

**PEER REVIEW REPORT ON THE**

**TOURISM IMPACT REPORT**

**CONDUCTED FOR:**

**REVISED DRAFT EIR REPORT**

**NUCLEAR 1**

**CONDUCTED BY AREYENG AFRICA**

**FOR**

**GIBB PTY LTD**

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## 1) REVIEW SUMMARY:

Areyeng Africa is of opinion that the report submitted by Imani Developments was done objectively and professionally, followed acceptable study methods, met the initial terms of reference, and will be accessible to non-specialists.

Basing the entire tourism performance measurement on the theory of Myles (2007) arguing that the only accurate measurement of tourism performance would be to compare bed occupation and income could be an error that will most likely skew a realistic forecast of the impact of a Nuclear 1 development within the three identified destinations.

Other important tourism catalysts such as:

- a) Consumer perceptions during destination selection
- b) The tourism multiplier effect
- c) Tourism job creation
- d) Infrastructure and services requirements
- e) Leakages
- f) Social degradation

should have been included into the measurement matrix and weighting used in calculating the final forecast impact. Considering these factors could have had an added positive or negative impact on the outcome of the report complimenting or subtracting from the sole calculation of bed-nights and subsequent income within each destination.

We believe that stakeholder resistance - especially in the Bantamsklip and Thyspunt destinations – may, because of the current negative sentiments against ESKOM, be much more severe than anticipated and that the proposed mitigation tactics may not be as successful as hoped for.

It is believed that the development of a Nuclear 1 plant will have broader economic benefits and growth opportunities to the host community and that tourism may indeed benefit from the financial injection, provided the social degradation and consequent negative impact on sense of place can be mitigated.

Areyeng Africa agrees that the Duynfontein site is perhaps the best positioned to absorb the impact of another nuclear development, but also emphasise that in the unlikely event of a major natural disaster damaging or destroying the Koeberg and Nuclear 1 plants, the Greater Cape Town destination and metro-pole will be the hardest hit in terms of loss of life and long term negative impact on one of the leading tourism destinations in the world.

## **2) SCOPE OF WORK:**

Areyeng Africa understands the scope of work to conduct a peer review on the tourism impact assessment conducted for Arcus Gibb by Imani Development and to evaluate the report in terms of its success to address the issues raised in the initial Terms Of Reference set out by their client ESKOM.

We are to evaluate the report in terms of the criteria as set out by Arcus Gibb under schedule 2: "The services contracted out" contained in the co-consultant agreement schedules (p.6).

## **3) INTRODUCTORY REMARKS:**

The intention of this peer review report is to evaluate and comment on the Tourism Impact Assessment submitted by Imani Development in a constructive manner with the objective to enhance and add value to the work done by the team.

In areas where it is our professional opinion that the report may have omitted information or overlooked certain critical tourism elements we will attempt to present such information with the soul objective of bettering the collective efforts of a consultancy team appointed by ESKOM and in the best interest of the three tourism destinations potentially affected by the proposed Nuclear 1 development.

This information will become the intellectual property of Arcus Gibb who may at their own discretion decide to add it to the final tourism report or request Imani Development to include it their report.

## **4) ACTUAL EVALUATION: SERVICES CONTRACTED OUT**

### **4.1. Assess the document / report in terms of its fulfillment of its Terms Of Reference:**

It is our belief that in combination with all other expert reports submitted by Arcus Gibb, the Tourism Impact Assessment succeeded in forming an integral part of a comprehensive study conducted.

Given the scope of the original TOR in terms of three pre-identified potential locations for the development of Nuclear 1, the Tourism Impact Assessment succeeded in comparing the potential impact on the three different locations logically and systematically.

### **4.2 Consider whether the report is entirely objective:**

Nowhere in the report are any findings or recommendations proposed that raise suspicion to partiality, pre-conceived ideas or nepotism in any way. We believe

the consultants succeeded in conducting objective research and maintained their role as neutral and objective external observers.

The report reflects their professional opinion based only on the information gathered during their research and on-site investigations.

#### **4.3 Consider whether the report is technically, scientifically and professionally credible.**

The report lay-out and presentation style is of high quality and acceptable. We are however of opinion that the report does contain certain information gaps that are required to contextualize and accurately discuss the potential impact of a nuclear development site within primary tourism destinations.

These gaps will be further discussed under evaluation criteria 4-7 and reasons stating our professional opinion will hopefully illustrate why we believe these omissions have an effect on the credibility of the report.

We are therefore of opinion that the report could have been more credible should the team have contextualized the complex nature of tourism and destination dynamics.

#### **4.4 Consider whether the method and study approach is defensible:**

Conducting desk top research and stakeholder consultation within the affected host communities is common practice and acceptable research methodology for studies of this nature.

The effectiveness of stakeholder interviews is highly dependable on the formulation of questionnaires and the ability of researchers to “understand” and correctly interpret the comments made by respondents. The researcher’s ability to consolidate the feedback from an entire community (not only the sector under investigation in isolation) is crucial when allocating a “weight” to the perceived impact expressed by the sector / and community at large.

The report attempts to quantify the social and sense of place impacts the Nuclear 1 development may have on the host communities but may perhaps fall a little short in capturing the “feel of the community”.

However, we do believe that the research approach and study methods used is acceptable and in line with normal best practice.

#### 4.5 Identify whether there are any information gaps, omissions or errors.

The report, in our opinion, is based in its entirety on the basis of the theory of Myles 2007 and we quote page 2 paragraph 3:

“There is only one true economically comparable measure of tourism performance, that is, the number of bed-nights spent at a place, categorized by country, province, district, city or town (Myles 2007)”

In our opinion tourism is much more complex than that and is it perhaps an error to use as sole yard-stick the potential impact based on the current versus potential bed-nights sold within each of the three identified affected host communities.

We want to suggest and briefly discuss the relevance of other crucial tourism considerations in an attempt to enhance and better inform this report.

##### a) Consumer perceptions during destination selection:

Krippendorf J (1982) in his work “Towards new tourism policies-The importance of environmental and socio-cultural factors” argues that “tourism perceptions of a destination can be more important than it’s tangible attributes...that tourists goes to a destination to see the image rather than the reality”.

Jaoa de Jesus – writes in his Master’s thesis conducted at the London Metropolitan University (January 2013) the following regarding tourist’s formation of destination image:

“ most researchers agree on two interrelated components being the conceptual or cognitive image based on information about the features of a place – the evaluation of the attributes of its resources and attractions (Baloglu & McCleary 1991) and the emotional (more commonly referred to as the affective) image which is to do with the individual’s feelings or emotions towards a destination (Beerli & Martin 2004 and Aksoy & Kiyici 2011)

This and other consumer psychology research clearly illustrates the fact that people are not making the selection of a tourism destination in the same manner as when selecting the type of house-hold consumer goods they prefer. The emotional and affection relationship or expectations are critical during decision making. Unfortunately perceptions are emotional impulses that are not always based on facts. Word of mouth marketing, feedback from friends and relatives and idyllic brochures with strong images of affection is critical in formulating a positive or negative affection to a destination.

To ignore this factor when considering the potential impact of a nuclear plant development within the affected tourism destinations are in our opinion an error. The report mentions the concerns raised by the Gansbaai and St. Francis communities in terms of visual impact as well as the early objections voiced by the international surfing community stating the perceived negative

impact such development will have on Jeffreys Bay. Even though the study confirms that such development may indeed have no visual or negative effect on the surfing experience at Jeffreys Bay, the power of perceptions should never be under-estimated.

It should be noted that all three destinations are internationally acclaimed tourism hot spots and holds unique selling features unrivaled elsewhere in South Africa or the world. It would be fair to assume that when the international tourism market segments react on negative publicity and media coverage inflated by affected host communities or interest groups (whale watchers, surfers or the Green Peace movement) the negative impact may well be far beyond the loss of a few day visitors or bed-nights sold.

b) The tourism multiplier effect

[www.ask.com/world-view/multipliereffect](http://www.ask.com/world-view/multipliereffect) provides the following definition: “the multiplier effect refers to the ability of sudden increased demand to create additional demand in local goods and services”

It is a common fact and great benefit of tourism, especially in remote and disadvantaged host communities, that the sector has the ability to create and maintain economic opportunities up-and-down stream. The industry requires a large support base in terms of services and goods and as such has the ability to grow local economies. Especially within relative poor communities such as Gansbaai and surrounding villages the direct and indirect economic benefits of tourism is critical in the sustainability of the local economy. The report mentions the concern of seasonality in terms of tourism arrivals and suggests that the development of a nuclear plant may indeed stabilise the economy.

Elsewhere the report refers to the fact that Humansdorp has a very small tourism industry, falls outside the affected zone and therefore would not be affected by any impact on the surrounding tourism product. We fail to believe that. Jeffreys Bay and Humansdorp act as the support base in terms of goods and services to the tourism industry. Building supplies, services, goods etc are mostly purchased from these two towns and should the tourism sector be significantly impacted, these towns stand to feel the brunt or benefit from an altered tourism industry.

UNWTO (United Nations World Tourism Organization) makes the following statement: “ tourism creates an indirect contribution to 100% of the direct tourism expenditure” in other words – for each tourism rand spent within the sector another rand is spend indirectly in other sectors within the same local economy.

The multiplier effect of tourism is therefore directly related to Mr. Myles statement of only calculating the number of bed-nights sold within a

destination. We can therefore, in our opinion, not afford to ignore the multiplier effect of tourism when considering the possible positive or negative impact of a proposed nuclear development.

c) Tourism job creation

Directly linked to the multiplier effect of tourism within a host community, we must also consider the job creation ability of tourism, both direct and indirectly. What would the socio-economic impact be of a 5% decline or increase in tourism arrivals (or bed-nights sold) within each of the possibly affected destinations?

If we agree with the UNWTO figure of one in every 12 jobs in the world being created by tourism with a total of 235million jobs globally, surely we must consider and attempt to quantify the possible short and long term impact on tourism jobs.

It is agreed that large developments such as Nuclear 1 would indeed stimulate enormous amounts of new jobs within the local economy. The study refers to the Medupi case study in Lephalale, Limpopo province where an influx of migrant workers and business tourism caused enormous growth within the accommodation sector.

The mandate of this report is however to investigate the impact on tourism – and within this context – sustainable tourism jobs. We would suggest that the impact on tourism jobs (and the number of people tourism salaries sustain) also form part of a holistic assessment.

d) Infrastructure and services requirements

The report refers to the potential benefit of much needed bulk infrastructure and services the development of a Nuclear development may have that would indeed benefit the tourism industry. This deduction is indeed correct and case studies confirm the benefit to tourism in the event of infrastructure such as accommodation, roads air transport, restaurants and other recreational amenities be expanded.

On the negative side there are unfortunately also many case studies confirming the exact opposite. Events such as Olympic Games and in South Africa the 2010 Soccer World Cup are good examples of how such events or mega developments can bankrupt governments and deplete all resources required for the day-to day service delivery of their town or city. Personal research during tourism impact assessments conducted in the greater Lephalale municipality confirmed the very same challenges where large developments such as Medupi and others required enormous investments in terms of road, electricity, water and sewer infrastructure. Often local municipalities do not have the required budgets or human capacity to develop and manage such proportions of services and whilst new infrastructure was

created for Medupi, the rest of the town suffered under poor and inconsistent service delivery.

Very often, after the construction phase, municipalities are left with enormous infrastructure and related budgetary responsibilities. The ghost stadiums left behind by FIFA are good examples. Centres such as Polokwane, Nelspruit and several others are now faced with financial challenges and does not seem to be able to optimize the “proposed benefits” left in the wake of large scale developments.

Should Nuclear 1 be developed at either Bantamsklip or Thyspunt, authorities should carefully plan integrated development frameworks and budget cycles to ensure that host municipalities are capacitated to maintain and manage large scale infrastructure developments. Should they fail to do so, it may have an additional and extended negative impact also on the remaining tourism industry.

e) Leakages

Tourism leakages are defined by Wikipedia as follows: “in the study of tourism, leakage is the way in which revenue generated by tourism is lost to other countries’ economies. Leakage may be so significant in some developing countries that it partially neutralizes the money generated by tourism”

In essence it defines the principle of tourism benefits and revenue not reaching and benefitting the host community. Common examples are where all inclusive tour packages are sold with the countries of origin from where the visitors are coming with only a small trickle effect of revenue and benefits to the actual destination.

The report refers to the huge increase in accommodation needs experienced in Lephalale during the construction of Medupi and how large numbers of workers and business tourists benefitted the local economy. It is partially true but it should be noted that this increase in visitors are in essence migrate workers and not true tourists.

As with all inclusive tourism packages sold, these migrant workers gets their salaries paid into their accounts and the bulk of the money goes to their families in other locations, provinces or even countries. A very small percentage of money actually remains in the local economy where the development takes place.

Often the large construction companies responsible for actual work on the mega developments buy their stock, equipment, plant etc in bulk and from suppliers in the larger cities or even directly from the manufacturers. It is a fact that one almost always finds tremendous price increases within the host economy based on anticipated get rich quick syndromes amongst local businessmen and as a result large corporates often prefer to source elsewhere.

Perhaps not true tourism leakages, but indeed such practices do not result in the anticipated economic injection often proposed in impact assessment studies.

f) Social degradation

Personal research conducted during two different tourism impact assessments conducted in the greater Lephalale area found huge concerns and community resistance against the inherited social degradation during large scale development such as Medupi and other mining / hydro-electrical developments proposed.

Common town residents, local farmers, business owners and tourism operators all expressed their concerns about a huge increase in crime, house burglaries, prostitution, alcohol abuse and drug trafficking to which the former little farming and tourism community was not accustomed.

The radical change in traffic volumes, blue-collar foreigners in town, nature of business and social degradation irreversibly changed the “sense of place” of the area. As a result the former tourism appeal of a rustic Bushveld destination has disappeared never to return as long as large scale mining developments are continuing.

Most likely the negative impact imposed on host communities during the construction phase of Nuclear 1 would also be significant however would be able to return to normal once the construction phase is completed provided tourism associations and local government manage the negative impact successfully and embark on a good marketing /media campaign to restore the damage afterwards.

It is anticipated that Duynefontein would be the least affected by such factors since a larger city is more capable of managing and absorbing the social impact of large developments whilst Batamsklip will most probably be the hardest hit and take the longest to revive to its former tourism appeal.

**4.6 Consider whether the recommendations presented are sensible and present the best options:**

With the information at hand and based on the research conducted the findings and recommendations are sincere and acceptable. The question however remains how would the actual findings be affected did the consultant include the above mentioned other crucial elements of tourism success and destination development during their research.

**4.7 Consider whether there are alternative viewpoints around issues presented in the report and if these are clearly stated:**

The report does make mention of concerns raised by host communities, local tourism sectors and fraternities such as the surfing community, whale watchers and shark diving fraternity.

It would have added value to the report should it contain the actual comments made by key stake holders, extractions from minutes of stakeholder meetings, copies of actual anonymous response sheets etc.

**4.8 Consider whether the style of the report is written so as to make it accessible to non-specialists, technical jargon is explained and impacts are described using comparative analogies where necessary:**

In general the style of the report would be accessible to non-specialists. In terms of technical jargon to be explained it may add value and understanding if the consultant would explain the rationale and how they calculated the weight matrix of tourism impacts to be multiplied with the annual values of tourism income.

It is further suggested that should the consultant have included the tourism measurables discussed under 4.5 the entire tourism value and consequently the weight matrix might have calculated to a different outcome and percentage impact anticipated.

Our concerns raised right in the beginning about the perhaps short sighted approach of exclusively using bed-nights sold as sole criteria for tourism success stands. If the consultant had also attributed a “value” for measurables such as job creation, multiplier effect, infrastructure gained as positive outcomes versus negative measurables such as social degradation, impact on “sense of place” etc it would have provided a more holistic evaluation of tourism and perhaps provided a more realistic forecast.

Case studies such as Kashiwazaki-Kariwa, Chernobyl, Forsmark and Temelin makes for interesting reading and succeeds in putting a new perspective on the possible integration of such plants into the tourism basket. Perhaps the client (ESKOM) should be proactive and integrate this possibility into their design phase in order to gain positive PR from these examples.

On the down side it would have been interesting to attempt a forecast on the possible impact on tourism in the event of a major natural disaster such as tsunami at each of the proposed sites. Understanding that a tsunami will have a significant impact on tourism infrastructure and attractions at all three sites regardless of the existence of a nuclear plant, but what would the added negative impact on these destinations be should a tsunami cause severe damage to a nuclear plant?

The proposed mitigation measures may vary from one NPS to another as suggested by the consultant and perhaps the biggest challenge may well be to first change perceptions and sentiments against Eskom as an institution before public opinion regarding Nuclear developments in their area could be put to bed. It is however a positive gesture that the study does indeed propose a few mitigation strategies all be it slightly optimistic.

#### **4.9 Report on whether normal standards of professional practice and competence have been met.**

Areyeng Africa believes that normal standards and competence has been met.

### **5) CLOSING REMARKS:**

Having studied the report and conducting additional reading on the matter of tourism destination dynamics and the power of consumer perceptions Areyeng Africa is of opinion that all three proposed sites will eventually be able to survive the development of a nuclear plant in the area – Duynfontein more so than the other two - but that it will have a much more significant impact on the Bantamsklip and Thyspunt sites as suggested by Imani Development.

We also believe that the initial stakeholder resistance will be considerably more than anticipated and that the proposed mitigation strategies may not have the desired outcome – surely not over the short term. Objections and resistance from international lobby groups, niche markets such as the surfing community, current product owners in the St Francis community and negative media publicity may be under-estimated.

We believe a large portion of stakeholder resistance will stem from the current poor public image of Eskom as an institution giving rise to fears regarding the ability and integrity of Eskom during negotiations and as a potential future neighbor.

The possible impact of natural disasters causing damage to such a facility should not be underestimated and swept under the carpet based on the sole premise that South Africa will for-ever be spared from such phenomena.

The added advantage of support infrastructure and increased business tourism during the construction phase should be carefully weighed against the possible social degradation and consequent negative impact on sense of place within each of the destinations.

Considering the ability of the larger Cape Town area and the fact that the industry has already adopted and absorbed the impact of a Koeberg development within the destination, Duynfontein is most likely the preferred location. However should Koeberg and Nuclear 1 be subjected to a large natural disaster the impact of explosions or leakages will obviously be much more severe impacting a densely populated greater Cape Town firstly as a major metro-pole but secondly also as one of the top world tourism destinations and the leading destination within Southern Africa.

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