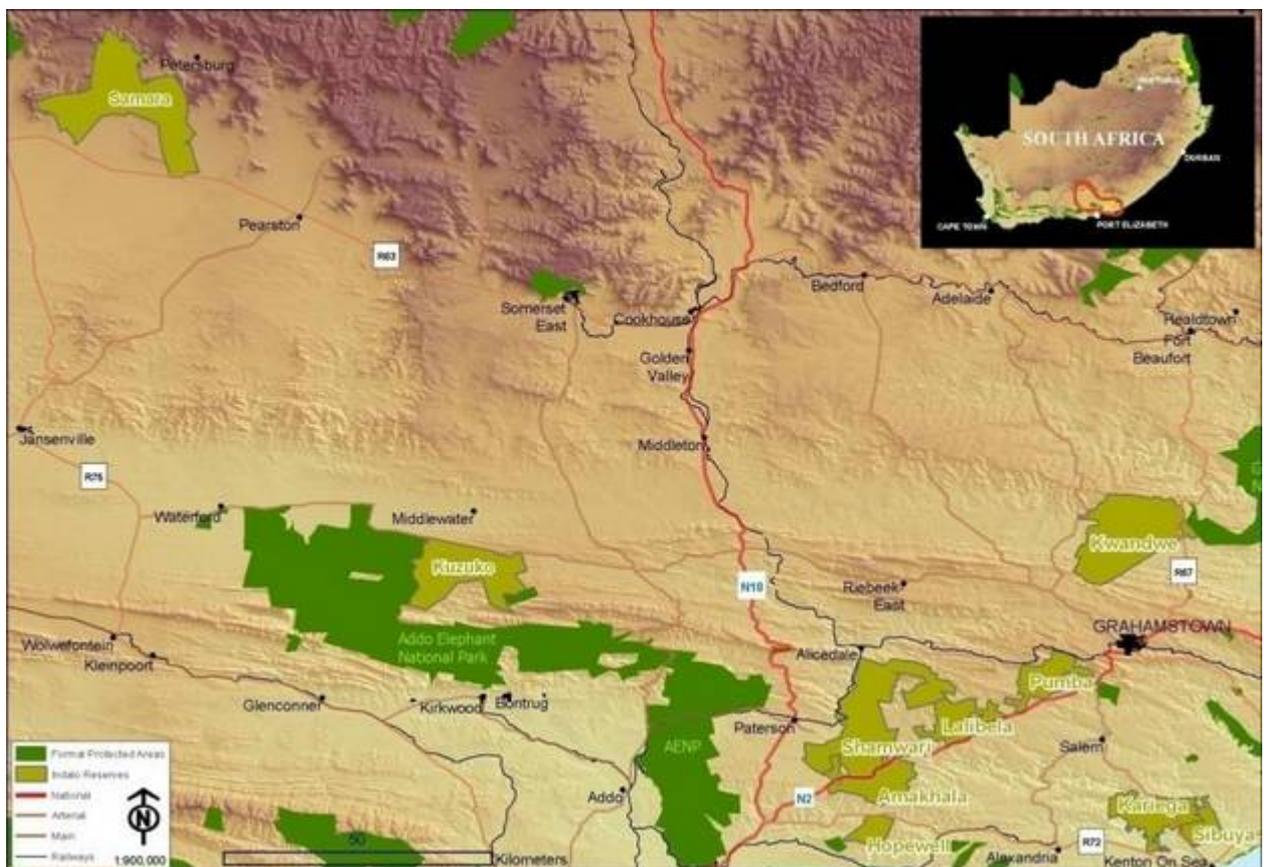
Given the sensitive nature of certain survey questions, it was important to guarantee confidentiality of the data and results. Towards that end, this document primarily reports averages and totals.

4. Description of the reserves

The member reserves were formed independently by various owners through the amalgamation and conversion of commercial farms over the last 20 years.

Numerous large mammal species (including the "Big 5" and other charismatic species such as giraffe and zebra) have been reintroduced over the years, and game viewing is the core attraction offered, along with high-end luxury accommodation.

The reserves are situated in the western part of the Eastern Cape Province, in the Albany Region and the South Eastern Karoo (see Map 1), and include vegetation belonging to seven of South Africa's nine biomes.



Map 1. Light green shading indicates the context and location of the 10 Indalo PGRs in the Eastern Cape Province.

In comparison to the 2006 and 2008 studies, membership of Indalo decreased from 13 members in 2006 to 12 in 2008, and to 10 members by March 2011. No new members have joined Indalo in the past two (2) years (2009 and 2010).

In interviews with the Indalo executive management committee, the committee members were of the view that the main reasons for the drop-off in membership is linked to the global recession and changes in land-use patterns.

The nine (9) reserves surveyed cover over 88 699 hectares (ha). There is a noticeable variation in size of PGRs, with the smallest being 2 633 hectares and the largest 21 265 hectares (Figure 1).

The average size of the PGRs in the survey was 9 855 hectares, which is comparable with the 2008 average of 10 106 hectares. Wildlife-based eco-tourism is the primary means of business for all of the PGRs. All PGRs in the sample were formed by amalgamating land previously used for farming.

The nine (9) respondents comprise a total of 88 former farms (average farm size of 1 008 hectares). The average number of farms amalgamated is 9.7 per PGR, with considerable variation (minimum of two farms, to a maximum of 22).

Consistent with all three previous studies, a subset of PGRs (in this case, three) was much larger than the rest.

This report distinguishes between large PGRs (>15 000 hectares) and small PGRs (<6 500 hectares).

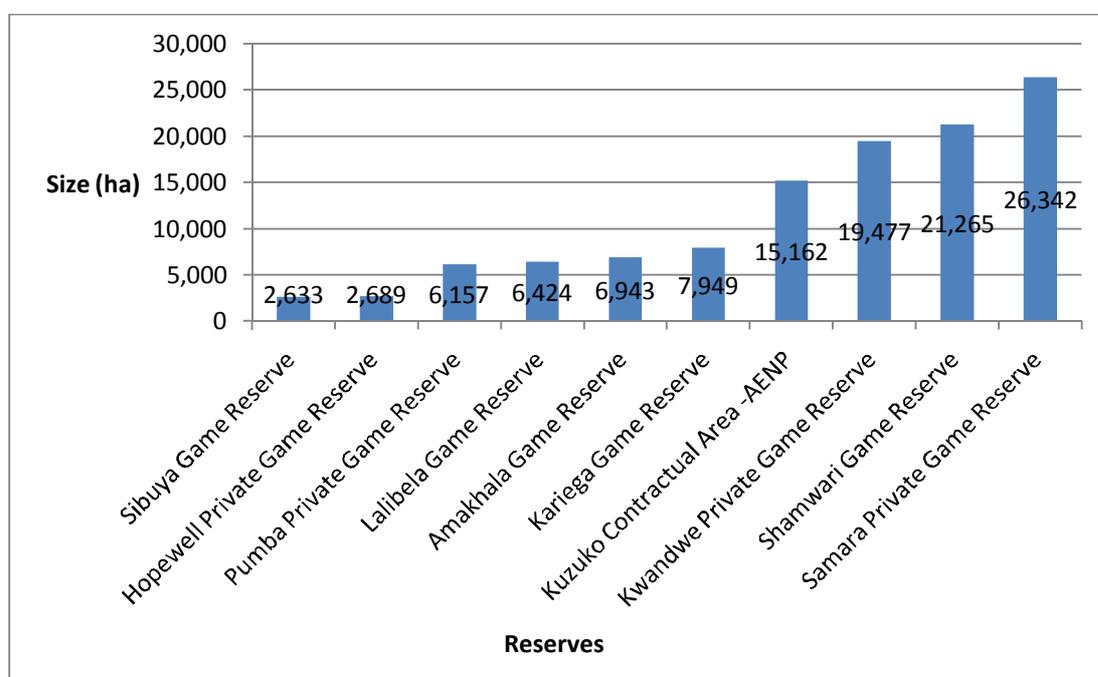


Figure 1: The variation in size of PGRs

5. The eco tourism product

5.1. The biggest tourist attractions

As in the 2004, 2006 and 2008 studies, "game viewing together with an authentic wildlife experience, particularly the Big 5", was regarded as the most important drawcard in attracting visitors to the PGRs. Most respondents (66%) also mentioned "natural scenery and landscape" of the reserves as a drawcard. Quality of service was also recognized as important, with five (5) of the nine (9) reserves (55%) mentioning the availability of five star accommodation, excellent service and "fine cuisine" as important drawcards for tourists.

Reserves in the sample were situated between 65 km and 165 km from Port Elizabeth, the average distance being approximately 111 km (116 km in the 2006 and 113 in the 2008 study). Three of the PGRs (33%) surveyed listed their proximity to the Garden Route and Port Elizabeth as attractive aspects.

Other visitor attractions included the fact that the Eastern Cape is a malaria-free zone and offers family- and child-friendly programmes. The conservation approach by the PGRs, and the historical significance of "frontier country" were also mentioned.

The results are similar to all three previous studies (2004, 2006, 2008) and send a clear message to current and future PGR owners that the most important asset of a PGR is the wildlife experience, coupled with the natural environment/setting with good service and five star accommodation.

5.2. Income generating activities

The two (2) most important income generating activities for the PGRs include game viewing, and accommodation provision. These account for 87.3% of income.

PGRs also engage in a number of other income generating activities which include conferences and weddings, sale of live animals, hiking, hunting, education and training.

In comparison to the 2008 study, it is significant that sale of live animal has increased from an average of 3.11% to 4.7% of total income. The number of education and training activities has also increased from an average of 0.2% to 2% of total income, but hunting income has dropped from 8% to 1.3% of total

income. This suggests that the PGRs have made efforts to diversify income generating activities during the global recession.

As hunting is not conducive to photographic and nature-based tourism activities, it is not surprising that this particular revenue stream has decreased. This study confirms that PGR business remains highly seasonal, with all respondents indicating that the South African summer months (October to April) fell in their high season.

5.3. Wildlife viewing

As noted in the previous studies, tourists only appreciate a small portion of vertebrate biodiversity and tend to prefer the charismatic "Big 5", namely elephant, rhinoceros, lion, leopard and buffalo (Kerley et al. 2003).

When asked to list the five most important fauna for visitors to see – all nine PGRs mentioned lion, rhino and elephant. Two mentioned leopard and no PGRs mentioned buffalo.

This is the first time in the four studies done to date that buffalo were not mentioned as important fauna for visitors to see. Cheetahs were mentioned by two of the nine reserves, and zebra by three of the nine reserves.

As with previous studies, giraffes were mentioned by seven of the nine reserves (78%). Giraffes represent a non-indigenous species to the sub-region, and this remain a contentious conservation issue. However, as these animals are appealing to tourists, they have high economic revenue value to PGRs.

5.4. Tourist origins

As with all previous studies, it was found that the vast majority of visitors to the PGRs are European at 61.1% (see Figure 1). However, this percentage point has decreased by 14% from the 2008 study. The percentage of visitors from the Eastern Cape and elsewhere in South Africa has nearly doubled from the previous two studies to 12.7% and 14.4% respectively. Whilst the findings are generally consistent with previous studies, these figures show that there has definitely been an increase in domestic tourists to the PGRs during the global recession.

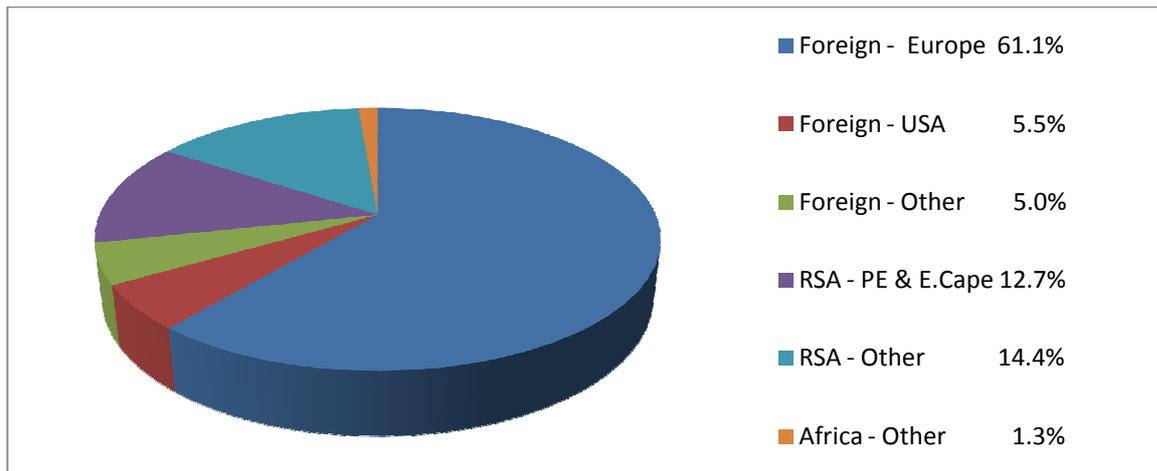


Figure 2. Tourist origins

5.5. Tourist accommodation

All PGRs offer accommodation, and all except one (1) PGR offer luxury lodge accommodation. One (1) PGR offers up-market tented accommodation. As has been shown in previous studies, PGRs tend to alter their accommodation strategies, becoming less diversified and focussing on the luxury market once they have completed their developmental and start-up phase.

According to the current study, PGRs offered a total of 555 beds at an average of 62 beds per reserve. The average for the 2006 study was 42 beds, and in 2008 the average was 61 beds.

Whilst the 2011 figure is comparable with previous studies, it is interesting to note that the three largest PGRs (>15 000 ha) averaged 60 beds per reserve whilst the smaller PGRs (<6 500 ha) averaged 63 beds per reserve.

The average peak season price (rate) per person per night was R3 802 in comparison to the 2008 average of R3 606. Whilst consistent with the 2008 study, a mid-season rate was reported which averaged R3 000 per person per night. Three (3) PGRs in this study reported offering a South African resident rate for the first time. This averages at R2 000 per person per night, and is generally offered in the off-season.

Table 2. Average accommodation prices (peak season rate) and inflation adjustments

Year	2004	2006	2008	2010
Sample size	4	10	9	9
Total number of beds	278	421	491	555
Average number of beds per PGR	70	42	61	62
Average price per person per night	1,913	R2 626	R3 606	R3 802
Average price per person per night (all reserves) adjusted for inflation	R2 584	R3 321	R4 128	R3 802
Percentage increase in real prices between studies		28.50%	24%	-10%

When all prices are adjusted for inflation (that is, put into 2010 prices to account for inflation), it is clear that significant decreases have occurred in the last two year period. The average real rate has effectively decreased by 10% compared to 2008. This also puts into context the rationale behind the newly introduced SA resident rate for some of the PGRs during the low season.

Table 3. Average number of bed nights sold per annum 2003/2005 to 2009/2010

Year	All Average (#)
2003/2004	8 347 (4)
2004/2005	9 004 (4)
2005/2006	8 891 (8)
2006/2007	9 771 (8)
2007/2008	9 463 (8)
2008/2009	9 691 (8)
2009/2010	8 843 (8)

Note: "(#)" refers to the number of PGRs that were used in the analysis

The average number of bed nights sold during each financial year (Table 3) has declined 10% since the 2008/2009 financial year and is consistent with other trends in this regard.

Day visitor trips continue to play a role in visitor income, but only four of the nine PGRs (44%) currently run day visitor programmes. These are all small PGRs. The average number of day visitors to the four (4) smaller PGRs has decreased substantially from 1 433 in 2007/2008 to 780 in the 2009/2010 financial year.

In interviews with other Indalo members, it was noted that some members feel that is not financially beneficial to allow day visitors (who do not make use of accommodation). Day visitors increase vehicle traffic, thus decreasing the quality of the game viewing experience for overnight guests, and adding extra pressure to the carrying capacity of the reserves.

5.6. Plans for the future

All of the PGRs answered an open-ended question regarding plans for the next five years. Unlike previous studies, only four or (44%) of the PGRs plan on increasing the number of beds available. Only one of the respondents plans on increasing reserve size. This suggests that the potential for growth in this industry has slowed down over the past two years.

When asked to respond to the statement; "There are too many private game reserves in the Eastern Cape for the number of tourists who come here", three of the reserves agreed, four reserves mildly disagreed and two remained neutral. This is a significant change from the 2006 study findings, where nine of ten respondents chose the "mildly disagree" option. This further illustrates that the rapid growth phase of PGRs over the past decade has declined. This has given way to industry consolidation and saturation.

Common plans for the next five years include engaging in BEE initiatives and social development projects (5 reserves), and offering more environmental education programmes. Three reserves are also planning on improving and/or diversifying their products by introducing new species such as buffalo, black rhino and leopard.

6. Economic appraisal

6.1. Cost of establishing a PGR

Setting up a PGR is costly and requires considerable capital outlay. The 2010 survey results indicate that the average cost of setting up a PGR is R84 Million (this is noticeably higher than the R55 Million reported by the 2006 survey group). As shown in Table 4 below, the purchase of land and buildings (accommodation) remains the largest investment at (73.6%) of the total establishment costs.

The 2010 average value for land and buildings for all reserves is R62 million, game is the next highest category at an average per reserve of R10.1 million.

When examining the data, it is evident that the barriers to entry for the establishment of new PGRs are becoming prohibitive. The cost per hectare for land and buildings has increased by 22.5% since 2008, which is far in excess of the inflation rate during this period which was 10.55%. This could explain why there have been no new PGR members of Indalo since 2008.

Table 4. Costs of reserve establishment (in Rands)*

Variable	Small Average (n = 6) R	Large Average (n = 3) R	All Median R	All Average (n = 9) R
Land and Buildings	49 050 000	90 000 000	69 525 250	62 700 000
Infrastructure	3 423 333	10 000 000	6 711 500	5 615 555
Equipment	4 671 666	8 666 667	6 669 167	6 003 333
Game Purchase	5 151 000	20 000 000	12 575 500	10 100 000
Rehabilitation	908 666	1 783 333	1 327 500	1 220 000

* Figures not adjusted for inflation

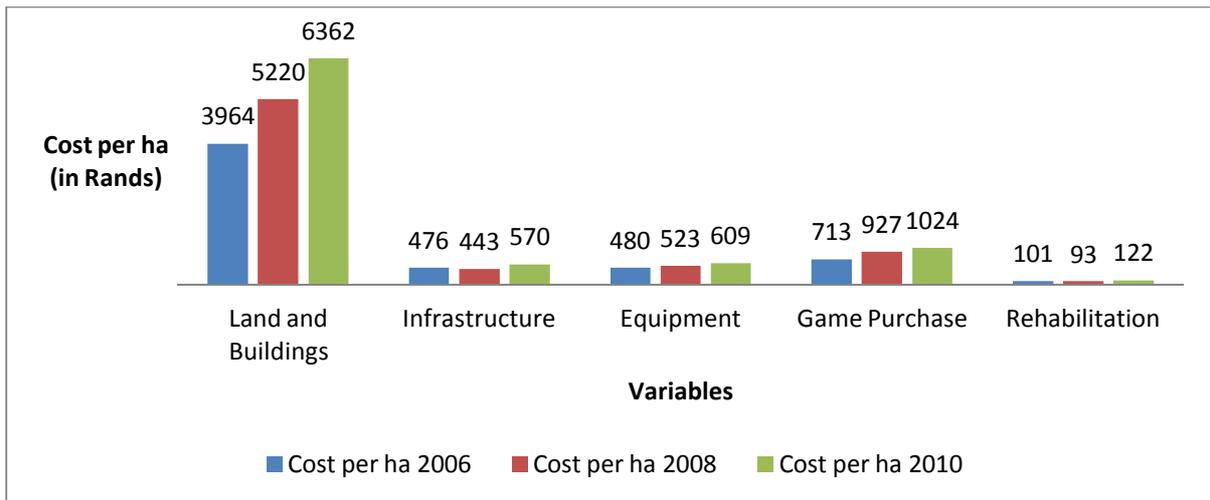


Figure 3: Average increase in cost per hectare (ha) for land 2006-2010

6.2. Average gross revenue

Over the past two financial years there has been an overall decrease in the average gross revenue for PGRs. As shown in Table 5, annual revenue has increased marginally in the small PGR categories, but decreased by almost 22% in the past two financial years in the large category reserves.

When taking into account inflation (revenue per hectare in 2010 prices), the effect is even more evident, as average revenue per hectare for all Indalo members (R2 009 per hectare), is the lowest it has been in the past four (4) financial years.

Table 5. Average gross revenue per annum generated 2004 – 2010 (in Rands)

Financial Year	Gross Revenue			Sample Size	Revenue R/ha	Revenue R/ha in 2010 inflation adjusted prices
	Small Average	Large Average	All Average			
03/04	1 600 000	37 577 938	19 588 969	4	1 390	2 234
04/05	3 550 000	36 419 470	19 984 735	4	1 418	2 178
05/06	6 330 500	42 543 660	17 358 521	7	1 663	1 490
06/07	9 993 748	44 676 930	20 796 117	7	1 992	2 651
07/08	14 035 685	40 395 650	22 790 382	7	2 391	2 893
08/09	13 470 979	30 199 138	20 801 111	9	2 127	2 339
09/10	16 300 670	26 838 149	19 808 777	9	2 009	2 009

6.3. Marketing costs

In the 2007/08 financial year, Indalo members spent an average of R1.67 million (ranging between R100 000 and R7 000 000 each) on marketing their properties. The spending varied substantially between small and large reserves, it being clear that larger, more established PGRs had the resources to spend significantly more. Two years later (2009/10), the average investment in marketing has increased by over 50% to R2.78 million, which is a substantial increase.

6.4. World economic recession

In late 2007 the world experienced a global financial crisis which resulted in the collapse of large financial institutions, the bailout of banks by national governments, and downturns in stock markets around the world. This contributed to a significant decline in economic activity, leading to a severe global economic recession in 2008. During 2008 and 2009, South Africa experienced a significant drop in foreign tourists to SA (Dlamini, 2010). In one-on-one interviews with the Indalo executive management committee, all made mention of the recession and how it has affected visits by international leisure tourists to the PGRs.

The results of the 2011 survey show that there has been a definite decrease in tourism and related revenues to the PGRs. The average gross revenue per Indalo reserve is down 20% since 2008. In addition, bed nights in the reserves have not grown over the past three years and in fact, are down by 10% (see Table 3) over the past financial year.

The average rack rate charged for visitors to the PGRs has also decreased by 10%, whilst the number of international visitors to the PGRs (Table 2) has decreased by just over 14% percentage points. The fact that the marketing costs of the PGRs have increased by over 50% in the past two years further illustrates these trends, as the PGRs battle to keep market share and compete in an economically stressed industry.

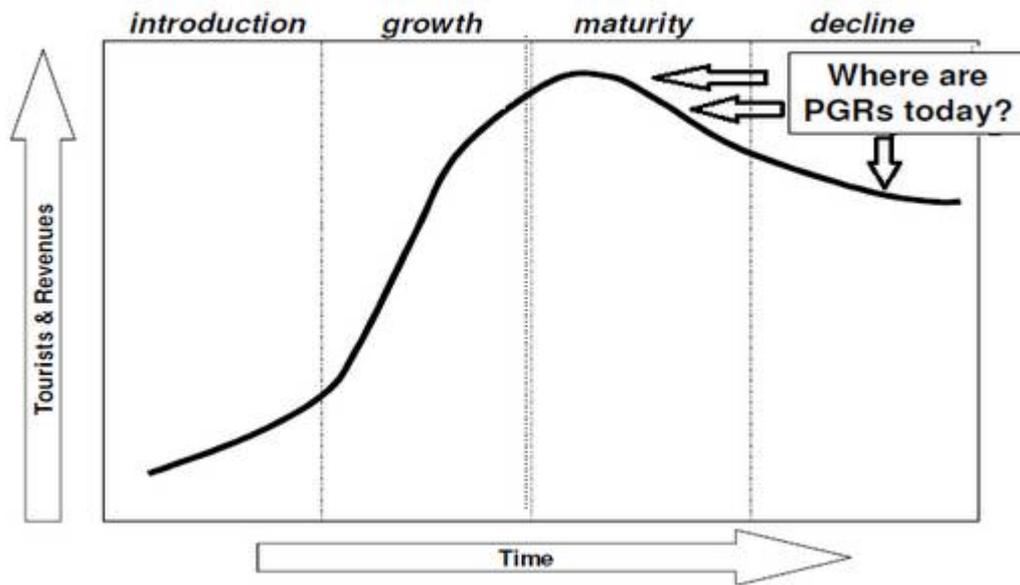


Figure 4. Typical Evolutionary Path for Tourism Industry. Source: Adapted from Porter (1980)

Tourism follows a highly predictable evolutionary path (Porter; 1980), and whilst it is impossible to pinpoint the exact location of Indalo reserves on the curve, it would seem that the recent rapid growth phase of PGRs over the past decade has now come to an end. This growth has given way to industry consolidation, saturation, and weakening revenues.

It is difficult to forecast in these turbulent economic times, but most members of the Indalo executive management committee predict that, based on forward tourism bookings and speaking to tour operators, "this trend is going to get worse before it gets better". Some of the committee members have considered retrenchments, selling off parcels of land and other cost- saving exercises as the downturn continues.

7. Employment and community development projects

7.1. Current demographic profile of PGR employees

PGRs reported that, prior to the lands being converted from agriculture to eco-tourism, a total number of 238 workers were employed as farm labourers - an average of 26 per reserve.

As in previous studies, the results show that the original farm workers were re-employed by the PGRs, or moved with their original employer. Subsequently, some of the workers have retired and are either still living on the reserves where they worked, or have moved elsewhere. Some have died. Currently an average of 45% of the original farm workers are working for the PGRs.

As in the 2006 and 2008 report, there is no evidence that any farm workers were laid off as a result of the establishment of the private game reserves.

Of the 1 079 people currently employed by the Indalo PGRs in the sample, the majority (73%) are black people, 22% are white and the rest (5%) are from other race groups.

On average, each PGR employs 120 people. This confirms that the PGRs contribute significantly to the generation of employment in the region, employing more than **4.5 times** as many people as the original farms did.

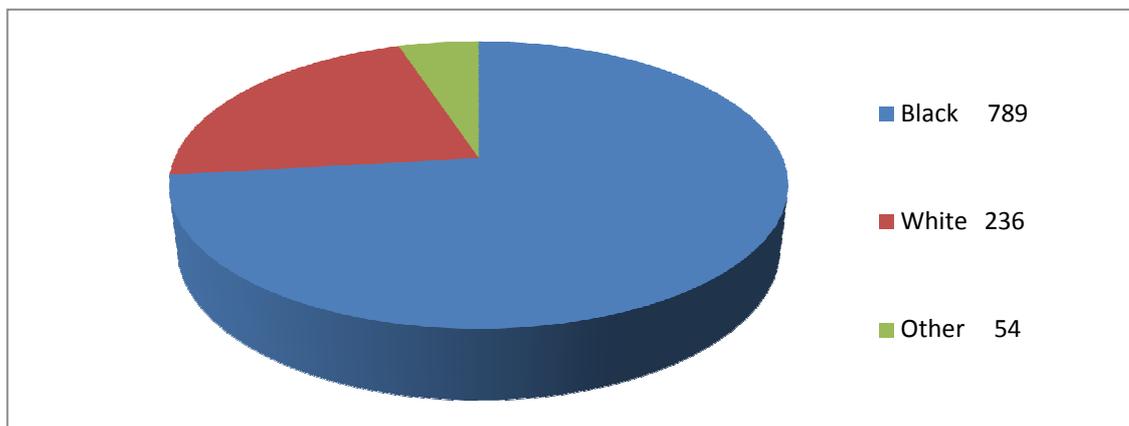


Figure 5. PGR employment by race groups

7.2. Staff remuneration

The 2011 study concurred with previous studies that, on average, smaller PGRs employ fewer people and pay them less. Large reserves have higher average wages and employ significantly more people (Table 6).

The average wage is highest for large reserves (an average of nearly R90 000 per year). Wages per hectare are an average of R880, compared with gross revenue per hectare at R2 009. Wages account for 43% of gross revenue.

The results of all the socio-economic surveys to date continue to show that PGRs are significant job creators in an area (rural) where unemployment is an ongoing challenge, and that they pay relatively high wages compared to other industries.

Table 6. Cash component of wages paid to PGR employees in 2009/10

	Small Average (n=6)	Large Average (n=3)	All Average (n=9)	Cost per hectare
Full Time Employees	563	516	119	N/A
Total Wage Bill (R)	30 926 000	46 500 000	8 602 888	880
Average wage per employee (R)	54 930	90 116	71 757	

Following on from the 2008 report, the variation in salaries at entry-level for PGRs was examined. PGRs pay unskilled or semi-skilled staff involved in cleaning and maintenance between R1950/m to R3 000/m. This means that even at the lower end of the scale, PGR employees are better off than farm employees who earn an average of R1200 per month (according to figures released by Department of Labour, 2010).

In addition to the cash component of employee salaries, Indalo PGRs also provide a significant number of additional benefits to their employees. All provide some food and subsidized housing, invest in training, pensions, clothing (uniforms) and UIF or other insurance. Some PGRs provide medical aid and funeral plans as well. As expected, the smaller PGRs are able to provide fewer benefits than large reserves because of limited financial resources.

7.3. Sourcing staff and skills needs

As shown in the 2008 study, most PGRs source the majority (75% or more) of their staff locally. Specialist staff remains a concern for PGRs as highly skilled staff are not easily found locally. High staff turnover seems to apply mostly to chefs and game rangers rather than to other groups.

A positive spinoff of the difficulty in sourcing skilled staff is the significant amount of training that PGRs provide for staff and, sometimes, to unemployed local community members. In this regard, 44% of PGRs provide accredited training courses for their staff, whilst all PGRs provide in-house and on-the-job training.

The impact of the HIV/Aids pandemic has, as yet, not caused any major staffing issues for PGRs, but they are aware of, and prepared for, future impacts. Eight out of nine PGRs (89%) report having an HIV/Aids or wellness policy in place.

On average, 67% of PGR employees are the primary wage earners for their household, with an average of 3.7 dependants. Given the total employment figures of 1 079, this suggests that Indalo employees support an additional 3 992 dependants – a significant number considering the poverty of most rural areas in the Eastern Cape.

7.4. Community and social development projects

One of the main objectives of Indalo is to “identify and develop programmes to enhance social sustainability and community involvement and development” (Indalo constitution).

All the reserves in the 2011 survey have some kind of involvement in community development projects. Brief information on the extent of such projects was obtained via the questionnaires, but more detail emerged through the 2010 research conducted by Amina Motala as part of her Master’s degree. Other information has been compiled by Cathy Gush on behalf of Indalo, and one-on-one interviews have also been conducted with the Indalo executive committee. Information was gleaned from all of the nine PGRs mentioned in this study.

The information points to the following:

- All nine PGRs are active in dealing with social issues related to their staff and surrounding communities
- The most common forms of support relate to HIV/AIDS awareness, environmental education, and job creation
- At least four of the PGRs have volunteer programmes, with volunteers providing support to schools, preschools and orphanages in the surrounding communities
- There is widespread support for recreational activities such as soccer and choir singing

- A couple of the PGRs have funded new infrastructure (a clinic and a community centre)
- While most of the initiatives are currently short-term, they are part of a long-term vision
- There are existing examples of long-term social development initiatives such as self-help groups
- Four PGRs (44%) have a dedicated community trust set up to support community initiatives

7.4.1. HIV/AIDS awareness and support

While most of the reserves address this issue, the *modus operandi* differs. In some instances, single, high-profile events or days have been held for HIV/AIDS awareness. In other instances, it is part of an ongoing educational or health programme, with peer supporters in place.

One PGR has a dedicated committee that meets regularly and answers questions that are “posted” into a box (anonymously) by staff. A couple of PGRs provide support to HIV/AIDS orphanages or children infected and affected by AIDS in their local communities. It is noted that almost all of the PGRs (eight out of nine) have an Aids Policy in place.

7.4.2. Job Creation and Income Generation

In every instance, the PGRs have created employment opportunities for local people and in most instances this has involved providing training opportunities and up-skilling of former farm workers. Opportunities for generating income have been facilitated by a number of reserves through the training and marketing of crafts, as well as purchasing of products supplied by local people (e.g. vegetables and bread). There are also initiatives involving bee-keeping and indigenous nurseries.

7.4.3. Education

At least five of the PGRs provide some form of support for surrounding schools and school children (including preschools). This support has been in the form of building maintenance, assistance with school fees, special events, transport, etc.

At least three of the PGRs provide leadership training to staff showing potential through in-house management training programmes.

Four of the PGRs have implemented learnerships through the Tourism and Hospitality SETA and at least two of the PGR's have made use of ABET opportunities provided by the Government for their staff.

7.4.4. Environmental Education

Almost all of the PGRs offer environmental education programmes free of charge to children from surrounding rural schools and towns, or from local orphanages.

7.4.5. Sport

Soccer (and a few netball teams) have been sponsored with kit and transport by three of the PGR's. Some PGRs have also contributed towards the organisation of special events such as tournaments and training days.

7.5. Challenges in terms of social development programmes

A number of challenges were raised by PGRs in the interviews, the main challenges include:

- Alcohol abuse and the lack of relevant support services (eg SANCA)
- Reserve management's insufficient knowledge of, and/or compliance with, relevant CSR policies
- Management change-over and difficult economic times which result in lack of initiative and/or follow-through

In her research, Motala (2010) found that lack of government support with regards to the availability of basic services such as water, housing and education has seen PGRs contribute their own resources to provide these services. This has limited some of the PGRs in terms of expressing their commitment around CSR activities.

Table 7. Showing the area and percentage makeup of the Biomes present in the Indalo reserves

Biome	Percentage	Total Ha
Albany Thicket Biome	66	78097
Azonal Vegetation	3	3946
Forests	0	70
Fynbos Biome	8	8067
Grassland Biome	4	4915
Nama-Karoo Biome	10	9168
Savanna Biome	10	10774
Waterbodies	0	3
Grand Total	100	115041

8.2. Land Cover

Land cover is one of the most important information layers used in a conservation assessment. As transformed areas are generally considered to have very little biodiversity value, a land cover map tells us how much biodiversity is left, and where this is located (Skowno, 2010).

Approximately 80% of the area in the Indalo reserve footprint is natural (intact vegetation), 12% is degraded natural vegetation, 8% is old cultivated or cleared land, and less than 1% is transformed (homesteads, quarries etc.). In this case, the definition of degradation is the loss of vegetation cover and increased exposure of the bare ground, and the decrease in ecosystem functioning and resilience to drought (Llyod et al, 2002).

Although it makes up less than 10% of the area, the “cleared” category is particularly significant to Indalo members in that it usually represents open grassy areas that provide habitat for grazing mammals, and good game viewing opportunities.

In times of abundant rainfall, these areas are highly productive, but in times of drought the grass cover and productivity decline. Intact natural habitats, on the other hand, are more resilient to droughts and productivity remains more consistent in climatic cycles (Llyod et al, 2002).

8.3. Management planning

All nine PGRs in the survey indicated that they have a formal ecological management plan. Plans include numerous conservation components such as: key species, alien plant removal, ecological assessments, monitoring programmes, stocking rates, carrying capacities, water management, burning programmes, soil conservation, and disease control.

Consistent with the 2004, 2006 and 2008 studies, it would seem that all PGRs remain committed to long-term ecological, financial, and social sustainability of their reserves.

8.4. Key conservation issues raised and actions taken

Common conservation issues that Indalo PGRs are facing include carrying capacity and stocking rates, poaching, the eradication of invasive plants and water availability and quality.

8.4.1. Carrying capacity / stocking rates

In the 2011 study, PGRs highlighted the severe drought that affected the Eastern Cape region during 2009 and 2010. The drought impacted on both game numbers and the veld condition. Some PGRs mitigated against the drought by introducing feedlots and reducing animal numbers through game sales.

8.4.2. Poaching.

In past studies (2006 and 2008), PGRs have generally described poaching as a minor problem. However, over the last two years, this perception has changed with most PGRs (77%) highlighting poaching as a serious issue.

In 2009, thirteen (13) rhino were poached in South Africa for their horn. By the end of 2010, this number had grown to 333. Between 2009 and 2010, Indalo members lost of total of seven (7) white rhino. In addition, members mentioned other incidents of poaching of other game, mainly antelopes.

As a result of increased rhino poaching, most (67%) member reserves now have dedicated anti-poaching units (APU). This has not only added to the cost of managing PGRs, but has also taken management's focus away from other priority conservation projects.

8.4.3. Alien and invasive species.

In the survey, all PGRs described problems with alien plant species. Most PGRs are taking active steps to remove species such as Port Jackson wattle, prickly pear, jointed cactus, queen of the night, hakea, and Mexican agave.

8.4.4. Water availability and quality

In a country that receives half the global average of rainfall, water continues to be an important issue. Almost all PGRs highlighted issues around water linked to the recent (2009/10) drought. As noted in the 2004 and 2006 studies, PGRs access water from dams, water holes, bore holes, natural vleis, and via pipes from the Great Fish River, Kariega River and Alicedale dam.

8.5. *Expansion and consolidation potential*

Indalo represents private game reserves which focus on nature and wildlife viewing, and hunting is only a minor income stream on a minority of reserves. For this reason, the large number of hunting-focused game reserves in the Eastern Cape are not considered suitable members as their interests are well catered for by the Wildlife Ranching Associations.

Expansion of Indalo membership to include all major PGRs in the Eastern Cape is a priority action that the current executive committee is looking into.

Consolidation of adjacent Indalo reserves into larger management units is a concept that members have been discussing informally. The node of reserves in the Albany district with Shamwari in the west, Bushman Sands in the north, Lalibela in the centre, and Pumba in the east (see Map 1) represent a major shift in land use. Consolidation of this node into a large (>50 000Ha) private reserve with traversing agreements and a single conservation management plan would be an exciting prospect.

The benefits of this prospect are considerable, as larger consolidated areas will lead to improved marketability of the Eastern Cape as a safari destination, making it comparable to Kruger, Sabi Sands and Madikwe.

For visitors, the larger areas will increase the sense of “wilderness” of the landscape and wildlife movements. The “product” and image of the Albany region could be improved, potentially increasing occupancy over time. Larger areas would also encourage more natural feeding and social behaviour of certain large mammal species thereby improving the conservation value of the area, and of the species.

Conservation management costs would also be lower as bigger populations of large mammals with larger range areas could mean less metapopulation management.

Fencing costs and ongoing maintenance would also be reduced in larger managed areas. In addition, services could be pooled together including security, anti-poaching units and marketing. This would naturally lead to lower costs.

Consolidation of PGRs would make them that much more attractive to the Biodiversity Stewardship Programme that is being developed in the province and on a national level. The benefits of becoming part of this programme are wide ranging (fiscal incentives, rates relief, and increased government spending on programmes such as Working for Water).

In order for this to happen, PGRs would need to come to certain agreements on complex traversing, and management arrangements among constituents.

PGRs would also need to comply with a single conservation management plan and the loss of individual "control" of consolidated areas.

Finally, PGRs would need to agree on potential marketing conflicts of interest and competition for guests.

9. Policy issues - current needs and future support

9.1. Challenges in PGR establishment

In the 2011 survey, PGRs mentioned financial constraints as the biggest challenge to establishing PGRs. Costs related to purchasing land topped the list. Other financial challenges included handling historical debt from pre-conversion farming, the lack of revenue during the development stage before tourists arrive, designing and building high quality infrastructure (these were all mentioned in the 2006 study), and costs related to establishing a market for the product.

Human resources were also listed as a challenge. Some respondents noted that “a lack of skilled staff in rural areas slows the start-up process”.

It appears that there are significant barriers to entry for new PGRs in the market.

9.2. Medium to long term sustainability concerns

The global economic recession and the impact it has had on the leisure industry was mentioned as a major risk factor by the majority of PGRs (Table 9).

Table 8. Medium to long term sustainability concerns of Indalo PGRs

Sustainability Concern	Frequency: number of PGRs in the sample who mentioned this concern
Government policies and lack of political support for PGR	3
Global Economic Recession	5
State of Tourism Industry	2
Strengthening of Rand	1
Management of large herbivores & predators	1
Land Tax and Rates	3
Unsettled Labour Market	2
Wind Farms	1
Drought	1

As identified in the 2008 study, “the perception of a lack of political support, together with governmental instability which discourages international visitors,” was once again highlighted as a major risk factor. Land tax (municipal rates) was also mentioned by a third of the sample as a risk factor.

9.3. Partnerships and support sought from government

A common trend emerged among PGRs when asked to list the three (3) most important actions government could do to assist PGRs.

As in the 2006 report, respondents’ top request is for government recognition of PGR efforts. Related to this, PGRs specifically mentioned land tax (municipal rates) as an issue requiring government support.

Rural service delivery including health, roads and other basic services was also mentioned.

Other issues highlighted by 44% of respondents included more charter flights (long haul carriers into South Africa), and the tangible support of tourism agencies both local and national in assisting with the marketing of PGRs.

10. Recommendations:

10.1. Recognition

Strategies for lobbying and making known the real and valuable contribution by PGRs to the rural economy, as well as the biodiversity and conservation of the Eastern Cape. This needs to be debated and worked on to achieve the greatest impact with a range of potential partners. This should include bodies such as the local municipalities, the Eastern Cape provincial government, labour unions, tourism bodies and the public in general.

10.2. Seasonality

Seasonality continues to be identified as one of the most significant challenges facing PGRs. With the recent growth in the domestic tourism market, this is an area where new partnerships between PGRs, local government, and tourism agencies could be mutually beneficial.

10.3. CSR Policies

Most PGRs do not have a formal corporate social responsibility (CSR) policy. It is recommended that the Indalo association provides some guidelines and a template in this regard.

In addition to a CSR policy, it is also recommended that a formal code of ethics be utilized at each of the member reserves. Indalo should provide leadership and support in this regard. There is a need for the development of guidelines that help maintain the credibility and reputation of the industry, particularly against external critics.

10.4. Government partnerships through Biodiversity Stewardship Programme

Through the Biodiversity Stewardship Programme that is being developed in the province and on a national level, government has made provision for partnership (contractual) agreements for conserving biodiversity on private and communal land with special tax incentives. The benefits of becoming part of this programme are wide ranging (fiscal incentives, rates relief, and increased government spending on programmes such as Working for Water).

If successful, alignment with government stewardship programmes would not only assist PGRs in reducing some of their conservation management overheads and capital (land) costs, but would also offer another form of protection and support over the land and reserve.

10.5. Consolidation of adjacent Indalo reserves

Consolidation of adjacent Indalo reserves into larger management units is a concept that should be looked into in more detail. To this end, it is suggested that affected PGRs should commission a feasibility study to look into this in more detail. The consolidation of a number of PGRs into a large (>50 000 ha) private reserve with traversing agreements and a single conservation management plan would be an exciting prospect.

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