



Compliance Statement

With respect to:

**Reviewing the Economic Impacts of the
Amendments to the Development Plan for Portion
of Farm Vaale Valley 219, Mossel Bay**

Submitted:

12 September 2022

Undertaken By:

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1. Report Overview

Ramp Economics has been requested by Sharples Environmental Services to undertake an investigation into the proposed amendments to the development plan for the Hartland Estate in Mossel Bay and to produce a Compliance Statement to form part of a submission to the relevant planning authorities regarding the amendments to a previous submission for which planning approval was granted.

This report is prepared in line with the Environmental Management Act and Appendix 6 of the Environmental Impact Assessment regulations regarding Specialist Reports.

This compliance statement is prepared by Grant Hancock with the assistance of Carmen Stindt. Grant Hancock is Managing Director and co-owner of Ramp Economics (Pty) Ltd. Ramp Economics is a specialist economic development and business services provider based in Port Elizabeth, South Africa.

Grant Hancock has over 10 years of experience providing professional economic research, analysis, and planning services and has conducted numerous economic impact assessments and contributed to studies forming part of Environmental Impact Assessment's and development planning authorisation processes. Grant has an BCom (Hons) Economics from the Nelson Mandela University.

Carmen Stindt is the head of the Business Services unit at Ramp Economics and is the chief statistician and economic modeller. Carmen has a MCom in Statistics from the Nelson Mandela University and is currently completing her PhD in Mathematical Statistics at NMU.

2. Declaration of Independence

Ramp Economics (Pty) Ltd. certifies that this report is prepared independently and without input or influence by the client, Sharples Environmental Services, the developer, or any agent acting in the interests of the developer or associated parties.

3. Scope of Work

This compliance statement seeks to provide structured input reflecting on the potential impacts of the amended development plan as it relates to the economic impacts identified in the original Economic Impact Assessment of 2009.

The scope of work is thus to review the changes to the original development plan as was considered in the 2009 Economic Impact Assessment compiled by Urban-Econ Development Economists, to determine what (if any) changes (in size, scope, or nature) in economic impacts may result from the updated development plan.

This compliance statement will provide an expert reasoned opinion on the changed nature of economic impacts of the development, determining whether the findings of the original 2009 report (according to which EIA approval was given) still hold true, or to what degree the economic impacts of the development have been affected.

This will thus not entail the conducting of a new Economic Impact Assessment, although this report may highlight the need for further analysis should that be deemed necessary.

4. Background

An Environmental Authorisation was granted in 2009 for the development of a residential area consisting of:

- 1265 residential erven (zoned Residential I),
- Five townhouse erven (zoned Residential III that includes 150 social housing units, a multipurpose community centre and a ±300 m2 split zoned Business II site located on Ptn. 1302),
- An open space network and recreation area (zoned Open Space II) and a ±3 500 m2 split zoned Business II site located on Ptn. 1306,
- A road network and associated infrastructure services
- The remainder of the property is to be managed as a nature reserve.

The applicant proposes to amend the current layout (HB/C/204/10). The proposed amendments will not increase the total footprint of the development, only re-align internal roads and the density of the houses.

As part of the initial authorization the municipality negotiated with the developer to accommodate 150 social housing units, community hall and split zoned business. It is however understood that the residents of Power Town, the beneficiaries for the social housing, did not wish to relocate and as such the social housing aspect has become redundant. A new agreement with the Mossel Bay Municipality has been reached and is being implemented in line with the municipal densification policy. This area will now be used for a sports field and school.

As part of the original planning process a Economic Impact Assessment was conducted by Urban-Econ Development Economists in order to determine the social and economic impacts of the development. Based on this and the other studies submitted as part of the EIA process, development approval was provided.

The existing development plan called for the construction of 1536 housing units. The amended development plan, although removing the 150 social housing units, allows for the development of 1970 housing units. This is an increase of 434 units.

Existing vs. Proposed Development Plan

Phase	Area (ha)	Approved Units	Approved Density units/ha	Proposed Units	Proposed Density units/ha	Unit difference	Density Difference units/ha
A	11.28	200	18	220	20	+20	+2
B	3.05	30	10	80	27	+50	+17
C	15.05	372	25	500	34	+128	+9
D	7.45	89	12	80	11	-9	-1
E	5.56	151	28	120	22	-31	-6
F	6.94	75	11	110	16	+35	+5
G	0.57	N/A	N/A	N/A	N/A		
H	11.51	124	11	150	14	+26	+3
I	9.39	100	11	120	13	+20	+2
J	11.03	114	11	250	23	+136	+12
K	4.90	51	11	60	13	+9	+2
L	6.23	73	12	90	15	+17	+3
M	7.97	81	11	100	13	+19	+2
N	7.20	76	11	90	13	+14	+2
Total		1536		1970		+ 434	

5. Methodology

The methodology used (presented below) is built on the review of the original Economic Impact Assessment report (Urban-Econ, 2009). Key elements of this report will be reviewed to gauge the impact of the amended site development plan on the economic impacts originally identified.

The Economic Impact Assessment utilised an industry-standard approach adopting an Input-Output Methodology to determine the economic impacts of the development on the local and regional economy.

The study focussed on the following economic impact areas:

- Impact on employment numbers
- Impact on Gross Value Added (GVA) of the municipality
- Impact on household income
- Impact on business output
- Impact on persons residing in Mossel Bay presently living in poverty. (*This impact was included based on the proposed incorporation of 150 social housing units within the development.*)

The Economic Impact Assessment also considered impacts on the labour market, specifically relating to:

- Employment demand created by the development
- Specific skills demanded by the development.

The approach of this investigation is thus to review and comment on each of the impact areas and how they may be affected by the amendments to the development plan.

Note that the values generated by the original study would naturally differ if conducted in 2022. This will be attributed predominantly to the effects of inflation but may also change due to changes in the structure of the economy. This study will not recalculate the values produced in the original study, but will consider if any fundamental changes have occurred since 2009 that may mean that the original studies results no longer reflect reality.

As original EIA approval was provided, in part based on the Economic Impact Assessment of 2009, no additional potential economic impacts are considered. The scope of this study will keep strictly to the impacts discussed in the original report.

6. Study Area

The development is situated on portion 11 of the remainder of the Farm Vaalevalley 219, Mossel Bay. The property is located between the areas of Hartenbos and Groot Brak approximately 2km Northeast of the town of Mossel Bay.

The greater study area for which the economic impacts have been considered in the 2009 Economic Impact Assessment is the entirety of the Mossel Bay Municipality. The municipality is situated along the popular Garden Route region of the Western Cape Province. Mossel Bay is the largest town and main economic hub of the municipality.

The municipality is situated on the N2 halfway between the coastal cities of Cape Town and Port Elizabeth. It is bordered by the Municipalities of George to the east, Langeberg to the west and Oudtshoorn to the north. The main economic activities in the region are agriculture, fishing, light industry, petrochemicals and tourism.

Locality Map



Source: Client / WC Government

7. Investigation

Regarding Alternatives Considered in Original Study

The 2009 Economic Impact Assessment considered five development alternatives. These are briefly summarised as follow:

Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative 5
1 057 Residential Zone I erven	1 151 Residential Zone I dwellings	1 372 Residential Zone I dwellings	1376 Residential Zone I dwellings	No-Go
1 Residential Zone II Group Housing erf	100 Residential Zone II Group Housing erven.	3 Residential Zone III Town Housing erven	3 Residential Zone III Town Housing erven	
2 Residential Zone III Town Housing erven	Residential Zone III Town Housing erven	Conference, Sports, and Leisure Facilities	Conference, Sports, and Leisure Facilities	
106 residential Zone II Holiday Housing	1 Residential Zone IV Flat Apartment erf	150 residential units	150 residential units	
Conference, Sports, and Leisure Facilities	Conference, Sports, and Leisure Facilities			
No Social Housing Component	150 residential units			

The amended plan essentially removes the social housing component and proposes minor amendments to the layouts of development areas and open space areas. The approved / existing layout called for the development of ± 1536 units aligning with the proposed Alternative 4 in the Economic Impact Assessment. Under the proposed scheme, with the removal of the 150 social housing units, the total number of units will increase (a result of the rationalisation of space use) to 1970 units.

Economic Impact Assessment

It must be noted that the nature of the changes is predominantly related to site layout and the areas to be developed, not the size / scale of the development, the number of, size or, or cost of the units to be developed or the supporting roads and other infrastructure to be constructed.

The most significant deviation from an economic impact perspective is the removal of the 150 social housing units, community hall, and split zoned business. This is occurring following consultation with the Power Town community. The community were originally to be relocated to the development but have since indicated that they do not wish to relocate. As a result, the development plan now calls for the development of a sports field and school.

From an economic impact perspective, the only consideration is the change in planned expenditure and the nature of the construction (labour intensity, development timeline etc.) and the expected expenditure during the commercialisation / operational phase of the development.

Type of Impact	Impact of proposed changes on economic impacts	Impact of proposed changes on economic impacts
	Construction Phase	Operational Phase
Impact on employment	None to Marginal Positive	None to Marginal Positive
Impact on GVA	None to Marginal Positive	None to Marginal Positive
Impact on household income	None to Marginal Positive	None to Marginal Positive
Impact on business output	None to Marginal Positive	None to Marginal Positive
Impact on the poor	None to Marginal Negative	None to Marginal Negative
Employment created by the development	None	None
Impact on skills demanded by the development	None	None

Impact on employment

The nature of the proposed changes to the development plan are not expected to result in any fundamental changes to the determination of economic impacts made in the original study.

The total expenditure of the project (inflation adjusted) is likely to be close to that of the original plan will likely result in the same impacts on employment both directly on-site during construction, indirectly to suppliers, and through induced impacts on the local economy.

Impact on GVA

The nature of the proposed changes to the development plan are not expected to result in any fundamental changes to the determination of economic impacts made in the original study.

The total expenditure of the project (inflation adjusted) is likely to be close to that of the original plan.

There is no evidence to suggest that the structure of the local economy and any linkages between firms will result in significantly different modelling results as part of the economic impact modelling process.

It is highly likely that the same impacts on the Gross Value Added (GVA) of the local economy will occur, albeit at inflation adjusted values.

Impact on household income

Impact on household income is related to the extent and duration of labour demanded during construction and also operational phase of the development. Based on the changes to the proposed site development plan there appears no reason why the impacts on household income determined by the 2009 study should be invalidated. The changes proposed are such that there will be no significant difference in the level of construction activity on site or significant change in the labour demanded during the operational phase of the development.

Naturally through inflationary effects the values proposed in the original report are no longer accurate. Adjusting for inflation produces the following summary results.

Impact on business output

Business output relates to the value of transactions between businesses (business level / business output) in the local economy as a result of direct and indirect interactions between suppliers and through induced effects into the economy.

As the proposed changes to the development plan will not result in any significant changes in expenditure (accounting for inflation), and as the basic structure of the local economy and industry linkages are fundamentally unchanged, there is expected to be no significant difference in the estimated impact on business output.

Impact on the poor

The initial development plan called for the development of 150 social housing units to accommodate the low-income community of Power Town, who were to be relocated to the development.

This community has since chosen not to be relocated and a new agreement between the community and the Mossel Bay Municipality has been reached in line with the municipal densification policy.

The net result is that the net negative impact on the poor is deemed to be marginal as alternative arrangements have been agreed upon to mitigate for the removal of the social housing units from the development plan.

Employment created by the development

See above section on impact on employment.

The changes to the development plan are not expected to create any significant change to the number of employment opportunities created at the development.

Impact on skills demanded by the development

The general development concept, style, size, and type of units to be developed remain unchanged in the amended development plan. As such, the type of skills required by the development remain unchanged. As such, all findings of the original report with regard to skills demanded and recommendations for the development of these required skills are upheld.

Review of Impact Tables

Section 6 of the original Economic Impact Assessment report provided a wholistic assessment of the economic and social impacts that may follow from the development and operation of the Hartland development. As with much of the report, this was conducted for each development alternative.

As discussed previously, Alternative 1 called for no social housing while Alternatives 2 – 4 all included social housing. Alternative 5 was kept as a no-go option.

Although Alternative 1 called for no housing, it also called for significantly fewer residential units than the newly proposed development plan. The economic impact would therefore be expected to be greater if calculated for the newly proposed plan, more in line with that considered for the original studies Alternative 4.

The impact areas considered in this section included:

- Impact on in-migration
- Impact on Economy (GDP)
- Impact on Employment
- Impact on Tourism
- Impact on Poverty
- Impact on Investment
- Impact on Human Resource Development

- Impact of Influx of Job Seekers
- Impact of change in social composition/character of area

The potential impacts of Alternatives 1 – 4 were largely the same, as these alternatives differed only slightly. The report notes that all four alternatives will cause some negative impacts along with positive impacts but that all produce overwhelmingly positive overall contributions to the local economy.

Upon reviewing the methodology used in the 2009 report, considering changes that have occurred over the period 2009 – 2022, and assessing the potential impacts of the newly proposed development plan, this report finds that there will be no significant deviation from the impacts determined in the original Economic Impact Assessment.

8. Recommendation

Based on the findings of this report, no additional recommendations are made and there is no apparent reason for any further research / investigations regarding the determination of economic impacts resulting from the amendments to the development plan.

9. Reasoned Opinion

It is the reasoned opinion of the Ramp Economics team that the proposed amendments to the development plan for the Hartland Estate (as was originally provided development approval) will not result in any significant changes in the scale or nature of economic and social impacts experienced by the local economy as were determined by the Urban-Econ report of 2009.

It is further found that due to the increase in the number of units to be developed, and the expected increase in construction costs, that the net positive economic impacts may well be higher than originally calculated, even accounting for the removal of the social housing units from the development.

It is the view of this report that the removal of the 150 social housing units will not produce an adverse social / economic impact as alternative provisions have been made for the community in question.

Signed on this 12th day of September 2022

A handwritten signature in black ink, appearing to read 'Grant Hancock'.

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