THE ECONOMIC VALUE AND CONTRIBUTION OF THE SIMON’S TOWN PENGUIN COLONY

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Executive Summary

It is becoming increasingly important to identify and quantify our unique environmental and heritage assets enabling the development of strategies to sustainably use and protect these resources. This study responds to this need focusing on the economic benefits associated with the Simon’s Town Penguin Colony.

The first breeding pair of penguins arrived at Boulders, Simon’s Town in 1983 and the colony grew rapidly reaching 1,000 nesting pairs by 2001. Roughly the same number of pairs is currently to be found in the area. Simon’s Town Municipality managed the area until SANParks took over in 1998 when the site became part of the Table Mountain National Park (TMNP). Over the years significant investment (totalling between R12 million and R17 million in current terms) was undertaken by SANParks and staff numbers increased to their current total of 20 employees. The success of the Simon’s Town Penguin Colony is clearly reflected in visitor numbers to the area which have increased from 200,000 in the 1998 to approximately 662,000 in 2013 making it the fifth most visited tourist site in Cape Town. Note that this excludes additional visitors to the Burgher’s Walk section of the colony which is not on SANParks land and where entrance is free.

The primary economic benefits associated with the Simon’s Town Penguin Colony were estimated focusing on (1) transport and (2) other expenditure that could reasonably ascribed to it making the distinction between expenditure by international tourists, domestic tourists and Cape Town residents. In addition, a distinction was made between benefits that would accrue to the local area (i.e. Simon’s Town) and those that would accrue to the rest of the City of Cape Town. Summary results from this estimation exercise indicate highly significant benefits particularly within the context of the local economy as follows:

- Tourist transport expenditure associated with the Simon’s Town Penguin Colony is approximately R22 million per annum for international and domestic tourists.
- In addition to the transport expenditure, visitors spend on other items including entry fees (such as those paid to SANParks at Boulders), food, curios, guides, local transport, entertainment and accommodation. Expenditure on these items that can be ascribed to the site is approximately R124 million per annum within the whole of Cape Town, R44 million of which accrues to Simon’s Town.
- Expenditure by residents of Cape Town associated with the Simon’s Town Penguin Colony is roughly R8 million per annum. Note that this spend results in positive impacts in the Simon’s Town area but not within the wider Cape Town area as it displaces expenditure that would have occurred anyway elsewhere in Cape Town.
- Total transport and other expenditure associated with the Simon’s Town Penguin Colony is approximately R160 million per annum the majority (i.e. 78%) coming from international tourists, 14% from domestic tourists and the remaining 8% from Cape Town residents.
- The present value of likely future expenditure associated with the Simon’s Town Penguin Colony over the next 30 years was estimated at approximately R3.54 billion with R1.14 billion of this accruing to Simon’s Town area (assuming visitor growth of 2.5% per annum and applying a 4% discount rate).

The benefits of annual expenditure associated with the Simon’s Town Penguin Colony was also measured in term of the highly significant jobs that it supports. Approximately 760 jobs were found to be associated with the Simon’s Town Penguin Colony visitor expenditure in all parts of Cape Town. A survey of actual jobs in the part of Simon’s Town nearest Boulders indicated that approximately 117 permanent and 32 seasonal jobs are associated with the Simon’s Town Penguin Colony. This result, alongside estimates
derived through multiplier modelling, indicate that approximately 202 jobs is a reasonable estimate for jobs associated with the Simon’s Town Penguin Colony in the whole of Simon’s Town.

Other key benefits associated with the colony include its contribution to the Cape Town and Simon’s Town brand, property value enhancement and existence / bequest values associated with it summarised as follows:

- Given its status as one of the jewels of Cape Town, there can be little doubt that Boulders and the Simon's Town Penguin Colony makes a contribution to the overall branding of Cape Town. Its prominence in branding Simon’s Town is also highly significant and increases awareness of its eco-tourism and leisure offering alongside its historical ambience and nautical focus.
- The Penguin Colony results in the overall enhancement of property values throughout Simon's Town. Essentially two factors are at play here. One, it provides significant amenity values and, two, it results in significant economic opportunities driven by visitor expenditure both of which are reflected in the value of properties.
- The Simon’s Town Penguin Colony combines the presence of an endangered species at a relatively unique and particularly picturesque setting with high visitor numbers (and therefore high awareness of the site). In addition, the species in question, the African Penguin, is a highly ‘charismatic’ species which can evoke strong emotional reactions. Even without the benefit a survey to estimate values, these factors all indicate that the site is likely to have high existence and bequest value.

The investment in, and management of, the Simon’s Town Penguin Colony has allowed for the creation of a world-class conservation and tourist destination. Ongoing management and improvement is, however, needed if this status, and the economic benefits associated with it, are to be maintained. This is particularly important with regard to public areas surrounding SANParks land the majority of which belongs to the City of Cape Town and with respect to other City functions that provide essential supporting infrastructure to the penguin colony and to tourism in the area as a whole. With this in mind, the following list of collective management areas is provided for consideration:

- The formal conservation status, appropriate management and potentially ownership arrangements for City of Cape Town and SANDF land outside the National Park require clarification and formalisation for the longer term. The Burgher's Walk area in particular, which contains hundreds of penguin nests, is currently managed under an essentially interim arrangement.
- Traffic and parking management remains a challenge particularly during peak times. The traffic management plan that has been proposed for the area is yet to be agreed on and should be expedited. Key pillars of this plan would be to allow SANParks to perform certain minimum functions thereby allowing them to deal with traffic issues more proactively and the formalization of parking agreements between SANParks, the City of Cape Town and the SANDF.
- The safety of penguins in the Seaforth area is a concern. Potential solutions for consideration include the erection of a penguin-proof fence between the beach and the parking area. Requiring dogs to be on leashes on the beach should also be considered.

In addition, it is necessary to recognise the role of other supporting infrastructure in contributing to the experience of tourists. The state of roads and other transport links are key in this regard. It is thus important to be proactive and ensure that upgrades and improvements occur in area where they are needed.
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Independent Economic Researchers, Cape Town.
1 INTRODUCTION AND SCOPE

The far South Peninsula is one of Cape Town’s premier tourist areas with its unique environmental and heritage assets. These assets underpin the tourism and recreational sector that make a significant contribution to the economy. The endangered African Penguin colony at Simon’s Town forms an integral part of the natural heritage of Simon’s Town, the far South Peninsula and Cape Town as a whole. The economic value of this natural heritage to the City of Cape Town is, however, poorly understood increasing the likelihood that it is ignored in decision making, budgeting and management.

It is important to identify and quantify our unique environmental and heritage assets enabling the development of strategies to sustainably use and protect these resources. Urgency in this regard is heightened given population and tourism expectations for Cape Town. The need to assess the economic value of the Simon’s Town Penguin Colony was thus identified to which this study responds. In doing so, the intention is that any future decisions around funding, management and land use can be better informed with regard to these values. In addition, the research should prove useful in stimulating local interest in critical natural heritage sites such as the penguin colony and as an educational resource.

The terms of reference for study were to:

- Provide a brief synopsis of the history of the Simon’s Town Penguin Colony in particular in terms of establishment and development from 1985 to date.
- Research and quantify, to the degree possible and appropriate, the direct and indirect financial, intrinsic and social value of the existence and presence of the Simon’s Town African Penguin Colony to the City of Cape Town.
- Provide brief recommendations that should result in enhanced management outcomes for the site and surrounds along with an improved tourism experience and opportunities.

In terms of scope, a medium level of detail was possible given time and budget constraints. This resulted primarily in the need to focus the assessment on the key value stream associated with the Simon’s Town Penguin Colony, namely, its tourism and recreational value. Assessment focuses on the whole penguin colony area which includes the well-known Boulders section forming part of the Table Mountain National Park as well as adjacent parts of the colony on City of Cape Town land such as Burgher’s Walk and on South African National Defence Force (SANDF) land.

2 APPROACH

After setting the scene with a brief history of the penguin colony, it was necessary to identify all the value streams associated with the colony and then to prioritise which value streams are to be focused on and quantified. This allows for the rational allocation of resources and time to those value streams that are most important and is the approach used in similar studies such as the valuation of Cape Town’s natural assets (see De Wit et al., 2009).

The Millennium Ecosystem Assessment (MEA) framework allows for the orderly classification and identification of ecosystem services. This can then be augmented and cross-checked using the Total Economic Value (TEV) framework which is more commonly used in the process of attaching monetary values to ecosystem services (see Figure 2.1).
Figure 2.1: Total Economic Value classification of environmental amenities

Figure 2.2 shows how the MEA and TEV approaches can be integrated and the link that economic valuation attempts to provide between ecosystem services and human well-being.

Figure 2-2: Relationship between ecosystem services, human well-being and total economic value

Source: IUCN, 2009 adapted from the MEA
Using these frameworks as a guide, the ecosystems services and value streams associated with the penguin colony were identified. As one would expect, a relatively wide variety of values were identified including direct (incl. tourism), indirect (incl. regulating services) and non-use values (incl. existence, bequest and option).

It was then necessary to prioritise value streams for assessment. Given the aims of the study along with available resources for its execution, the primary focus was placed on direct tourism and recreational values. Not only are these values very prominent for the site, they also reflect the key contribution that the Simon’s Town Penguin Colony makes to the Simon’s Town and wider Cape Town economy. Other values associated with the colony that should also be borne in mind in decision-making include its contribution to the Cape Town and Simon’s Town brand, its role in property value enhancement and its existence/bequest value. These values are also discussed briefly but are not quantified.

3 THE RECENT HISTORY OF THE PENGUIN COLONY

In order to provide context, this section provides a brief synopsis of the history of penguin colony at Boulders and surrounds focusing on its establishment and development from 1985 onwards.

Some of the earliest mentions of the Boulders and Seaforth areas in historical records show that they were used as a whaling station in the 1800s and later on as a navy degaussing station. The first breeding pair of penguins arrived at Boulders in Simon’s Town in 1983. Initially the colony grew at an annual rate of 60%, far exceeding growth through natural reproduction and indicating immigration from other colonies (Crawford et al. 2000 in Lewis, 2009). Thereafter growth slowed nevertheless reaching 1,000 nesting pairs by 2001 which is roughly the same number of pairs currently to be found in the area (see Table 3.1).

<table>
<thead>
<tr>
<th>Year</th>
<th>Nests</th>
<th>Penguins</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>241</td>
<td>771</td>
</tr>
<tr>
<td>1996</td>
<td>416</td>
<td>1,331</td>
</tr>
<tr>
<td>1999</td>
<td>906</td>
<td>2,899</td>
</tr>
<tr>
<td>2002</td>
<td>1,083</td>
<td>3,466</td>
</tr>
<tr>
<td>2005</td>
<td>1,227</td>
<td>3,926</td>
</tr>
<tr>
<td>2008</td>
<td>934</td>
<td>2,989</td>
</tr>
<tr>
<td>2011</td>
<td>663</td>
<td>2,122</td>
</tr>
<tr>
<td>2012</td>
<td>831</td>
<td>2,659</td>
</tr>
<tr>
<td>2013</td>
<td>553</td>
<td>1,770</td>
</tr>
<tr>
<td>2014</td>
<td>962</td>
<td>3,078</td>
</tr>
</tbody>
</table>

The arrival of the penguins was a source of conflict to start. Lewis (2009) notes that the arrival “…caused controversy among many of the local residents who had previously frequented penguin-free beaches for recreational purposes. Many of the penguins also nested in neighbouring gardens, making considerable noise and giving off unpleasant odours, further increasing the conflict with the neighbouring residences. As the penguin colony grew, it attracted increasing numbers of tourists, leading to further loss of amenity to the local residents.” Initially the Simons Town Municipality managed the area erecting a wooden fence and instituting an entry fee. However, it was only when SANParks took over in 1998 that significant management effort was initiated after the site became part of the Table

3
Mountain National Park (TMNP). Prior to this, annual visitors were in the order of 200,000, there were six access points to the beach and only two managers at the site. A process of intensive public participation was undertaken to start with in order to collectively plan for the protection of the colony whilst meeting the needs of local residents and visitors.

Over the years significant investment was undertaken all of which contributed to the world-class facility in place today. This included the following items (the total value of which is probably between R12 million and R17 million in current terms):

- Main Boardwalk: 1998 to 1999
- Forest Link Boardwalk: 1999 to 2000
- Wooden wendy houses for access control and administration
- Signage (direction, regulatory, interpretive and traffic)
- Tarring and upgrade at Institute of Marine Technology (IMT) Bus Parking
- Upgrade of Seaforth Parking
- Additional penguin proof fencing at Water’s Edge School
- Conversion of degaussing station to modern Visitor Centre: 2001 to 2003
- Willis Walk changed from tar path to boardwalk with stormwater interventions
- Fencing from around golf course to Frank’s bay
- Upgrades to boulders parking
- Installation of Burghers Walk Boardwalk

Staff numbers also increased with time to the current total of 20 positions including:

- 1 Operations Manager (Section Ranger)
- 5 Rangers
- 4 Tourism Staff (1 Manager + 3 others)
- 4 Access Control staff (1 supervisor + 3 others with additional staff during season & regular site visits by Area Manager and Auditor)
- 4 Penguin Monitors  (paid by SANCCOB)
- 2 Security guards

The success of the Simon’s Town Penguin Colony and the Boulders section of the colony in particular is clearly reflected in visitor numbers. These have increased from 200,000 in the 1998 to approximately 662,000 in 2013 (Figure 3.1). This excludes the significant volume of visitors to the Burgher’s Walk section where entrance is free. As indicated on the figure, recent growth in visitor numbers has been robust particularly among international tourists after a three year period of decreasing visitor numbers between 2008 and 2010.
ECONOMIC BENEFITS ASSOCIATED WITH TOURISM AND RECREATION

The Simon’s Town Penguin Colony is an internationally recognised tourist site and provides a significant and popular recreational opportunity for Cape Town residents. This section focuses on attaching an economic value to the tourism and recreational activity associated with the colony. First, the wider tourism economy context is discussed briefly along with the colony’s role in contributing to the Cape Town tourist experience. This is followed by an analysis of the economic benefits associated with the Simon’s Town Penguin Colony stemming from expenditure by tourists and local residents.

4.1 The tourism economy context

The national tourism industry has exceeded the growth of virtually all other sectors in the economy in the post-apartheid era. This has been driven by significant increases in international visitor numbers to South Africa of roughly 300% over the last 20 years to reach 9.6 million tourists in 2013 (DoT, 2014). Although tourism growth was highest in the years immediately after 1994, it has remained above average when compared with other countries. For example, international tourist arrivals to South Africa grew at an annual average growth rate of 7.4% between 2011 and 2013, well above the global average of 4.5% during this period.1 The critical importance of tourism to economic development in the province is also well known. It is estimated that tourism contributes R18 billion per annum to the provincial economy whilst supporting approximately 150,000 direct jobs.2 Tourism makes up 5.9% of provincial GGP in direct terms and 14% of GGP in direct and indirect terms based on tourism satellite accounts for the Western Cape (MPBS, 2005).

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1 See http://www.southafrica.info/travel/tourists-290514.htm#.U8Dm3PmSxBk
2 See http://www.fin24.com/Economy/Tourism-crucial-for-Western-Cape-economy-20140123
The contribution of tourism to the Cape Town economy is substantial given its prominence as a destination within the Western Cape and South Africa. This contribution along with visitor numbers has been analysed over the last three years for the City of Cape Town by Grant Thornton. Table 4.1 shows tourism arrivals and indicates that international visitor numbers reached roughly 1.48 million in 2013. This represents an annual increase of approximately 4.8% between 2009 and 2013 (bearing in mind that particularly high growth of 13% was achieved between 2012 and 2013). Domestic arrivals were not as strong and recovered to roughly 1 million in 2013 after having declined over the preceding four years.

Table 4.1: Foreign and domestic tourist arrivals in Cape Town (2009 to 2013)

<table>
<thead>
<tr>
<th>Source</th>
<th>2009</th>
<th>2010</th>
<th>Revised 2011</th>
<th>Revised 2012</th>
<th>Revised 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Arrivals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Foreign Arrivals to South Africa</td>
<td>7 011 855</td>
<td>8 073 552</td>
<td>8 339 354</td>
<td>9 188 368</td>
<td>9 559 552</td>
</tr>
<tr>
<td>Share of Foreign Arrivals to the Western Cape</td>
<td>18.8%</td>
<td>18.6%</td>
<td>16.7%</td>
<td>14.7%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Number of Foreign Arrivals to the Western Cape</td>
<td>1 316 795</td>
<td>1 504 698</td>
<td>1 391 228</td>
<td>1 354 353</td>
<td>1 533 958.92</td>
</tr>
<tr>
<td>Share of Foreign Arrivals to Cape Town</td>
<td>93%</td>
<td>91%</td>
<td>97%</td>
<td>96%</td>
<td>96%</td>
</tr>
<tr>
<td>Number of Domestic Arrivals to Cape Town</td>
<td>Calculation</td>
<td>1 224 619</td>
<td>1 374 180</td>
<td>1 344 245</td>
<td>1 305 998</td>
</tr>
</tbody>
</table>

| Domestic Tourism Trips         |            |            |              |              |              |
| Total number of domestic trips taken in South Africa | SA Tourism | 30 300 000 | 29 700 000 | 26 400 000 | 25 300 000 | 26 300 000 |
| Share of domestic trips taken to the Western Cape | Calculation | 11.6%      | 9.1%        | 9.1%        | 8.0%        | 8.0%        |
| Number of domestic trips taken to the Western Cape | SA Tourism | 3 500 000  | 2 700 000  | 2 400 000  | 2 024 000  | 2 104 000  |
| Share of domestic trips taken to Cape Town | Estimate | 44%         | 47%         | 49%         | 48%         | 47%         |
| Number of domestic trips taken to Cape Town | Calculation | 1 540 000  | 1 188 000  | 1 168 353  | 978 706    | 996 025     |

Source: Grant Thornton, 2014.

Based on the projection of national data, the total direct tourism spend in Cape Town was estimated at R14.3 billion in 2013 with international tourists contributing the bulk of this spending (i.e. R12.4 billion) and domestic tourists contributing R1.9 billion (see Table 4.2). Other key findings and trends were estimated as follows (Grant Thornton, 2014):

- Total direct tourism spend for all tourists in Cape Town has increased by 3.6% per annum between 2009 and 2013;
- Total direct international tourist spend in Cape Town has increased by 2.4% per annum between 2009 and 2013;
- The tourism sector directly employs around 34,500 permanent and 15,000 temporary workers.
Table 4-2: Direct tourism spend in Cape Town based on national data (2009 to 2013)

<table>
<thead>
<tr>
<th>Source</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct tourism spend in Cape Town (R bn)</td>
<td>Calculation</td>
<td>11.3</td>
<td>14.5</td>
<td>12.9</td>
<td>13.0</td>
</tr>
<tr>
<td>Share of total direct tourism spend in Cape Town</td>
<td>Estimate</td>
<td>68%</td>
<td>67%</td>
<td>71%</td>
<td>70%</td>
</tr>
</tbody>
</table>

4.2 Estimation of benefits

Estimating the value of the Simon’s Town Penguin Colony can be approach in different ways. Application of the so-called ‘travel cost method’ is a potential approach. It is, however, constrained as it only provides a partial picture of the economic benefits associated with the penguin colony based on the revealed preferences of visitors to it as reflected in their travel decisions and their travel/transport costs. It ignores other non-transport related expenditures by visitors which are ascribable to the Simon’s Town Penguin Colony such as spending on accommodation, food, guides, entry fees, entertainment, etc. While these expenditure may not all reflect willingness to pay they are real expenditures in the local economy which have an impact on economic development outcomes such as job creation. Bear in mind that these expenditures include those by visitors with general as well as more specialised interests in the penguin colony. The latter incorporates the growing local and international birding fraternity who will invariably include the African Penguin on their species lists for Cape Town. These visitors are also catered for by local guiding and tour companies focused on birding such as Rockjumper Birding Tours, Birding Africa, Cape Town Pelagics and others.

With this in mind, the economic benefit of the Simon’s Town Penguin Colony was estimated focusing on both transport and other expenditure that could reasonably ascribed to it. A distinction was made between expenditure from the following sources to allow for a better understanding of overall benefits:

- International tourists
- Domestic tourists
- Cape Town residents
In addition, a distinction was made between benefits that would accrue to the local area (i.e. Simon’s Town) and those that would accrue to the rest of the City of Cape Town area.

The following basic steps were followed in assessment:

1. Source visitor number for the Simon’s Town Penguin Colony from SANParks making the distinction between international tourists, domestic tourists and Cape Town residents.
2. For international and domestic tourists that visit the penguin colony, estimate their transport expenditure incurred in getting to Cape Town. For international tourists, this required isolating the relative prominence or weight of Cape Town in their overall trip to South Africa.
3. For international and domestic tourists that visit the Simon’s Town Penguin Colony, ascribe a reasonable portion of travel costs to the presence of the penguin colony thereby isolating the relative prominence or weight of it in the travel decision of tourists coming to Cape Town.
4. For all visitors to the Simon’s Town Penguin Colony, estimate the portion of their daily spend within Cape Town (on things like local transport, guides, entry fees, food and accommodation) that can be ascribed to the penguin colony based on the amount of time that the average visitor spends there.
5. Multiply visitor numbers by (1) transport expenditure and (2) other visitor expenditure to get total expenditure associated with the Simon’s Town Penguin Colony. Estimate the portion of this expenditure that accrues to local businesses in Simon’s Town.
6. Estimate likely job numbers associated with visitor expenditure using employment multipliers.

4.2.1 Visitor transport expenditure

It was assumed that the average foreign visitor coming to South African and including Cape Town in their itinerary would spend approximately R15,000 on transport while domestic visitors would spend approximately R2,000.

Expenditure on travelling to Cape Town is made up primarily of the airfares in the case of international tourists. For domestic tourists, flying is also a prominent mode of transport for trips but the portion of tourists using cars, buses or trains is significantly greater. Regardless of transport mode used, expenditure on transport to Cape Town has a significantly lower impact on the Cape Town economy when compared with expenditure by tourists when in Cape Town. For example, foreign tourists flying here will often pay for their tickets outside of South Africa to foreign airline companies. In many cases, the portion of the ticket accruing to the Airports Company (ACSA), local aircraft servicing and crew hosting companies is all that could reasonably be counted as local spending. Similarly, domestic tourists arriving by car will have spent money on fuel in route to Cape Town but not in Cape Town. In order to account for this, and ensure focus on local spending, transport costs to Cape Town were reduced by 80%.

For international visitors, having estimated the transport costs of getting to South African and Cape Town, estimates were needed of the relative prominence or weight specifically of Cape Town within the average South African travel itinerary. This was done based on previous research by de Wit et al. (2009) who found that Cape Town conservatively equated to 25% of the overall attraction package that motivates international tourist trips to South Africa. In
reaching this conclusion, the ‘must-see’ nature of Cape Town was recognised along with its numerous travel awards including:

- One of the Top 25 Cities in the World in Condé Nast Traveler Readers’ Choice Awards for 2013
- Number three in the Lonely Planet’s Best in Travel 2014 Top Cities
- The Telegraph Travel Awards’ Favourite City for 2013
- Number one, New York Times 52 Places to Go in 2014
- One of CNN World’s 10 Most Loved Cities
- Number Two City in the World, Condé Nast Traveler Readers’ Choice Awards 2012
- Top City in Africa, Condé Nast Traveler Readers’ Choice Awards 2012
- The World’s Top City in Africa and the Middle East, Travel + Leisure World’s Best Awards 2012
- Fourth Top City in the World, Travel + Leisure World’s Best Awards 2012

It was then necessary to estimate the portion of transport costs to Cape Town that one could reasonably ascribe to the Simon’s Town Penguin Colony. The prominence of the penguin colony as a tourist attraction within Cape Town and the time people devote to visiting it were key informants in this regard. With regard to the former, there can be little doubt that the Simon’s Town Penguin Colony including Boulders is a key part of the package of attractions on offer in Cape Town. It ranks fifth in terms of total visitor numbers behind the V&A Waterfront, Cape Point, Table Mountain Aerial Cableway and Kirstenbosch. It has also been recognised with travel awards including being listed among the Top Ten Truly Unique Beaches in the World by Tripadvisor in 2012 and being voted the World’s Best Family Beach by the UK Telegraph in 2007. It is also possible to get an indication of the high levels of interest in the Simon’s Town Penguin Colony by looking at it popularity in terms of tourist enquiries. The Cape Town Tourism website currently lists Boulders as the second most popular topic of enquiry or search behind Table Mountain.

With respect to time spent at the Simon’s Town Penguin Colony, the 2007/2008 Table Mountain National Park visitor survey found that the average visitor spent 1.6 hours at the penguin colony (Donaldson, 2009). Albeit slightly less, this is comparable to the average for all sites in the Table Mountain National Park which was 2.1 hours. Taking travel time into account, which these estimates exclude, it was assumed that the average tourist visitor to the Simon’s Town Penguin Colony is probably devoting roughly 30% of their day to traveling to and visiting the penguin colony and immediate surrounds. This time allocation would equate to roughly 6.5% of the average international tourist trip to Cape Town over five days and roughly 10.5% of the average domestic tourist trip over three days. These assumptions were consequently used in analysis the results of which are shown in Table 4.3. Total tourist transport expenditures associated with the Simon’s Town Penguin Colony were found to total R18 million per annum for international tourists and R4 million per annum for domestic tourists.

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3 See http://www.capetown.travel/content/page/cape-town-accolades-and-awards
4 See http://www.capetown.travel/attractions
5 Note that this estimate takes into account the likelihood that the majority of tourists spend roughly 7 hours in a day visiting attractions with the remainder devoted to relaxing at their accommodation establishment and morning/evening meals.
Table 4-3: Transport expenditure associated with the Simon’s Town Penguin Colony

<table>
<thead>
<tr>
<th>Transport expenditure</th>
<th>International tourists</th>
<th>Domestic tourists</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Simon's Town Penguin Colony visitors per annum</td>
<td>372,636</td>
<td>101,231</td>
<td>R 661,867</td>
</tr>
<tr>
<td>Cost per trip for international tourists travelling to SA</td>
<td>R 15,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Cost that can be ascribed to Cape Town in international trip to SA</td>
<td>25%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Transport cost per tourist to get to Cape Town</td>
<td>R 3,750</td>
<td>R 2,000</td>
<td>R 5,750</td>
</tr>
<tr>
<td>% of travel ticket costs going towards Cape Town businesses</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Total annual transport expenditure associated with Cape Town</td>
<td>R 279,477,000</td>
<td>R 40,492,340</td>
<td>R 319,969,340</td>
</tr>
<tr>
<td>Proportion of tourist transport expenditure associated with Simon's Town Penguin Colony</td>
<td>6.5%</td>
<td>10.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Per visitor transport expenditure associated with Simon's Town Penguin Colony</td>
<td>R 49</td>
<td>R 42</td>
<td>R 45.5</td>
</tr>
<tr>
<td>Total annual transport expenditure associated with Simon's Town Penguin Colony</td>
<td>R 18,166,005</td>
<td>R 4,251,696</td>
<td>R 22,417,701</td>
</tr>
</tbody>
</table>

4.2.2 Other visitor expenditure

In addition to the transport expenditure required to reach Cape Town, all tourist visitors to the Simon’s Town Penguin Colony spend on other items both in Simon's Town and in the wider Cape Town area. These include items such as entry fees (including those paid to SANParks at Boulders), food, curios, guides, local transport, entertainment and accommodation. They are commonly measured in terms of ‘daily spend’ and the latest available tourism statistics indicate that they amount to approximately R950/day for international tourists and R600 for domestic tourists (based on average between WESGRO, 2013; Grant Thornton, 2014 and SA Tourism). A portion of this daily spend can then also be ascribed to the penguin colony based on time spent there as discussed above.

The results of this exercise are presented in Table 4.4 which shows that approximately R124 million in tourist expenditure per annum can be ascribed to the Simon’s Town Penguin Colony within the whole of Cape Town. It is difficult to accurately estimate the portion of this expenditure that accrues to local businesses in Simon’s Town and surrounds. A reasonable assumption of 35% was nevertheless chosen in this regard which resulted in an expenditure estimate of R44 million which includes entry fees paid to SANParks (these are currently R55 for adult and R25 for children).

In addition to tourist expenditure, expenditure by residents of Cape Town was estimated at R8 million per annum based on a lower spend per trip of R90 per person the majority of which could be ascribed to the Simon’s Town Penguin Colony.⁶ Note that this spend results in positive impacts in the Simon’s Town area but not within the wider Cape Town area as it displaces expenditure that would have occurred anyway elsewhere in Cape Town.

Table 4-4: Other visitor expenditure associated with the Simon’s Town Penguin Colony

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⁶ Expenditure by Cape Town residents is substantially lower than tourists given their likely use of discounted entry using the My Green Card system and lower likelihood of expenditure in the local areas on things like meals, curios, guides, etc.
The relatively high level of reliance of businesses on visitors to the Simon’s Town Penguin Colony has also been assessed in previous research by Lewis (2009). This work relied on a survey of business owners who were requested to estimate the proportion of their business attributable to the penguin colony. The results of this survey are shown in Table 4.5 and indicates that reliance on penguin colony visitors is relatively high particularly in areas close by such as Simon’s Town.

Table 4-5: Mean proportion of trade that businesses attributed towards visitors to the Simon’s Town Penguin Colony at Boulders

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Mean proportion of trade</th>
<th>Mean distance from the colony (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curios stalls</td>
<td>77.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Curios shops</td>
<td>29.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Other shops</td>
<td>27.5</td>
<td>7.3</td>
</tr>
<tr>
<td>Eating places</td>
<td>24.6</td>
<td>8.6</td>
</tr>
<tr>
<td>Accommodation</td>
<td>11.6</td>
<td>13.0</td>
</tr>
<tr>
<td>Other</td>
<td>6.8</td>
<td>6.2</td>
</tr>
</tbody>
</table>


4.2.3 Expenditure summary and future expenditure

Table 4.6 provides a summary of both transport and other expenditure associated with Boulders outlined above. It shows that a total of approximately R160 million per annum can be ascribed to the Simon’s Town Penguin Colony with the majority (i.e. 78%) coming from international tourists, 14% from domestic tourists and the remaining 8% from Cape Town residents. This is a highly significant amount particularly within the context of the local economy.

Table 4-6: Summary of annual transport and other expenditure associated with the Simon’s Town Penguin Colony

<table>
<thead>
<tr>
<th></th>
<th>International tourists</th>
<th>Domestic tourists</th>
<th>Cape Town residents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All visitor expenditure (transport and other)</td>
<td>R 37,170,441</td>
<td>R 6,377,544</td>
<td>R 8,121,606</td>
<td>R 51,669,591</td>
</tr>
<tr>
<td>Annual expenditure in Simon’s Town</td>
<td>R 67,196,824</td>
<td>R 16,396,705</td>
<td>R 5,414,404</td>
<td>R 108,706,933</td>
</tr>
<tr>
<td>Annual expenditure in the rest of Cape Town</td>
<td>R 124,367,265</td>
<td>R 22,473,249</td>
<td>R 13,536,011</td>
<td>R 160,376,525</td>
</tr>
<tr>
<td>% of total</td>
<td>78%</td>
<td>14%</td>
<td>8%</td>
<td></td>
</tr>
</tbody>
</table>

Aside from annual expenditure data presented thus far, present value estimates of likely future expenditure streams associated with the Simon’s Town Penguin Colony can provide a useful estimate of the ‘asset value’ of the colony. In order to estimate present values, it
was conservatively assumed that visitor numbers would grow by 2% per annum over the next 30 years. Future expenditure associated with gradually increasing visitor numbers was then estimated and discounted at a base rate of 4% to arrive at the present values in Table 4.7. The present value of all expenditure was approximately R3.54 billion with R1.14 billion of this accruing to Simon’s Town area. With regards to sensitivity analysis, choice of a 6% discount rate decreases total present value estimates to R2.75 billion whilst a 2% rate increases estimates to R4.72 billion.

Table 4.7: Present value of future expenditure streams

<table>
<thead>
<tr>
<th>Present Value of future expenditure associated with the Simon’s Town Penguin Colony over 30 years discounted at 4%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International tourists</strong></td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>In the local area</td>
</tr>
<tr>
<td>In the rest of Cape Town</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>% of total</td>
</tr>
</tbody>
</table>

Sensitivity analysis: Present Value of total expenditure using different discount rates

<table>
<thead>
<tr>
<th>Discount rate: 2%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International tourists</strong></td>
</tr>
<tr>
<td>R 3,657,860,735</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Discount rate: 6%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International tourists</strong></td>
</tr>
<tr>
<td>R 2,128,619,109</td>
</tr>
</tbody>
</table>

4.2.4 Job creation benefits

Job creation is probably the most important imperative in economic policy throughout South African. With this in mind, the benefits of expenditures associated with the Simon’s Town Penguin Colony were also measured in term of the jobs that they support. This was done using an average between job multipliers published by Statistics South Africa and own estimates based on the investigation of the relationship between likely turnover and total jobs at establishments such as hotels and restaurants catering to tourists. Expenditures were multiplied by the chosen job multiplier (i.e. 5.1 direct jobs per R1 million spent by tourists) to generate the results in Table 4.8. These indicate that a total of 760 jobs would be associated with the Simon’s Town Penguin Colony in all parts of Cape Town with up to 290 of these to be found in Simon’s Town and surrounds.

Table 4.8: Direct jobs associated with the Simon’s Town Penguin Colony visitor expenditure

<table>
<thead>
<tr>
<th>Direct jobs associated with visitor expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>International tourists</td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>Within the local area (Simon’s Town)</td>
</tr>
<tr>
<td>Within the rest of Cape Town</td>
</tr>
<tr>
<td><strong>Total jobs associated with tourist expenditure</strong></td>
</tr>
</tbody>
</table>

The above jobs estimates can also be cross-checked against a survey of actual jobs in the area immediately surrounding the penguin colony (i.e. within ~300m of Boulders) which contains a number of businesses that rely heavily on visitors to the Simon’s Town Penguin

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7 This estimate is roughly in keeping with growth over the last eight years once short term fluctuations are taken into account. For example, visitor growth was substantially negative between 2007 and 2010 followed by significant positive growth over the last three years.
Colony. These are listed in Table 4.9 along with their most likely level of reliance on penguin colony visitor expenditure and the corresponding number of jobs at these businesses that can be ascribed to the Simon’s Town Penguin Colony.⁸ SANParks staff at Boulders are added to complete the employment picture which indicates that approximately 117 permanent and 33 seasonal job associated with the Simon’s Town Penguin Colony in the area immediately surrounding it. This indicates that the estimate of 290 jobs derived through modelling in Table 4.8 may be on the high side. The reality is likely to lie between these estimates – i.e. between 117 and 290 jobs or an average of 202 jobs in Simon’s Town.

Table 4-9: Reliance and associated jobs at businesses in the area immediately surrounding the Simon’s Town Penguin Colony

<table>
<thead>
<tr>
<th>Business or entity</th>
<th>Permanent</th>
<th>Seasonal</th>
<th>Percentage reliance on visitors to penguin colony</th>
<th>Jobs associated with penguin colony</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boulders Beach Guest Lodge, restaurant and curio shop</td>
<td>15</td>
<td>6</td>
<td>100%</td>
<td>15 6</td>
</tr>
<tr>
<td>Bosky Dell self-catering cottages</td>
<td>4</td>
<td>1</td>
<td>90%</td>
<td>4 1</td>
</tr>
<tr>
<td>Private homes rented out</td>
<td>3</td>
<td>1</td>
<td>90%</td>
<td>3 1</td>
</tr>
<tr>
<td>Water’s Edge self-catering accommodation for groups</td>
<td>2</td>
<td>1</td>
<td>50%</td>
<td>1 1</td>
</tr>
<tr>
<td>Seaforth Restaurant</td>
<td>65</td>
<td>15</td>
<td>70%</td>
<td>46 11</td>
</tr>
<tr>
<td>Café Penguin &amp; iPenguin y Africa curio shop</td>
<td>5</td>
<td>2</td>
<td>90%</td>
<td>5 2</td>
</tr>
<tr>
<td>Informal traders</td>
<td>20</td>
<td>6</td>
<td>90%</td>
<td>18 5</td>
</tr>
<tr>
<td>Aloe’s shop</td>
<td>3</td>
<td>1</td>
<td>90%</td>
<td>3 1</td>
</tr>
<tr>
<td>Two small ice cream / coffee kiosks</td>
<td>4</td>
<td>2</td>
<td>90%</td>
<td>4 2</td>
</tr>
<tr>
<td>SANParks at Boulders (including curio shop)</td>
<td>20</td>
<td>4</td>
<td>100%</td>
<td>20 4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>141</strong></td>
<td><strong>39</strong></td>
<td><strong>117</strong></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>

5 OTHER VALUES AND BENEFITS

Having assessed the primary economic benefits associated with the Simon’s Town Penguin Colony, this section presents a brief discussion of other important value streams that are associated with the colony focusing on:

- Contribution to the Cape Town and Simon’s Town brand
- Property value enhancement
- Existence and bequest values

5.1 Contribution to the Cape Town and Simon’s Town brand

Natural assets can make a significant contribution to urban quality of life which allows areas to attract entrepreneurs and others that help to drive economic development. According to CRE (2009), a supportive entrepreneurial environment includes quality of life consideration. The simple point is made that entrepreneurship is about people and entrepreneurs choose to locate their businesses in places where they wish to live particularly within the context of higher rates of mobility. Communities that invest in quality of life infrastructure are thus more likely to attract entrepreneurs from outside the community and keep those who are home grown. Entrepreneur (2008) also affirms that research has proven that a higher quality of life

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⁸ These estimates were based on observation and interviews with selected businesses. Note that reliance on visitors going to Seaforth only and not to Boulders was the other key source of business for the majority of businesses.
plays a significant role in a city's ability to attract businesses and knowledgeable workers in search of a high quality of life.

Cape Town, with prominent natural features and amenities, is increasingly branded as being more desirable than other less appealing cities. For example, Accelerate Cape Town’s Vision 2030, “suggests that we should be using our natural and human diversity, which inspires so many people, to develop and attract the world’s most creative thinkers and get them to develop global innovations from here” (CBN, 2009). This suggests that the link between natural assets and the attraction of key human capital needed to drive economic development is well recognised in Cape Town (see de Wit et al., 2009).

Given its status as one of the jewels of Cape Town, there can be little doubt that the Simon’s Town Penguin Colony makes a contribution to the overall branding of Cape Town. Its prominence in branding Simon’s Town is also highly significant and a relatively recent phenomenon that is probably still gaining momentum. It is only effectively in the last 10 to 15 years that the penguin colony rose to prominence as a tourism attraction directly associated with Simon’s Town. In this time, Simon’s Town has increasingly become associated with the penguins to the point where Simon’s Town is often considered synonymous with the penguin colony. This has arguably enhanced the Simon’s Town brand by increasing awareness of its eco-tourism and leisure offering alongside its historical ambience and nautical focus driven by the harbour and presence of the navy.

5.2 Property value enhancement

Cape Town boasts some of the most sought after property in the world. In large part this relates directly to the aesthetic and recreational amenity values associated with the City’s natural assets which are reflected in property prices. It also relates to the economic opportunities on offer as with other cities. In the case of Cape Town, given its strong tourism economy, these two factors support each other (i.e. amenity values also support tourism which leads to economic opportunities).

Starting at a relatively wide spatial scale, Standish et al. (2004) investigated the impact of the Table Mountain National Park including Boulders on property values in Cape Town. They found that the Park has a profound influence on the overall property market and that it would be hard to hypothesize what the market would be like without it. It forms an intrinsic part of the balance between natural and developed area that Cape Town properties offer buyers. Focusing on Simon’s Town, it was confirmed in interviews with local estate agents that the Simon’s Town Penguin Colony including Boulders results in the overall enhancement of property values throughout Simons Town. Essentially two factors are at play here as one would expect. One, Boulders and adjacent coastal areas provides significant amenity values and, two, it results in significant economic opportunities driven by visitor expenditure both of which are reflected in the value of properties.

With regard to the former, the beauty of the area surrounding the Simon’s Town Penguin Colony and the recreational options offered by Boulders Beach in particular is the main driver of value as it would be at other similar settings. The actual presence of penguins in the area is a less important factor which is likely to appeal to some property buyers but not others. This is probably particularly true for the limited number of houses that border the colony that are periodically exposed to perceived nuisance factors from penguins (e.g. smell, noise). These nuisance factors are largely under control through SANParks’ access restrictions and other management measures. It needs to be recognised that without these

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9 Accelerate Cape Town is a business-led initiative aimed at bringing together stakeholders in the Cape Town region to develop and implement a long-term vision for sustainable, inclusive economic growth.
being in place there would be significantly greater scope for the presence of the penguins to result in negative impacts on property values.

It is also important to bear in mind that houses nearby the penguin colony also derive value from their potential to be rented out to tourists who are most interested in the penguins. As outlined previously, the penguin colony is also responsible for the creation of significant business opportunities in Simon’s Town focused on catering for the needs of visitors. The availability of these opportunities drives property values in the same way that the presence of any other industry would.

5.3 Existence and bequest values

Existence value refers to the value people attach to the mere existence of environments, sites or species even if they have never seen or visited them in person. These values are related to so-called bequest values which are associated with value people attach to preservation for the enjoyment of future generations. Both existence and bequest values tend to be prominent for places or species which have special natural heritage significance. For example, surveys have been used to show that people have a high willingness to pay to preserve threatened species (see Loomis et al., 2014 for a review of such studies which have covered a number of species including seals, birds, wolves, elephants, etc.) as well as special places such as specific mountains, wetlands, beaches, etc.

In essence, the Simon’s Town Penguin Colony combines the presence of an endangered species at a relatively unique and particularly picturesque setting with high visitor numbers (and therefore high awareness of the site). In addition, the species in question, the African Penguin, is a highly ‘charismatic’ species which can evoke strong emotional reactions. Even without the benefit of a survey to estimate values, these factors all indicate that Boulders and its penguin colony is likely to have high existence and bequest value.

6 MANAGEMENT ISSUES AND RECOMMENDATIONS

The investment in and management of the Simon’s Town Penguin Colony by SANParks in partnership with the City of Cape Town, local residents and tourism stakeholders has allowed for the creation of a world-class conservation and tourist destination. Ongoing management and improvement is, however, needed if this status, and the benefits associated with it, are to be maintained. This is particularly important with regard to public areas surrounding SANParks land the majority of which belongs to the City of Cape Town and with respect to other City functions that provide essential supporting infrastructure to the penguin colony and to tourism in the area as a whole.

With this in mind, a brief list of areas of collective investment and management that should be considered are provided here bearing in mind that the generation of management recommendations was not a key focus of this study. Note that these kinds of measures have no or limited economic downsides aside from cost and are needed to ensure that management adapts thereby allowing the colony to continue delivering economic benefits or improving on them. The need for them is also likely to increase in urgency as visitor numbers and associated pressures increase over time. To be clear, failure to collectively address management challenges and improve on visitor experiences is likely to imply potentially significant risks in terms of reduced visitor numbers and associated economic benefits. In this sense, the Simon’s Town Penguin Colony is no different to other business undertakings in the highly competitive tourism sector where resting on one’s laurels is unwise.
Based on observation and issues mentioned by those interviewed as part of the research process, the following priority issues and measures require attention at the site and its immediate surrounds:

- The formal conservation status, appropriate management and potentially ownership arrangements for City of Cape Town and SANDF land outside the National Park require clarification and formalisation for the longer term. The Burgher’s Walk area in particular, which contains hundreds of penguin nests, is currently managed under an essentially interim arrangement. It does not have any formal conservation status and the limited staff dedicated to its management do so with outside funding from SANCCOB. This kind of interim arrangement would have been difficult to avoid given the rapid growth in the use of the area. It does, however, seem to be an opportune time for longer term planning and associated formalised management arrangements for the area.

- Traffic and parking management remains a challenge particularly during peak times. Some level of inconvenience for residents and visitors is probably inevitable at these times. However, the traffic management plan that has been proposed for the area is yet to be agreed on and should be expedited. A key pillar of this plan would be to allow SANParks to perform certain minimum functions thereby allowing them to deal with traffic issues more proactively without recourse to the traffic authorities. It would also allow for a formal parking agreement between SANParks, the City of Cape Town and the SANDF. This would cover the use of the Seaforth parking area and the use of the Institute for Marine Technology (IMT) and tank farm overflow parking areas.

- The safety of penguins in the Seaforth area is a concern. Potential solutions for consideration include the erection of a penguin-proof fence between the beach and the parking area. Requiring dogs to be on leashes on the beach should also be considered.

In addition to these issues in the area immediately surrounding Boulders, it is necessary to recognise the role of other supporting infrastructure in contributing to the experience of tourists. The state of roads and other transport links are key in this regard. It is thus important to be proactive and ensure that upgrades and improvements occur in area where they are needed.

**7 CONCLUSION**

The Simon’s Town Penguin Colony is a world-class tourism attraction drawing approximately 660,000 visitors per year. As such, tourist expenditure is associated with the penguin colony which was estimated at approximately R160 million per annum with 35% of this amount being spent within Simon’s Town. This is a highly significant amount particularly within the context of the local economy. In keeping with visitor growth, likely future expenditure flows should have a present value of R3.54 billion over 30 years using average discount rates. The benefits of expenditures associated with the Simon’s Town Penguin Colony were also measured in term of the jobs that they support. A highly significant total of 760 jobs would be associated with it in all parts of Cape Town with a maximum of 290 of these to be found in Simon’s Town and surrounds. Other key benefits associated with the colony include its contribution to the Cape Town and Simon’s Town brand, property value enhancement and existence and bequest values.10

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10 These value streams are substantially more difficult to measure but can be estimated using survey techniques and, in the case of property values, with the help of hedonic regression modelling using property value and characteristics data.
The investment in and management of the Simon’s Town Penguin Colony has allowed for the creation of a world-class conservation and tourist destination. Ongoing management and improvement is, however, needed if this status, and the economic benefits associated with it, are to be maintained. This is particularly important with regard to public areas surrounding SANParks land the majority of which belongs to the City of Cape Town and with respect to other City functions that provide essential supporting infrastructure to the penguin colony and to tourism in the area as a whole. The following list of collective management areas is provided for consideration:

- The formal conservation status, appropriate management and potentially ownership arrangements for City of Cape Town and SANDF land outside the National Park require clarification and formalisation for the longer term.
- Traffic and parking management remains a challenge particularly during peak times. The traffic management plan that has been proposed for the area is yet to be agreed on and should be expedited.
- The safety of penguins in the Seaforth area is a concern. Potential solutions for consideration include the erection of a penguin-proof fence between the beach and the parking area. Requiring dogs to be on leashes on the beach should also be considered.

In addition, it is necessary to recognise the role of other supporting infrastructure in contributing to the experience of tourists. The state of roads and other transport links are key in this regard. It is thus important to be proactive and ensure that upgrades and improvements occur in areas where they are needed.
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- City of Cape Town officials and councilors (Suretha Dorse in particular)
- Cape Town Tourism staff (Chriszanne Abrahams and Elvida Maarman in particular)
- Business owners nearby Boulders
- Estate agents in Simon’s Town