Tergniet Mixed-Use Development

Socio-Economic Impact Assessment

Ver.3 **March 2025**

Executive Summary

This socio-economic impact assessment (SEIA) report evaluates the proposed mixed-use development on Erf 998 in Tergniet, Mossel Bay, commissioned by SES Environmental Services. The project aims to provide a combination of residential, business, and community-use spaces, aligning with the Mossel Bay Local Municipality's spatial planning objectives to address rising demand for housing and economic opportunities driven by the region's population growth.

Key Objectives: The SEIA assesses the socio-economic profile of the surrounding area, analyses the market potential, and quantifies the anticipated economic impacts during both construction and operational phases. These analyses are grounded in alignment with national, provincial, and local policies, focusing on sustainable economic growth, spatial integration, and employment creation.

Baseline and Market Analysis: The baseline assessment reveals a rapidly growing demand for residential, retail, and community spaces in the Tergniet area, highlighting the need for additional infrastructure to support the population influx. The market potential analysis substantiates the viability of the proposed mixed-use development, indicating significant unmet demand for both residential and retail spaces, positioning the development to effectively address these gaps.

Economic Impact Assessment: The economic impact assessment was conducted using the Social Accounting Matrix (SAM) model, estimating that the proposed development would generate substantial socio-economic benefits, including:

- **Construction Phase**: The base case scenario is projected to yield approximately R1.1 billion in new business sales, contributing R314 million to GDP and creating around 1,328 jobs.
- **Operational Phase**: Annual operations are estimated to produce R188 million in business activity, contribute R88.5 million to GDP, and sustain approximately 194 jobs.

Consideration of Alternate Development Scenario: An alternate development scenario, requiring an increase in the natural buffer from 40 meters to 80 meters to expand a natural wildlife corridor, was considered in response to stakeholder input. The expanded buffer would reduce the developable area, resulting in an estimated 12% decrease in business production during the construction phase, translating to a loss of R136.5 million in business activity, R38.3 million in GDP, and approximately 162 jobs. This would then lead to an annual loss during the operational phase of R41 million in lost business, the 48 fewer persons employed, and R7.1 million less in wage income.

Contents

1. Introduction

1.1. Overview

Ramp Economics Pty. Ltd. was commissioned by SES Environmental Services to conduct a specialist Socio-Economic Impact Assessment (SEIA) for the proposed residential development of the Erf 998 Tergniet in Mossel Bay, Mossel Bay Local Municipality. The aim of the socio-economic impact assessment is to investigate the social and economic status quo of the development site and surrounds, and to determine the potential socio-economic impacts that would likely result if the project were to be implemented. These inputs will then form part of the socio-economic inputs for the Environmental Authorisation application process.

1.2. Project Scope and Methodology

The SEIA will determine the potential socio-economic implications of the proposed development activities.

The components of the study scope are as follows:

- Policy and planning framework for the site and surroundings
- A social and economic profile
- Land use patterns
- Individuals, communities, organisations and institutions who are likely to be affected
- Potential socio-economic impacts (both positive and negative)
- Mitigation measures to reduce and/ or mitigate impacts

The methodology included quantitative socio-economic analysis to determine a baseline profile. The proposed development concept was then modelled to determine potential socio-economic impacts and to calculate the quantitative impacts. The quantitative and qualitative impacts were then discussed in impact tables both with and without mitigation measures.

The figure below provides an overview of the methodology.

Figure 1.1: Methodology

1.3. Report Outline

The remainder of the report is broken down into the following chapters:

2	Policy Overview	Provides an overview of relevant national, provincial, and local policies and their implications for the development.
3	Baseline Assessment	Provides the socio-economic context of the study area against which potential impacts will be assessed.
4	Market Potential Analysis	Assesses the need and desirability for the development,
5	Economic Impact Assessment	Depicts the results from the SAM modelling process which calculates and quantifies the impacts of the development.
6	Impact Assessment	Assesses the impacts of the proposed development against impact tables and provides possible mitigation actions.
7	Conclusion and Recommendations	Summarises the findings of the study and provides relevant recommendations and a preferred alternative.

1.4. Development Context

The site is located at the corner of Sorgfontein and the R102 main road indicted below. The site comprises the remainder of Portion 5 of the Farm Zandhoogte no. 139 (8.3676ha in size) and Erf 998, Tergniet (1.8684ha in size).

Figure 1.1: Site locality

Source: Google Earth

The proposal is for a mixed-use development consisting of:

- 2 Business Zone I (BZI) erven with a total size of 2.6040 hectare (Portions 1 and 9),
- 1 Business Zone IV (BZIV) erf with a size of 0.2680 hectare (Portion 5),
- 1 Community Zone III (CZIII) erf with a size of 0.5270 hectare (Portion 2),
- 1 General Residential Zone II (GRZI) erf with a size of 0.6970 hectare to be developed at a density of 60 dwelling units per hectare (Portion 3),
- 1 General Residential Zone III (GRZII) erf with a size of 0.6530 hectare to be developed with flats (Portion 6),
- 1 Mixed Use Zone II (MZII) erf with a size of 0.9020 hectare (Portion 7),
- 2 Open Space Zone II (OSZII) erven with a size of 1.2250 hectare (Portions 4 and 11),
- 2 Transport Zone II (TZII) erven with a size of 1.3600 hectare (Portions 10 and 12), and
- 1 Split zone erf consisting of a portion Business Zone I (BZI) with a size of 1.0 hectare and a portion Open Space Zone II (OSZII) with a size of 1.0 hectare (Portion 8).

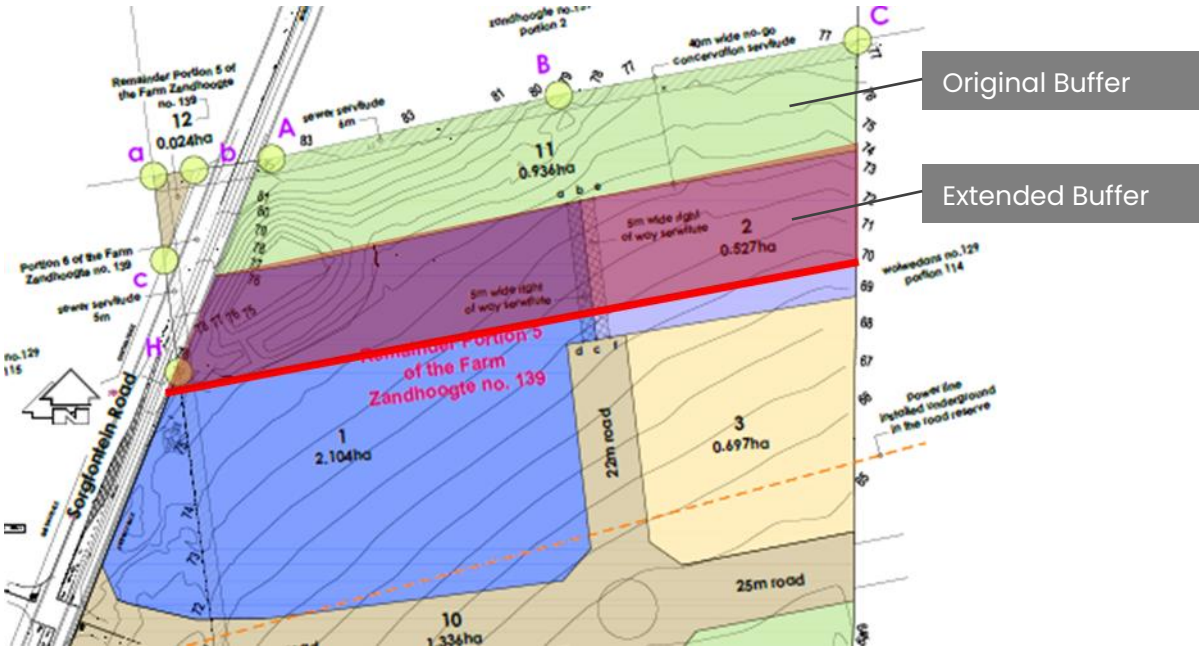
Figure 1.2 shows the base case scenario site development plan. This is the preferred site plan of the developer for which planning approval is being sought. This includes a 40m wide natural buffer to the north of the property between the development and the N2. This is the green area visible in the image below marked as number 11.

Figure 1.2: Site Development Plan – Base Case

1.4.1. Alternate development plan

During the process of seeking planning approval, the developer has been requested to consider an alternative development schema which would see this 40m buffer extended to 80m wide. The rationale is that this would strengthen this areas usage as a natural corridor to protect wildlife. The natural consequence of this is the loss of developable area, impacting the economic potential of the site. It is the impact of this extension of the 40m buffer to 80m which will be a key area of interest of this document.

Figure 1.3 below highlights the potential loss of developable area.



The imposition of this buffer would lead to a reduction of property portion 1 by 5000 m². The net loss of GLA is calculated to be ± 2000 m², reduced to ± 6400 m² from an estimated 8416 m². The buffer would also almost completely erode property portion 2 thus eliminating the intended economic purpose of this portion of land. The impacts of this reduction in developable area will be considered in later chapters.

1.5. Study Area

The primary study area for this report is taken as the 5km radius from the proposed development. This encompasses the areas of Tergniet, Fraaiuitsig, and Bergsig. The secondary study area comprises the rest of the Mossel Bay Local Municipality.

Figure 1.3: Primary Study Area

Source: Google Earth

2. Policy Overview

2.1. Introduction

This chapter provides an overview of policies relevant to the proposed development. The review of government legislature, policies and strategies gives insight into the plans and priorities of government and determine the alignment of the proposed development in terms of the development objectives of the three government spheres: national, provincial and local spheres. It is vital to integrate the policy objectives from national to local sphere when developing a sustainable and positive socio-economic approach for the proposed development.

2.2. National Policies

The following policies/legislature are examined:

- National Development Plan (NDP) 2030;
- National Environmental Management Act No. 107 of 1998; and
- Spatial Planning and Land Use Management Act No. 16 of 2013.

2.2.1. National Development Plan (NDP) 2030

The NDP aims to address poverty while nurturing economic growth. To achieve this, the plan states that the government must create an enabling environment for higher levels of public and private investment to create jobs and increase income levels. The economy is expected to create jobs specifically for young and low skilled South Africans, who are mostly unemployed. The plan sets out six interlinked priorities:

- Uniting all South Africans around a common programme to achieve prosperity and equity;
- Promoting active citizenry to strengthen development, democracy and accountability;
- Bringing about faster economic growth, higher investment and greater labour absorption;
- Focusing on the key capabilities of people and the state;
- Building a capable and developmental state; and
- Encouraging strong leadership throughout society to work together to solve problems.

2.2.2. National Environmental Management Act (1998)

The Act aims to provide co-operative governance through established principles for decision making regarding matters that affect the environment, institutions that will promote cooperative governance and procedures for coordinating environmental functions. Section 2 of NEMA establishes a set of principles and relevant factors that guide sustainable development.

These principles and factors include the following:

- Development must be sustainable.
- Pollution must be avoided or minimised and remedied.
- Waste must be avoided or minimised, reused or recycled.
- Negative impacts must be minimised; and
- Responsibility for the environmental health and safety consequences of a policy, project, product or service exists throughout its life cycle.

These principles and factors are taken into consideration when a government department exercises its powers, for example during the granting of permits and the enforcement of existing legislation or conditions of approval. NEMA also provides administration and enforcement of other environmental management laws.

2.2.3. Spatial Planning and Land Use Management Act (2013)

The purpose of the Act is to provide a framework for spatial planning and land use management, to provide for inclusive development and efficient spatial planning, to promote greater consistency and uniformity in the application procedures and decision-making authorities. The Act also aims to promote sustainable environmental management.

2.3. Provincial Policies

The following policies are examined:

- Western Cape Provincial Spatial Development Framework (2014)
- Western Cape Growth for Jobs Strategy (2023)
- Western Cape Provincial Strategic Plan (2019-2024)

2.3.1. Western Cape Provincial Spatial Development Framework (2014)

The Western Cape Provincial Spatial Development Framework (SDF) aims to provide general direction to guide decision making on an ongoing basis and the creation of integrated, sustainable and habitable region, cities, towns and residential areas. The following objectives from the SDF are highlighted, namely.

- Align the future development pattern of the province with economic potential and the location of environmental resources.
- Deliver human development and basic needs programs wherever they may be required.
- Strategically invest scarce public-sector resources where they will generate the highest socio-economic returns.
- Protect biodiversity and agricultural resources; and
- Minimise the consumption of scarce environmental resources, particularly water, fuel, building materials, mineral resources, electricity, and land protection of the environment where it carries greater value and importance than economic development.

2.3.2. Western Cape Growth for Jobs Strategy (G4J) (2023)

This strategy aims to ensure that new developments focus on job creation, increase productivity and competition, foster spatial integration, and promote ecologically sustainable development, thereby creating a diverse, resilient economy.

2.3.3. Western Cape Provincial Strategic Plan (2019-2024)

The plan aims to create a safe Western Cape where everyone proposers through addressing the province's greatest challenges. The plan has the following five priorities:

- Building safe and cohesive communities.
- Boosting the economy and job creation.
- Empowering people, especially the youth, with the skills they require to enter the world of work.
- Fostering mobility and spatial transformation.
- Driving innovation within a culture of a truly competent state.

2.4. District and Local Policies

The following policies are examined:

- Garden Route Spatial Development Framework (2017)
- Mossel Bay Local Municipality Integrated Development Plan (2022 - 2027)
- Mossel Bay Local Municipality Spatial Development Framework (2022)
- Mossel Bay LED Strategy (2022)

2.4.1. Garden Route Spatial Development Framework (2017)

This vision and strategic direction of the Garden Route Spatial Development Framework (SDF) identifies four key drivers of spatial change within the district. These drivers, listed below, are in turn linked to a set of spatial development proposals, policies and guidelines that seek to address them:

- The economy is the environment
- Regional accessibility for inclusive growth
- Co-ordinated growth management is key to financial sustainability
- Planning, budgeting, and managing as One Government

2.4.2. Mossel Bay Local Municipality IDP (2022 - 2027)

The Integrated Development Plan (IDP) is a strategic plan that provides guidelines towards achieving the vision of the Mossel Bay Local Municipality which is to "strive to be a trend-setting, dynamic municipality delivering quality services responsive to the demands and challenges of the whole society in line with our constitutional mandate." This is to be achieved through rendering cost effective and sustainable services to the entire community with diligence and empathy; having a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community creating mutual trust and understanding between the municipality and the

community; and through promoting diversity and freedom through an open society approach

2.4.3. Mossel Bay Local Municipality Spatial Development Framework (2022)

The Spatial Development Framework (SDF) seeks to assist the Mossel Bay Local Municipality in managing its current development pressures efficiently, and to strategically prepare for projected future developments in the area. Hence, the SDF aims to achieve two goals: address current challenges and look ahead in terms of a long-term development vision, including formulating strategies to achieve it.

2.4.4. Mossel Bay Local Municipality LED Strategy (2022)

The aim of the Mossel Bay LED Strategy is "To achieve credible economic growth which creates quality jobs and breaks the dependency on the state while also bouncing back after the COVID-19 pandemic." This is to be achieved through improving the business investment climate; investing in hard strategic infrastructure, sites and premises for business, and soft infrastructure; encouraging local business growth and new enterprises; promoting inward investment, sector and cluster business development; targeting areas for regeneration and informal economy sector development.

2.5. Synthesis

From a policy perspective addressing the spatial legacy of apartheid and promoting interventions that support job creation and help to grow the economy are seen as a priority across all spheres of government. The Western Cape Growth for Jobs Strategy makes reference to ensuring that new developments growing the economy to create jobs, build a more equal and caring society, foster spatial integration, and promote ecologically sustainable development.

3. Baseline Assessment

3.1. Introduction

This chapter documents various aspects of the primary study area including, population and household numbers, income levels and employment. In addition, the chapter also reviews the economic structure and performance of the study area.

The intention of this review is to provide an economic and a socio-demographic profile of the region. This is done to obtain an understanding of the of the trends, issues and dynamics of the local economy thereby establishing a baseline for the study area.

3.2. Social and Demographic Profile

3.2.1. Population and Household

By applying the population and household growth rates for the Mossel Bay Local Municipality to the demographic information of the primary study area, it is estimated that this area had a population of 18 309 people in 2022. This population resided in an estimated 8 158 households.

Table 3.1: Population and household for primary and secondary study areas, 2022

Area	Indicator	Estimated growth rate	2022	2027	2032
Primary Study Area	Population	4.2%	18309	19060	20234
	Household	6.0%	8158	8912	9892
Secondary Study Area	Population	4.2%	140 075	145 826	154 803
	Household	6.0%	52 986	57 889	64 250

Source: Calculations based on Stats SA 2022 Census (2023) and Quantec (2024)

Over the last decade, the Mossel Bay Local Municipality annual year-on-year population growth rate has been 4.2% while, the number of households in the municipality has increased by 6.0% year-on-year since 2011. This made it the 2nd fastest growing local municipality in the Western Cape.

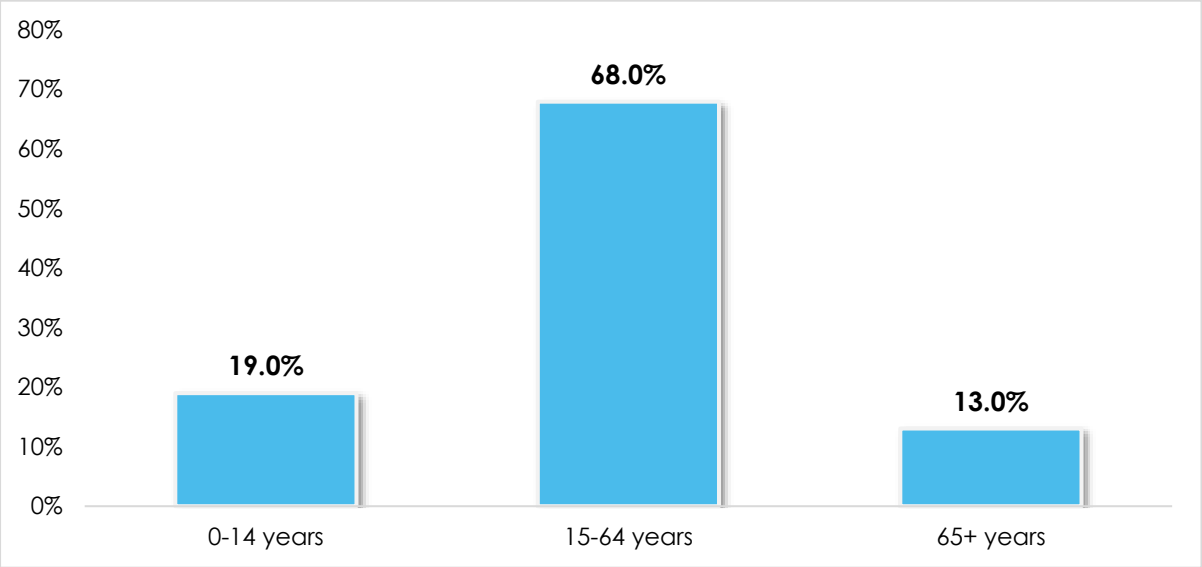
If the growth in the population over the next ten years continues along its historical trend, it will create a demand for more housing which the proposed development could assist in meeting. The increasing housing demand will also create a need for additional facilities such as schools, retail, and health facilities, in an area which is already experiencing pressure on these types of facilities. Furthermore, the positive growth in population will also create an increased demand for employment.

3.2.2. Age Profile

The age distribution of the primary and secondary study areas is depicted in the following figures and sets out the economically active population (i.e. those between the ages of 15 and 64 years old). Despite this age grouping being classified as working age, this does not

mean that the entire population is actively looking for work as some people falling within this age group may choose not to work, such as students or early retirees.

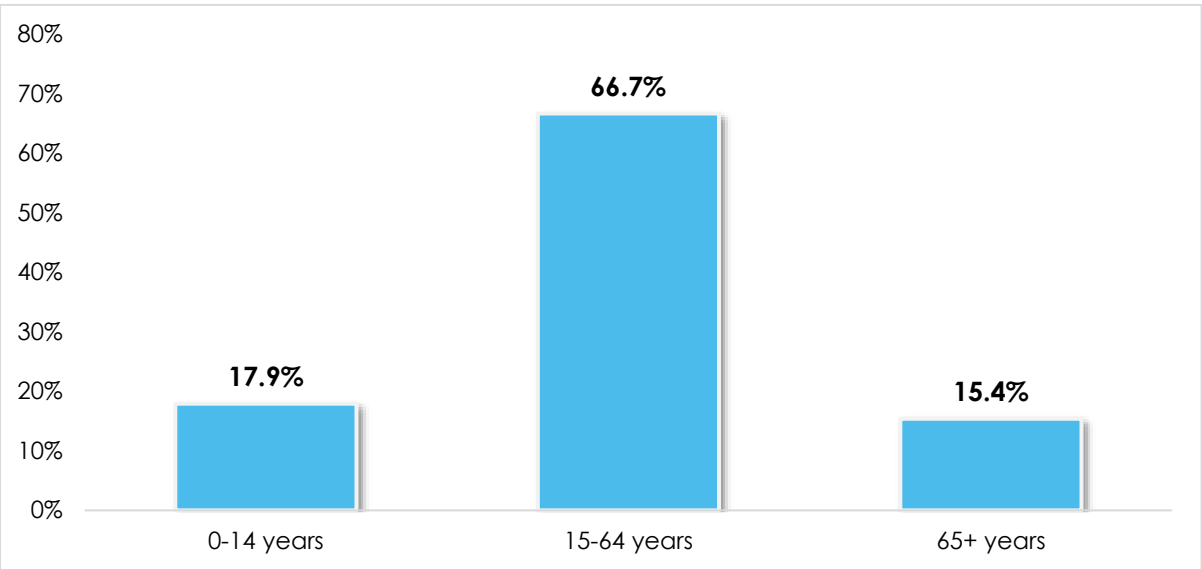
Figure 3.2: Estimated age profile of the primary study area in 2022



Source: Calculations based on Stats SA 2022 Census (2023) and Quantec (2024)

The primary and secondary areas exhibit almost identical age structures. In both areas, the economically active population accounts for the majority (+-/ 67.3%) of the population. There are proportionally slightly fewer children (i.e. individuals younger than 14 years old) and a greater number of elderly in the primary area than in the secondary area.

Figure 3.3: Age profile of the secondary study area in 2022



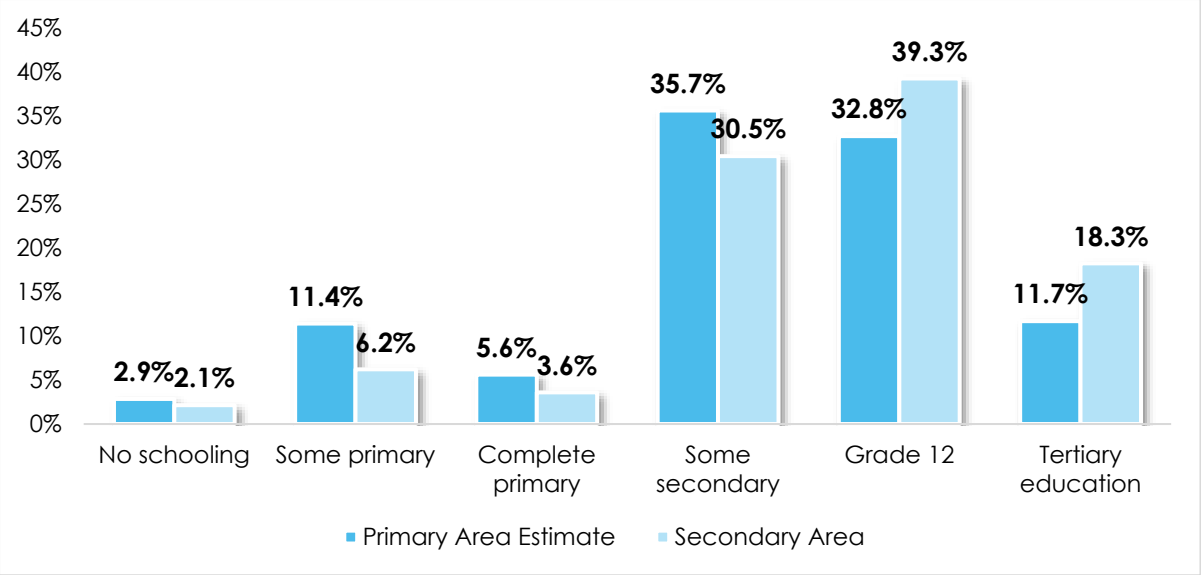
Source: Stats SA 2022 Census (2023)

3.2.3. Education Levels

The education levels of an area have an influence on the skills levels of the population which can be a determining factor in the employability of communities and the income that they

can potentially earn. People with higher levels of education typically earn higher salaries and are more likely to be employed when compared to people with lower levels of education. The level of education is also an indicator of the extent of the human capital development in an area and the opportunities that the population can access.

Figure 3.3: Level of educational attainment in the study areas (Age 20+), 2022



Source: Calculations based on Stats SA 2022 Census (2023) and Quantec (2024)

It is evident from Figure 3.3 that the skill level of the population, as measured by educational attainment, is estimated to be slightly poorer in the primary study area than in the rest of the Mossel Bay Local Municipality.

An estimated 11.7% of the primary study areas population had attainted some form of tertiary qualification in 2022. This is below the municipal figure and could be attributable to the absence of tertiary education institutions in area. The result of this is that over half (55.6%) of the population of primary study area has not completed high school, notably higher than for the rest of the Mossel Bay Local Municipality (42.4%).

3.2.4. Household Income

The weighted average monthly income of households in the primary study area was R17 616 in 2011[1] (in current 2023 prices). This is lower than the Mossel Bay Local Municipality (R19 499; 2023 prices) in the same period, but in line with the rest of the Garden Route District Municipality (R17 594; 2023 prices). There is considerable variation in income levels, however, across the primary study area as illustrated in Table 3.2.

Table 3.2: Annual household income distribution per location

	Income Brackets	Mossel Bay
Low Income	R0 – R38 400	39.4%

[1] At the time of the study, Statistics South Africa had not yet published household income data from the 2022 Census.

Middle Income	R38 401 – R307 200	47.0%
High Income	R307 201+	13.5%

Source: Calculations based on Stats SA 2011 Census (2012)

3.2.5. Dwellings and Tenure Status

The table below illustrates the two different household structure types evident in the primary and secondary study areas. Formal dwellings comprise brick houses on a separate yard or on a farm, flat/apartment in a block of flats, a cluster house/townhouse in a complex, semi-detached house or a room/ flat/ granny flat/ servants' quarters in a yard. Informal dwellings include structure made of traditional material, shack in a backyard or a shack not in a backyard (informal settlements), caravan and a tent.

Table 3.3: Composition of dwelling types per area in 2022

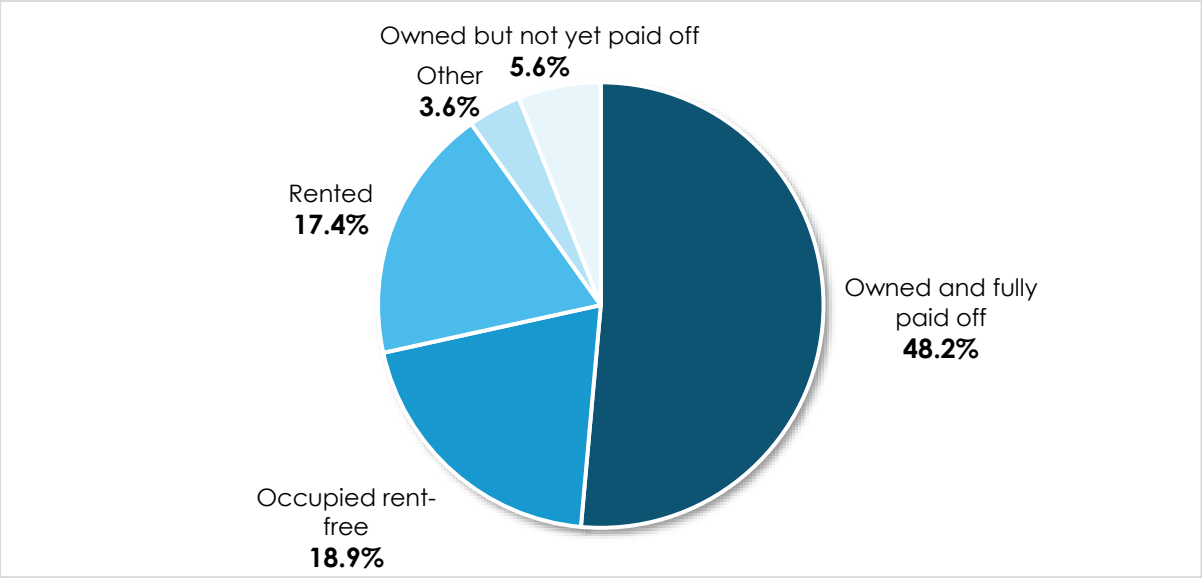
	Primary Study Area		Secondary Study Area	
	Number	**% Share**	**Number**	**% Share**
Formal dwellings	7 340	90.0%	49 134	92.7%
Informal dwellings	817	10.0%	3 853	7.3%

Source: Calculations based on Stats SA 2022 Census (2023) and Quantec (2024)

A large proportion of the households in the study area reside in formal dwellings. The proposed development will provide the type of residential dwellings that are in demand in the area. With the employment opportunities and increase in income levels that the proposed development could potentially bring to the study area, there will be a potential increase in the demand for formal dwellings.

In terms of tenure status, a majority (48.2 %) of households owing their property have having fully paid it off, with a further 18.9% of households occupying their dwelling rent free. The remaining 26.6% of households in the primary study area either rent their property, own their property but have not fully paid it off, or indicated some other form of tenure status.

Figure 3.4: Estimated tenure status of households in the primary study area, 2022



Source: Calculations based on Stats SA 2022 Census (2023) and Quantec (2024)

Given that the development will primarily target higher-income households, it is likely that a significant proportion of the properties will be owner occupied (either partially or fully paid off). Some of the properties in the development, however, may be purchased as an investment and then rented out to tenants.

3.3. Economic Profile

3.3.1. Gross Value Added (GVA)

The GVA (Gross Value Added) of the Mossel Bay Local Municipality was R7.8 billion in 2022 (constant 2015 prices), which collectively accounts for 17.6% of the Garden Route District Municipality's economy's GVA. Per capita GVA in the municipality was R55 907 in constant 2015 prices, which was higher than the Garden Route District Municipality (R53 205) but lower than the Western Cape (R79 731). These figures suggest that the Mossel Bay Local Municipality is a comparably important part of the district economy, but a small contributor provincially.

Over the last ten years, the real Compounded Annual Growth Rate (CAGR) of the Mossel Bay Local Municipality was 1.0% which meant that it grew slower than Garden Route District Municipality (1.3%). This can be attributed to municipality's greater reliance on the tourism industry, which was impacted significantly more by the COVID-19 pandemic, than the rest of the district.

Table 3.4: GVA contribution by sector for the Mossel Bay Local Municipality and Garden Route District Municipality between 2012 and 2022 (constant 2015 prices)

Sector	Mossel Bay		Garden Route	
	2012	2022	2012	2022
Agriculture	4.6%	4.9%	5.0%	5.6%
Mining and quarrying	1.0%	0.8%	0.3%	0.2%
Manufacturing	17.0%	12.9%	13.9%	13.0%
Electricity. gas and water	2.1%	1.2%	2.6%	1.8%
Construction	6.0%	2.9%	6.6%	3.8%
Trade	15.0%	14.0%	17.0%	15.0%
Transport and communication	8.2%	8.4%	8.5%	8.8%
Finance and business services	28.7%	36.2%	26.8%	32.5%
General government	8.2%	8.0%	9.3%	8.8%
Community services	9.3%	10.7%	10.0%	10.4%
TOTAL GVA (R. millions)	R7 109	R7 831	R39 170	R44 613

Source: Calculations based on Quantec (2024)

The growth of Mossel Bay Local Municipality over the last few years was largely due to the strong performance of the tertiary sectors, particularly the finance and business services sector. As indicated in the table below, the finance and business services sector has grown by a strong 3.3%, making it the best performing sector over the last ten years. Other sectors that showed the strong growth rates over the period include community and social services (2.4%), agriculture (1.8%) and transport and communication (1.2%).

The construction sector is an important contributor to the local municipality's economy; however, its importance has declined over the last ten years, evidence by its negative growth rate and fall in contribution to the total GVA of the municipality. The construction sector, however, is well developed and established in the Mossel Bay Local Municipality and any new development would likely greatly increase the contribution of sector to total GVA.

Table 3.5: GVA per sector for the Mossel Bay Local Municipality in 2015 constant prices (in R' millions)

Sector	2012	2022	CAGR (2012-2022)
Agriculture	R324.4	R386.5	1.8%
Mining and quarrying	R73.8	R64.2	-1.4%
Manufacturing	R1 205.9	R1 011.3	-1.7%

Electricity, gas, and water	R149.9	R93.6	-4.6%
Construction	R429.7	R223.3	-6.3%
Trade	R1 064.6	R1 098.5	0.3%
Transport and communication	R583.8	R661.0	1.2%
Finance and business services	R2 038.3	R2 833.6	3.3%
General government	R579.4	R624.3	0.7%
Community services	R659.1	R835.0	2.4%
Total GVA	R7 109.0	R7 831.2	1.0%

Source: Calculations based on Quantec (2024)

3.3.2. Employment

The employment profile provides an indication of the level of disposable income and expenditure capacity of the population within the study area. The unemployment rate refers to the portion of the economically active population, that is actively seeking work but is unable to find it as well as discouraged workers who are not actively looking for work but would accept work if it was offered to them.

Table 3.6: Estimated employment profile of the study areas in 2022

Indicator	Primary Study Area	Secondary Study Area
Employed	30 600	48 429
Unemployment Rate	23.6%	19.5%
Not Economically Active	25 841	31 665
Labour force participation rate	60.8%	65.5%

Source: Calculations based on Stats SA 2011 and 2022 Census (2012, 2023) and Quantec (2024)

The review of the employment profile of the primary study area shows that almost a quarter of the economically active population within the area is formally unemployed. In addition to the unemployment rate is slightly higher than the secondary study area (19.5%), the labour force participation rate is marginally worse.

Table 3.7 illustrates the composition of total employment within the Mossel Bay Local Municipality (i.e. secondary study area). In line with its strong GVA performance, the employment in the finance and business services sector has grown at a compounded annual growth rate of 2.8% between 2012 and 2022.

Table 3.7: Employment structure of the Mossel Bay LM between 2012 and 2022

Sector	2012	2022	CAGR (2012-2022)
Agriculture	3 459	3 560	0.3%
Mining and quarrying	111	97	-1.3%
Manufacturing	3 247	2 993	-0.8%
Electricity, gas, and water	105	94	-1.1%
Construction	2 545	1 622	-4.4%
Trade	7 967	8 466	0.6%
Transport and communication	1 441	1 460	0.1%
Finance and business services	5 817	7 634	2.8%
General government	1 886	1 906	0.1%
Community services	6 629	6 593	-0.1%
Total Employment	33 207	34 426	0.4%

Source: Calculations based on Quantec (2024)

The construction sector, in contrast, has experienced negative employment growth between 2012 and 2022. It is probable that the over 900 jobs lost by the sector over the period can be attributed to, in part, to a cooling off in the number of new residential developments constructed in the municipality, particularly in the town of Mossel Bay post COVID-19. Tertiary sectors, such as trade and finance and business services, however, saw strong employment growth, with these two sectors each adding more than 2 300 jobs over the period.

The contractions in construction employment over the 2012 to 2022 period, have resulted in a gradual change in employment structure across the municipality. This has resulted in the tertiary sector's share of total employment increasing from 71.5% to 75.7%, while secondary sectors, which includes construction, share of total employment has declined from 17.8% to 13.7% over the 2012 to 2022 period.

3.4. Synthesis

The growing population within the primary study area together with the high unemployment and high-income levels, creates the need for more housing and employment provision. This would be provided during the construction and operation phase of the proposed development. The proposed development aims to provide opportunities for economic growth and development by providing job opportunities, skills development, improved income levels, etc. The aspects mentioned above align with some national, provincial, and local policies.

4. Market Potential Analysis

4.1. Introduction

The purpose of the Market Potential Analysis is to assess the viability of the proposed mixed-use development within the local market context. This analysis will focus on understanding the demand for residential and retail spaces in the Tergniet area, examining current market trends, and identifying potential growth opportunities. By analysing key market drivers, this section will establish whether the development aligns with the existing and anticipated needs of the local population. Specifically, the objectives of this analysis are to:

1. **Evaluate Market Demand**: Assess the demand for residential and retail spaces within the Tergniet area, focusing on demographic trends, income levels, and housing preferences.
2. **Analyse Competitive Supply**: Identify and analyse the existing supply of residential and retail properties, highlighting potential competitors and market saturation levels.
3. **Determine Feasibility and Growth Potential**: Estimate the net effective demand for new residential and retail developments, and provide projections based on population growth and economic indicators.
4. **Align with Strategic Goals**: Ensure that the proposed development aligns with the local municipality's strategic goals for urban expansion, economic development, and sustainability.

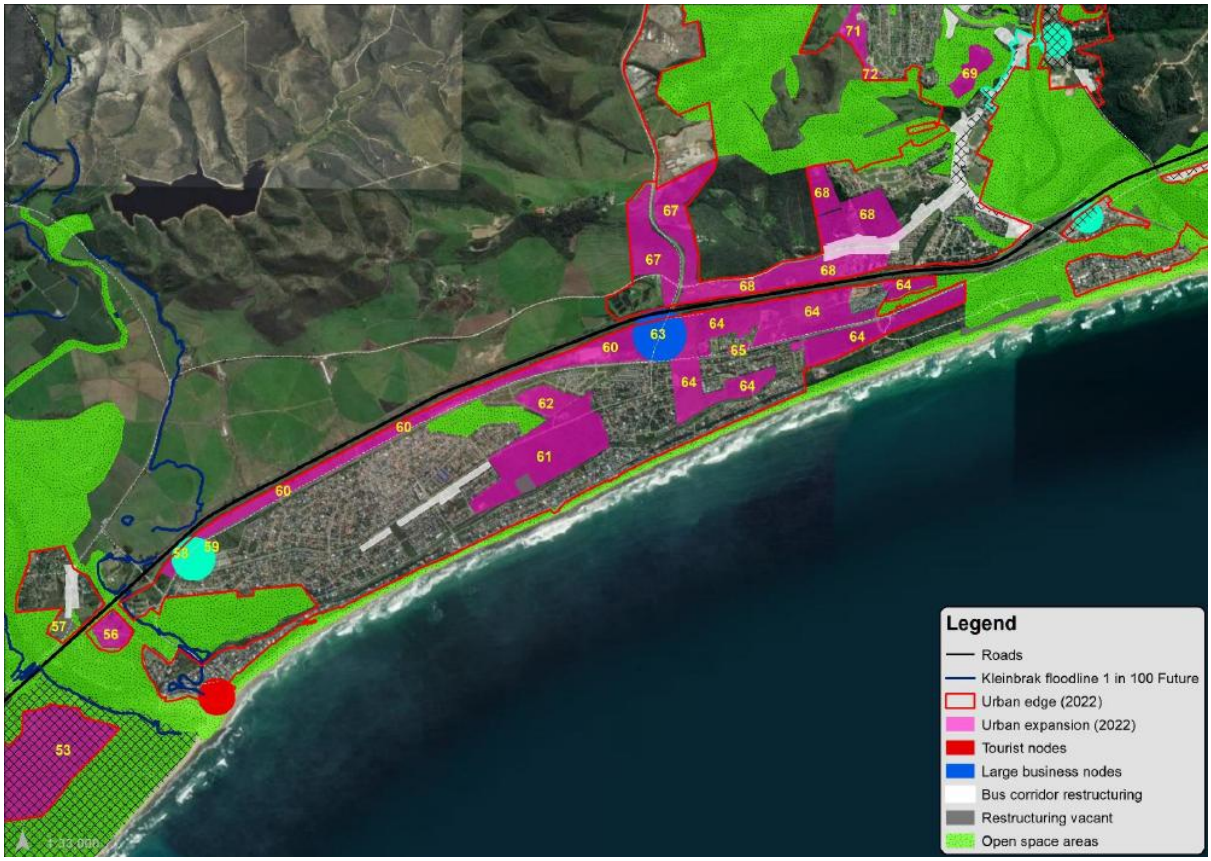
4.2. Alignment with Local Planning

The Mossel Bay Municipality's Spatial Development Framework 2022 (SDF) sets out a vision for structured urban development within the municipality, providing the framework to guide future development within the region to ensure sustainable development that achieves the maximum benefit to residents and business as well as protecting natural assets.

The image below shows the region around the Tergniet development site. The SDF indicates an area, marked by a blue circle and number 63, as being earmarked for a large business node. The description in the SDF clears the region for "Business, Light Industrial, Mix Use, Medium Density". The proposed mixed-use development lies precisely within this earmarked region.

Furthermore, viewing the vision for the area it is clear that this is a key development node for the municipality, with large swathes of land identified for urban expansion. Comparing the region to others in the Mossel Bay area it is clear that the broader Tergniet / Klein Brak area is one of the few regions within the municipality where substantial development can take place.

Figure 4.1: Mossel Bay SDF 2022



4.3. Residential Market Analysis

4.3.1. Residential Growth

In recent years coastal towns such as Mossel Bay have seen a marked increase in population driven by migration of middle- and upper-income households from larger inland cities, especially those in Gauteng, to the Western Cape. Even before the recent wave of migration to the cape, residential growth has been strong in the region as evidenced visually by a comparison of satellite images between 2011 and 2024. Three areas have been identified within a 5km radius of the proposed Tergniet development where significant residential growth is evident.

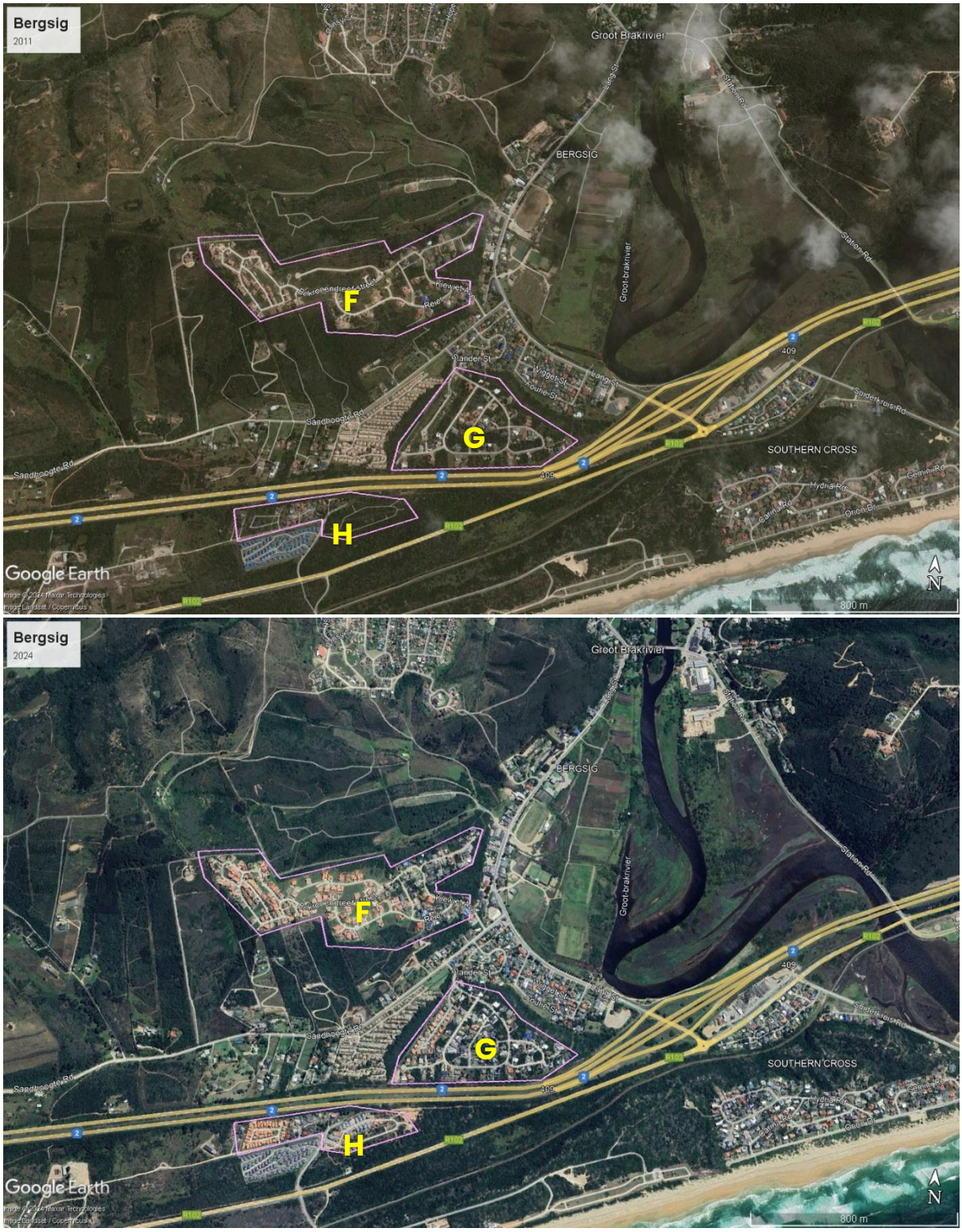
In the Tergniet region, infill development has occurred in established areas, marked B and D while completely new developments have occurred (or are still under development) in the regions marked A and C.

To the West, in the suburb of Fraaiuitsig, significant infill development has occurred. To the East of Tergniet, in the area of Bergsig, infill development has occurred throughout but most notably in the areas marked F, G, and H.

Figure 4.2: Tergniet Area Expansion

Figure 4.3: Fraaiuitsig Area Expansion

Figure 4.4: Bergsig Area Expansion



Visual observations suggest that existing neighbourhoods are reaching saturation / full occupancy, especially in the area of Fraaiuitsig. Space remains in sectional schemes in the Tergniet area (most notably areas A and C in the images above). After these developments are completed. Given the high population growth rate in the region (4.2% compared to 1 – 2% in many other urban centres) it will not take long for existing developments to reach full occupancy.

4.3.2. Property Price Trends

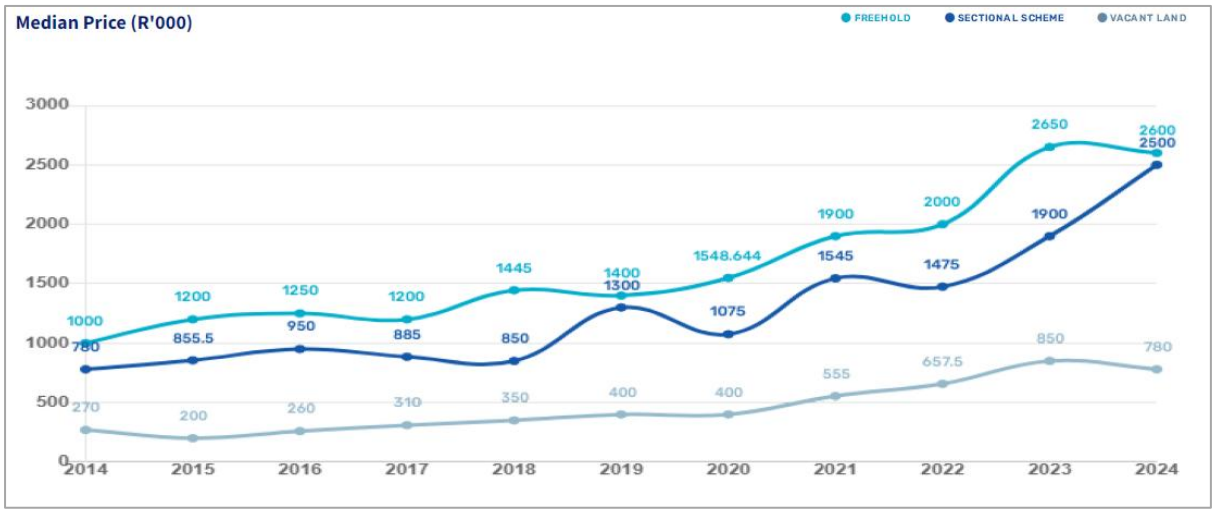
Market prices reflect the interplay between demand and supply conditions. In general, prices rise when either demand conditions improve, or supply conditions worsen. In recent years, according to data from Lightstone, prices in the Mossel Bay region and specifically within the Great Brak area have risen considerably. The graphs below show the price trends for freehold, sectional schemes, and vacant land. These trend lines show the average price per property of each type. It must be noted that the dips observed in the median prices of freehold property in Mossel Bay are not due to any price shocks but reflect the addition of many affordable housing units onto the market, pulling the average prices down. In the previous 12 months 448 freehold developed properties were sold in the Lightstone category '< R400 000', for an average unit price of R 139 043.

Property sale data indicates that while sectional schemes have sold at similar price levels to freehold properties in Mossel Bay as a whole, they have sold consistently at a lower price within the Great Brak area until recently when the gap in prices have closed completely, driven by a surge in pricing of units in sectional schemes.

Figure 4.5: Median Property Price Trend – Mossel Bay

Source: Lightstone Property (2024)

Figure 4.6: Median Property Price Trend – Great Brak



Source: Lightstone Property (2024)

4.4. Retail Market Potential Analysis

This section serves to assess the feasibility of retail / general business being developed as part of the Tergniet development. This is achieved through a retail demand analysis tool developed by Ramp Economics which allows for the effective comparison of market supply and demand to determine the net effective gap for retail in the market area. For this assessment, a 5km zone centred on the Tergniet development site is used as the primary study area, with the rest of the Mossel Bay local municipality comprising the secondary market area.

4.4.1. Retail supply

The retail supply section serves to identify and analyse the existing retail facilities in the market area that will act as future market competitors, providing a similar offering as the proposed development. The retail supply analysis aims to give an indication of the existing and future supply within the market area in order to measure the competitive supply of retail floor space.

4.4.1.1. Distribution of competitive supply

A visual representation of the competitive supply is compiled in order to assess the possible impact it may have on the proposed development. The figure below presents the distribution of retail facilities near the Tergniet development. As can be seen from the map and table, there exist only 4 notable retail developments in the vicinity of Tergniet, all of which are situated close to the boundary of the 5km radius. No notable retail presence is identified in the area around the proposed development site. In total retail supply (including the proposed but as yet undeveloped Fraaiuitsig development) totals 14 250 m² Gross Leasable Area (GLA). Accounting for other retail not present in the identified retail development (an assumption of 30% of identified mixed-retail developments is used), the total rises to 19 950 m².

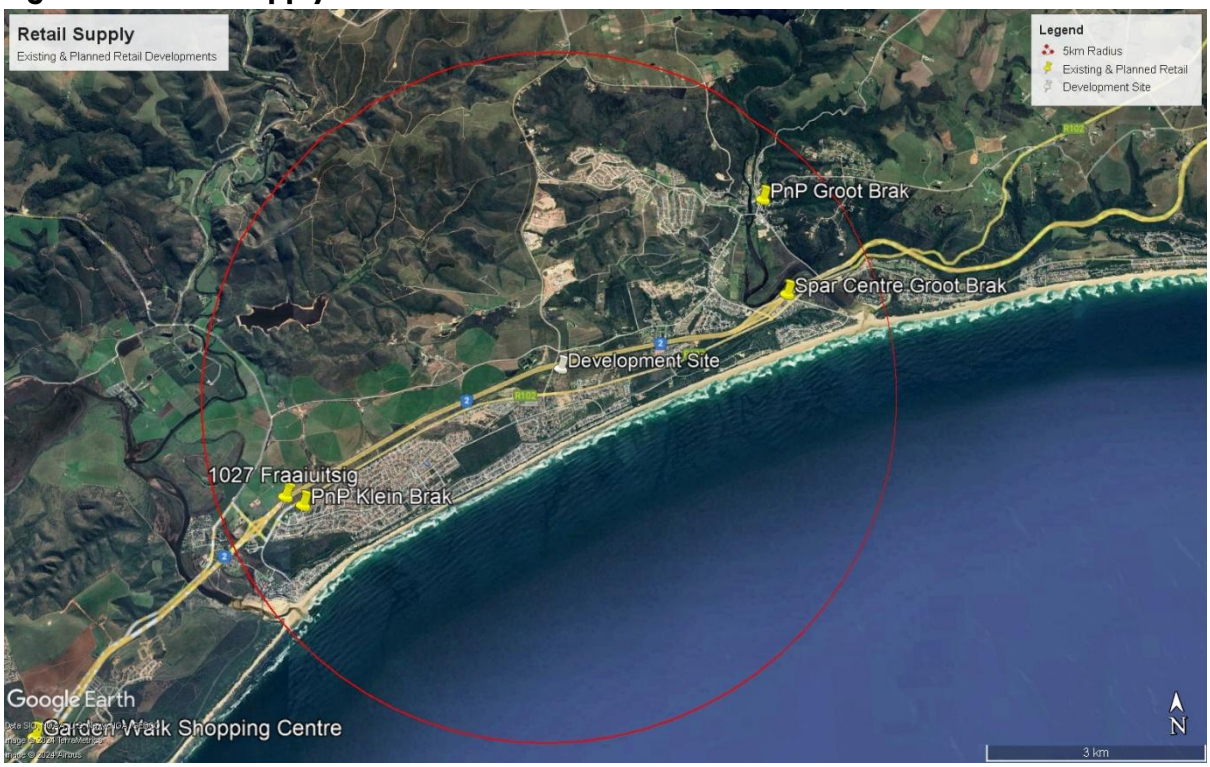
The Garden Walk Shopping Centre is a planned 20 000 m² (GLA) retail development that is scheduled to open in April 2026. While outside the 5km zone indicated, it is situated near to the edge of this zone on the outskirts of Hartenbos. It is situated in close proximity to an interchange connecting the R102 to the N2 national highway thus much like the proposed development at Tergniet offers excellent accessibility for passing motorists and residents of Mossel Bay. This development is thus included in the retail assessment as it is likely to intercept some of the Mossel Bay market. Including the Garden Walk Shopping Centre into the supply calculation brings the total to 39 950 m².

Table 4.1: Retail Supply

Retail Supply	GLA (m²)
Fraaiuitsig (Proposed)	7,000
Spar Centre Groot Brak	3,750
PnP Centre Groot Brak	2,000
PnP Centre Klein Brak	1,500
Total Retail Developments	**14 250**
Other Retail (40%)	5700
Total Retail Supply (5km radius)	**19 950**
Garden Walk Shopping Centre	20 000
Total Nearby Retail Supply	**39 950**

Source: Ramp Economics (Pty) Ltd.

Figure 4.7: Retail Supply in Radius



Source: Google Earth, Ramp Economics

4.4.2. Retail demand

The retail demand analysis determines the total demand [expressed as GLA in terms of square metres (m²)] for the proposed development in the delineated market area. Note that these demand assumptions are conservative by nature. The retail demand model is based on the interaction between the following factors:

- **Population and number of households:** Presented in chapter 4.
- **Household income:** Presented in chapter 4.
- **Household expenditure:** Presented in chapter 4.
- **Leakages and injections:** As the Garden Walk Shopping Centre has been included within the study area's supply, it is appropriate to consider it fully as part of the study area. The leakage out of the 5km study area would otherwise be assumed at an average rate of 50%. This indicates that 50% of retail expenditure will be spent outside of the market area. With the inclusion of the Garden Walk Shopping Centre this is reduced to 40% as, with considerably increased variety afforded to the local population (doubling the retail GLA of the area) there is less motivation to leave the study area to conduct shopping.

  Injection relates to the expenditure arising from residents living outside of the market area. This would otherwise be assumed at 10% but for the inclusion of the Garden Walk Shopping Centre into the study area supply calculation. As this centre now counts towards the study area's supply the injection rate has been increased slightly to 12% as the greater variety on offer should attract more people from outside the study area to conduct shopping in the study area.

Leakage Factor	Injection Factor
40%	12%

- **Trading densities:** Adapted trading densities are used based on data from MSCI. The following figures are used, presented in Rands per square metre:

Sector		2024
Home Furnishings/Antiques/Décor	R	24,864.49
Entertainment	R	7,392.04
Travel Stores	R	87,939.99
Health & Beauty	R	71,116.26
Department Stores	R	40,590.41
Apparel	R	37,701.18
Eyewear	R	67,023.38
Jewellery	R	137,564.80
Shoes	R	40,403.37
Department Stores	R	40,590.41
Electronic/Photography/Music	R	59,370.37

Sporting/Outdoor Goods & Wear	R	39,163.87
Books/Cards/Stationery	R	38,818.07
Luggage	R	67,086.15
Food	R	38,734.35
Food Service	R	43,666.48
Department Stores	R	40,590.41
Speciality	R	32,977.12

The completed retail demand analysis will be presented as the Net Effective Demand (NED) for the retail development in the market area.

4.4.3. Net Effective Demand for Retail

The information presented throughout this section enables the calculation of the realistic anticipated demand for additional retail within the market area. The Net Effective Demand (NED) indicates the market gap for the proposed shopping centre within the market area. The NED can be summarised as the effective retail demand minus the effective retail supply. This would yield the gap in the market that the proposed development could fill. The figure below illustrates the calculated NED for the proposed retail facility.

Based on the calculated income for the households in the development and in the region surrounding Tergniet, expenditure patterns and through the application of trading densities, retail modelling has determined present and future net effective demand for retail. Due to expected population increases in the region, expected demand for retail space is expected to increase considerably in the years 2024 - 2028. Thus, the net effective demand (NED) for retail space (GLA) is expected to be 6,382 m² in 2024 and will grow up to 24,937 m² by 2028.

This does not account for any growth of retail supply in the interim period, however noting the strategic location of the development site and the continued expansion of Mossel Bay, it is the view of this study that a **retail centre as proposed is feasible**.

Year	Demand	Supply	Net Effective Demand
2024	46,332	39,950	6,382
2025	50,403	39,950	10,453
2026	54,830	39,950	14,880
2027	59,647	39,950	19,697
2028	64,887	39,950	24,937

4.4.4. Relating this back to the Development

As the development does not call explicitly for retail development, it cannot be assumed that all space zoned business will be used for retail purposes. Space will likely be shared between retail and office space with other uses also possible. That retail will likely form the largest component of the business element of the development is the reason why this section has used retail as a proxy. That the retail demand assessment determines that there is sufficient market demand for a retail development that would take up the entirety

of business zoned property in present conditions (discounting future growth estimates) supports the determination of development feasibility.

5. Economic Impact Assessment

5.1. Introduction

The following chapter seeks to quantify the potential economic impact of the proposed development on the study area. Economic impact refers to the effect on the level of economic activity in an area as a result of some form of external intervention in the economy. The analysis presented in this chapter seeks to estimate what changes could be expected in the economy and community from the proposed development using an economic analysis technique called the Social Accounting Matrix (SAM) model.

This section first explains the impact assessment process before presenting the calculated economic impacts of the base case development scenario – that is the scenario in which the development continues as per the developers' intentions. Next the economic impact of the alternate scenario where the buffer to the main road is increased from 40m to 80m. The section will then conclude with a narrative discussion on the impacts of imposing the 80m buffer and of not continuing with the development.

5.2. Understanding the SAM Model

The SAM modelling approach has proven to be an effective method for evaluating the impacts of introducing some form of exogenous change to an economy. This modelling approach is well recognised and is accepted nationally and internationally.

A SAM represents the flows of all economic transactions that take place within an economy. SAMs refers to a single year providing a static picture of the economy, based on national accounting statistics and input-output tables that are compiled and published by Statistics South Africa (Stats SA), using primarily South African Reserve Bank accounts data. The matrices can be derived from the model are then used as instruments for economic analysis.

The fundamental assumptions underpinning the SAM model and its use are:

- Production activities in the economy are grouped in homogeneous sectors;
- The mutual interdependence of sectors is expressed in meaningful input functions;
- Each sector's inputs are only a function of the specific sector's production;
- The production by different sectors is equal to the sum of the separate sectors of production;
- The technical coefficients remain constant for the period over which the forecast projections are made; and
- There will be no major change in technology.

It should also be noted that:

- The study makes use of the Western Cape SAM model adapted to 2023 prices and based on the provincial SAM model developed by the DBSA in 2006.

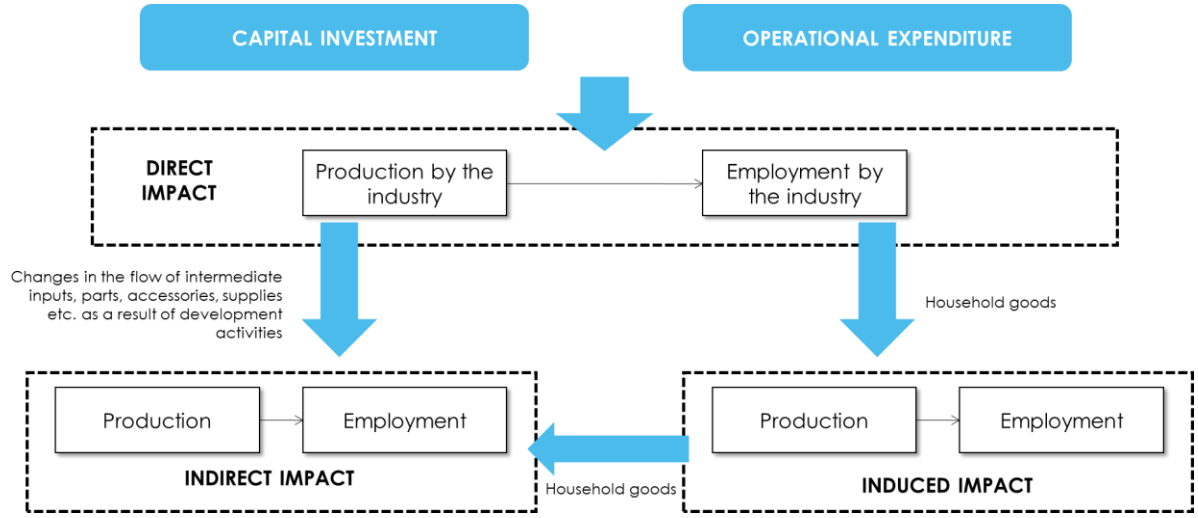
- All the Rand values in this report represent 2023 Rand values (cost excluding 15% VAT);
- The different measures of economic impact (jobs; Gross Domestic Product, GDP; and new business sales) cannot be added together and should be interpreted as separate economic impacts.
- The model quantifies direct and indirect economic impacts for a specific amount of time. Therefore, the estimates that are derived do not refer to gradual impacts over time.

In pure economic terms the impacts measured by the SAM model are defined as follows:

- **Direct effects**: Are those changes in local business activity occurring as a direct consequence of the exogenous change to the economy.
- **Indirect effects**: Include business growth for suppliers to the directly affected businesses and potential growth of municipal revenue due to increased taxes and service levies.
- **Induced effects**: Include business growth owing to the additional spending by workers (created by direct and indirect economic impacts/effects) on food, clothing, shelter and other local goods and services.

All projects and interventions have two basic types of investment – capital expenditure (CAPEX) and operational expenditure (OPEX) – each of which is measured at a specific stage in the project/intervention lifecycle. The relationship between the capital and operational expenditure of a particular intervention and the direct, indirect, and induced impacts of this expenditure are illustrated in the figure below.

Figure 5.1: Impact of CAPEX and OPEX



Due to the different durations of each phase, the impacts are separated into those observed during the construction phase and those experienced during the operational

phase. The construction phase economic impacts are of a temporary nature and therefore have a short-term effect (i.e. they cease at the conclusion of the construction period). On the other hand, the operational phase of a development could last for decades; hence the impacts during this stage are considered to be long-term and of a sustainable nature.

The economic impacts occurring during the construction and operational phases can be quantified in terms of a change in the following indicators:

1. **Production/Business sales:** Production is defined as the process in which labour and assets are used to transform inputs of goods and services into outputs of other goods and services (i.e., business sales). The economic impact assessment will seek to quantify the value of all inter- and intra-sectoral business sales generated in the economy because of the proposed development.

2. **Gross Domestic Product (GDP):** Gross Domestic Product refers to the market value of all final goods and services produced within a country in a given period. This measure reflects the sum of production, wage income and corporate profits generated in South Africa as a result of the proposed development.

3. **Employment:** Employment reflects the number of additional jobs created in the economy as a result of the proposed development. For this metric, a job is defined as one person employed for one full year. These employment values, however, have two limitations: (1) they do not necessarily reflect the quality of employment opportunities, and (2) they cannot be easily compared to the public costs of attracting those jobs (through subsidies, tax breaks or public investments).

4. **Income:** The household income generated by the proposed development refers to the total value of salaries and wages earned by the labour force employed as part of the development, as well as the salary and wage income generated by suppliers of goods and services to the development.

Any of these measures can be an indicator of improvement in the economic well-being of residents, which is generally the goal of any investment project. The net economic impact is usually viewed as the expansion or contraction of an area's economy, resulting from the induced changes.

The precise quantum of these impacts will be influenced by changes in the project (such as precise land-use mix, technologies employed, imported versus local goods and services, timing and funding options, amongst others) and changes in the project environment (such as property market cycles, interest rates, legislation, the structure of the economic sectors primarily influencing and affected by the development and the labour market, amongst others).

Assessment of Base Scenario

This section discusses the economic impacts of the construction and operation of the development according to the base case scenario as described in chapter 1 of this report.

5.3. Capital Expenditure (CAPEX) - Base Case

This section demonstrates the potential economic impact of the construction phase of the proposed development. It must be noted that these impacts are temporary and will only last for the duration of the construction period. This phase will utilise a combination of both intensive labour and machinery to construct the development.

Table 5.1 presents the estimated development costs during the construction phase of the development. It should be noted that the values presented in the Table represent the total costs associated with the full development of the site including the construction of all top structures. The proposed development is likely to be phased. As such, the costs and impacts presented in the section could vary based on the final number of structures built and the phasing thereof.

Table 5.1: Estimated full development costs, 2024

Property Description	Development Cost
Intermediate Business	R 88,200,000.00
Institution	R 29,400,000.00
Town Housing	R 49,200,000.00
Private Open Space	R 270,000.00
High Intensity Business	R 25,200,000.00
Low Rise Apartments	R 46,800,000.00
Mixed Zone	R 49,500,000.00
Private Open Space	R 4,500,000.00
Intermediate Business	R 42,000,000.00
Internal Roads	R 10,000,000.00
Bulk Electrical	R 19,952,000.00
Water & Sewerage	R 5,000,000.00
Other / General Civil Works	R 7,000,000.00
Professional Fees (10%)	R 37,702,200.00
Total	**R 414,724,200.00**

The total cost of the land development phase is estimated at approximately R 415 million.

5.3.1. CAPEX Impact Assessment Results

Table 5.2 shows the impact modelling results that are likely to arise during the construction phase of the proposed development.

Table 5.2: Construction phase economic impacts

	Direct	Indirect	Induced	Total
Production (R' millions)	R414.7	R547.3	R157.3	R1,119.3
GDP (R' millions)	R81.4	R173.3	R59.6	R314.3
Employment	177	884	264	1,328
Income (R' millions)	R43.5	R69.9	R22.6	R136.1

The table depicts that the construction of the proposed development will generate approximately R 1.1 billion in additional new business sales or additional production. Approximately R 415 million of this amount will be created through direct effects and R 704 million through indirect and induced effects.

The positive impact on production due to the capital expenditure incurred during the construction phase of the development contributed to a total positive estimated impact on GDP of R 314.3 million. Direct and indirect impacts contributed to R 81.4 million and R 173 million, respectively, together with an additional R 59.6 million of induced impacts.

The model suggests that 1328 direct, indirect, and induced jobs will be created during the construction of the estate, which in turn will increase household incomes by R 136 million.

5.4. Operational Expenditure (OPEX) - Base Case

After the completion of the construction phase of the proposed development, there will be further economic impact and impact on the study area through the ongoing annual operational functions of the development.

The following table shows the projected operational expenditure for the broader development. This is for the operation of the development itself and does not consider the operational expenditure of the various tenants of the development.

Table 5.3: Operating Expenditure

Operating Budget	Value
Accounting & Legal Fees	R 4,393
Advertising and Marketing	R 25,840
Bank Charges	R 3,618
Insurance	R 594,329
Office Supplies & Printing Costs	R 284,244
Rent	R 25,840
Repairs and Maintenance	R 439,287
Salaries & Wages	R 180,883
Security	R 38,761
Telecom & Travel	R 19,380
Utilities	R 67,185
Total	**R 1,683,760**

5.4.1. OPEX impact assessment results

Table 5.4 shows the impact modelling results that are likely to arise during the operational phase of the proposed development, looking specifically at the operational activities involved in the upkeep and operation of the development itself i.e. not including tenants activities.

Table 5.4: Operational phase economic impacts – Property management

	Direct	Indirect	Induced	Total
Production (R' millions)	R 1.7	R 1.3	R 0.8	R 3.9
GDP (R' millions)	R 0.9	R 0.6	R 0.3	R 1.8
Employment	2	2	1	6
Income (R' millions)	R 0.2	R 0.1	R 0.1	R 0.3

During the operational phase of the proposed development a total of R 3.9 million in additional production will be generated on an annual basis through direct, indirect, and induced effects. The increase in production will impact on GDP which will be rise by an estimated R 1.8 million in total. The modelling suggests that a total of 6 additional employment opportunities will be created across the regional and national economy during the operation phase, increasing household income by just over R 300 000 per annum.

Tenant Operations

The table below shows the calculated operational economic impacts arising from tenant activities at the development, i.e. the economic impacts resulting from tenants operating their businesses and includes the impacts of employment.

These figures are informed by information received from the client on the expected tenants and the operational profile of each tenant and regional data on trading densities for establishments within similar settings.

Table 5.5: Operational phase economic impacts - Tenants

	Direct	Indirect	Induced	Total
Production (R' millions)	R82.0	R48.8	R54.0	R184.9
GDP (R' millions)	R43.0	R21.9	R21.8	R86.7
Employment	60	59	68	188
Income (R' millions)	R10.6	R8.6	R8.8	R28.0

Here it is seen that tenant operations will lead to increases in production of R185 million per year resulting in a net gain to local GDP of R 87 million per year. It is estimated that tenants will employ 60 persons directly with a further 128 jobs created across the economy. This will

have the effect of generating R10.6 million in increased wage income directly to employees at the development per annum, with a total wage income impact of R28 million per year.

Total Operations

In total it is calculated that on average, using 2024 prices, the development will create a total impact on local GDP of R88.5 million per year and result in the sustainable employment of 194 individuals.

Table 5.6: Operational phase economic impacts - Total

	Direct	Indirect	Induced	Total
Production (R' millions)	R 83.7	R 50.2	R 54.8	R 188.7
GDP (R' millions)	R 43.9	R 22.5	R 22.1	R 88.5
Employment	62.5	61.6	69.7	193.9
Income (R' millions)	R 10.8	R 8.7	R 8.9	R 28.3

Assessment of Alternate Scenario

This section discusses the economic impacts of the alternate scenario in which the buffer to the North of the property to the main roadway is increased from 40m to 80m, thus reducing the size of the development.

Table 5.7: Construction phase impacts – Alternate scenario

	Direct	Indirect	Induced	Total
Production (R' millions)	R364.2	R480.5	R138.1	R982.8
GDP (R' millions)	R71.4	R152.2	R52.3	R276.0
Employment	155	777	232	1,166
Income (R' millions)	R38.2	R61.4	R19.8	R119.5

Due to the reduction in developable area, total construction expenditure is reduced which naturally leads to a smaller economic impact. In the alternate scenario, the total construction cost is estimated to contract to R364 million with the total impact on production calculated at R983 million. The total impact on GDP is calculated to be R276 million. Employment during construction is calculated to be 155 directly on site with a further 1008 jobs created during the construction phase. In total the impact on wage income will be R38 million through direct employment with a further R81 million generated through indirect and induced impacts.

Table 5.8: Operational phase impacts – Alternate scenario

	Direct	Indirect	Induced	Total
Production (R' millions)	R 63.8	R 38.0	R 42.0	R 143.8
GDP (R' millions)	R 33.5	R 17.0	R 17.0	R 67.5
Employment	45.0	44.3	50.9	140.3
Income (R' millions)	R 7.9	R 6.4	R 6.6	R 20.9

As the development will be smaller in size, the number and scale of potential tenants will be affected resulting in a reduction in the impacts of operational impacts. In the alternate scenario, the direct impact on production / business sales is expected to be R63.8 million. Including the indirect and inducted impacts this rises to R143.8 million. This business activity will stimulate R67.5 million in GDP contribution across direct, indirect, and inducted impacts. Direct employment is estimated to be 45 under this scenario, with total sustainable employment created across the economy calculated at 140. The impact on wage income is calculated at R20.9 million across all impact categories.

5.5. Impact of Alternate Development

Comparing the figures of the base case scenario and the alternate scenario shows the potential impact of imposing the 80m buffer. Through the construction phase, developing according to the alternate layout schema will result in a loss of R136.5 in production to the local economy (combining direct, indirect, and induced impact types). This will lead to a net loss to the local GDP of R38.3 million.

Construction phase employment will be reduced by 22 jobs directly on site, and a further 140 jobs through indirect and induced impacts for a total opportunity cost of 162 jobs. The lost wage income during the construction phase is calculated at R16.6 million.

Table 5.9: Construction phase impacts – Net Loss

	Direct	Indirect	Induced	Total
Production (R' millions)	- R50.6	- R66.7	- R19.2	- R136.5
GDP (R' millions)	- R9.9	- R21.1	- R7.3	- R38.3
Employment	- R21.6	- R107.8	- R32.2	- R161.9
Income (R' millions)	- R5.3	- R8.5	- R2.8	- R16.6

In terms of operations, the alternate development case will result in a direct loss of R18.2 million in business per annum and a total of R41 million in lost business across the economy. This will yield a net loss of GDP of R19.3 million per annum across all impact categories.

Direct employment is reduced by 15 jobs, with a further 33 jobs lost through indirect and inducted impacts for a total of 48. The impact on wage income is calculated at R7.1 million per annum.

Table 5.10: Operational phase impacts – Net Loss.

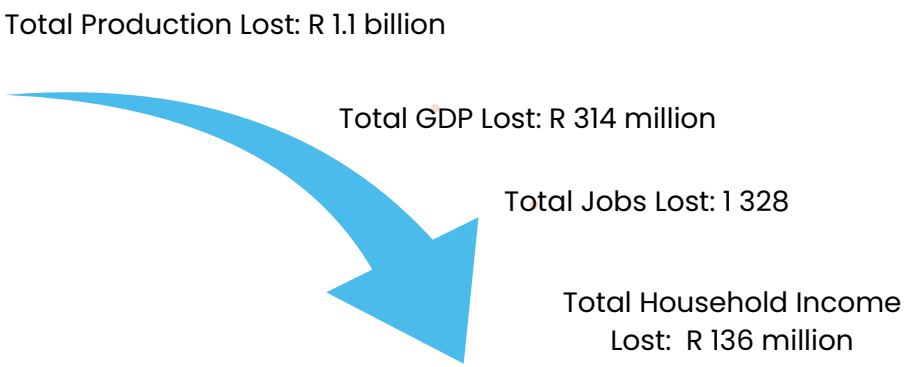
	Direct	Indirect	Induced	Total
Production (R' millions)	- R 18.2	- R 10.8	- R 12.0	- R 41.0
GDP (R' millions)	- R 9.6	- R 4.9	- R 4.8	- R 19.3
Employment	- 15.4	- 15.2	- 17.4	- 48.0
Income (R' millions)	- R 2.7	- R 2.2	- R 2.2	- R 7.1

5.6. Impact of No Development (Base Scenario)

The impact of no development occurring on the site will result in opportunity cost. Opportunity cost refers to what is lost or what is given up when a "no go" alternative decision is made. It is an economic concept, representing a trade-off in any decision-making process. The impact of no development on the site means that the socio-economic impacts shown in the impact modelling will be lost.

The figure below illustrates the total opportunity cost during the construction and operation phase of the proposed development.

Figure 5.2: Total opportunity cost for the proposed development.



During the construction phase of the proposed development the opportunity cost will result in a R 1.1 billion potential loss in production revenue and a potential opportunity cost of R 314 million towards GDP. This will further result in an opportunity cost of 1 328 jobs and R 136 million in household income. The impact of no development during the operational phase means an opportunity cost of R 3.9 million of potential production and R 1.8 million towards GDP per annum. The opportunity cost of no development will be the potential loss of R0.3 million in household income per annum and 6 jobs.

Since the site is vacant and generates no revenue currently, the opportunity cost of no development on the site will impact the local community, as the proposed development will help improve the standard of living of local communities.

5.7. Synthesis

This chapter has shown that during the construction phase of the proposed development there will be:

- An increase in demand for products and services which will increase business sales for local businesses in the area, mainly relating to construction.
- An increase in business productivity which will lead to an increase in economic activity which is indicated by a rise in GDP.
- Short-term employment opportunities created for the surrounding community.
- An increase in household incomes which comes from the additional salaries/wages for households that are employed directly or indirectly during the construction phase.

During the operation phase of the proposed development, the following will occur:

- A sustainable increase in demand for goods and services which will result in higher business sales.
- Sustainable rise in business productivity which will lead to an increase in GDP.
- Creation of employment opportunities that are permanent and sustainable.
- Sustainable increased in additional household income owing to the new jobs created.

6. Impact Assessment

6.1. Introduction

This Chapter will describe the various types of impacts which have been identified and describe their relevance to the development. Possible impacts were identified which could occur due to the activities that will take place during the construction and operational phases of the proposed development. Note this section relates to the base case development scenario and not the alternate development scenario in which the developable area is reduced as a result of the expansion of the northern natural buffer zone.

The following sections outline the methodology that will be adopted in the chapter for this assessment and present a discussion on both the construction and operational impacts that are anticipated to arise from the proposed development and its associated infrastructure, before and after mitigation

6.2. Impact Assessment Table and Criteria

Table 6.1 provides an overview of the assessment criteria used for the assessment of the identified impacts. The assessment criteria are primarily based on the Department of Environmental Affairs and Department of Development Planning: Guideline for Socio-Economic Impact Assessment (Van Zyl, de Wit, & Leiman, 2005).

Table 6.1: Impact assessment criteria

Aspect	Category	Description
Nature of the Impact	-	Assesses the effect a development would have on the affected environment. This description should include what is to be affected and how.
Extent	Site specific	Limited to site
	Local	Limited to the site and the immediate surrounding area
	Regional	Covers an area that includes an entire geographic region or extends beyond one region to another
	National	Across national boundaries and has national implications
Duration	Short-term	Impact will last between 0 and 5 years
	Medium-term	Impact will last between 5 and 10 years
	Long-term	Impact will last between 10 and 20 years
	Permanent	Impact may be permanent, or in excess of 20 years
Intensity	Low	Natural and/ or social functions and/ or processes are somewhat altered
	Moderate	Natural and/ or social functions and/ or processes are moderately altered
	High	Natural and/ or social functions and/ or processes are notably altered

Probability	Improbable/ Unlikely	Low likelihood of the impact occurring
	Probable	Distinct possibility the impact will occur;
	Highly Probable	It is most likely that the impact will occur
	Definite	Impact will occur regardless of any prevention measures
Significance	No significance	The impacts do not influence the proposed development and/or environment in any way
	Low significance	The impacts will have a minor influence on the proposed development and/or the environment. These impacts require some attention to modification of the project design where possible or alternative mitigation
	Moderate significance	The impacts will have a moderate influence on the proposed development and/or environment. The impact can be ameliorated by a modification in the project design or implementation of effective mitigation measures
	High significance	The impacts will have a major influence on the proposed development and/or the environment.
Cumulative Impact	-	An effect which may not be significant but may become significant if added to other existing or similar developments in the surrounding area. Cumulative impacts must be assessed prior to and post mitigation. Such impacts will be either positive or negative and will be graded as being of **negligible**, **low**, **medium,** or **high** impact.
Degree to which the impact can be avoided	-	This indicates the degree to which an impact can be avoided. Impacts can either be **fully** avoided (impact is completely avoidable), **partly** avoided (impact is avoidable with moderate mitigation and/or management) or the impact is **unavoidable** (the impact cannot be avoided even with significant mitigation measures and/or management).
Residual impact	-	Residual impacts are those impacts that remain following the implementation of mitigation measures. Residual impacts must be identified and discussed. If there are no residual impacts, the specialist will need to briefly explain that the activity will have no residual impacts.
Degree to which an	-	This indicates the degree to which an impact can be reduced. The degree of mitigation can either be **high** (the impact can be **fully** mitigated), **moderate**

Impact can be Mitigated		(the impact can be **partly** mitigated) or **not mitigated at all**.

6.3. Construction Phase Impacts

6.3.1. Impact on Production and the Local Economy

As indicated in Table 6.2 it is estimated that the proposed development will increase the country's production by R416.7 million, which will translate into an additional R117.9 million of GDP. These effects will take place over the course of the construction period.

The greatest effects on production and GDP stimulated during construction activities will be created through the multiplier effects, specifically through a combination of production and consumption induced effects. Production induced effects are those that result from an increase in the demand for goods and services from those businesses that are likely to provide inputs (i.e. cement, steel, etc.) to the construction company(ies) responsible for building the proposed development. Consumption induced effects are those that arise from increased spending on goods and services by those individuals employed during the construction phase of the development.

Besides the value added that could be generated by the local construction businesses through sub-contracting agreements and employment of free-lancers, the sectors that are expected to benefit the most from the production and consumption induced effects are secondary sectors such as manufacturing tertiary sectors such as building and construction, real estate, and business services.

Table 6.2: Impact on production and local economy during the construction phase

Assessment			
	Preferred Alternative		**No Go Alternative**
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Regional	Regional	N/A
Intensity	High	High	N/A
Duration	Short-term	Short-term	N/A
Consequence	Increase in production (R 1.1 billion) and GDP (R 314 million) due to project capital expenditure	Increase in production and GDP due to project capital expenditure	Opportunity cost of R 1 .1 billion, opportunity cost of GDP contribution of R 314 million.
Probability	Highly Probable	Highly Probable	N/A
Significance	Moderate	High	N/A

Cumulative impacts	Positive High	Positive High	N/A
Avoidance	Unavoidable	Unavoidable	N/A
Residual Impact	Improved local & regional economy	Improved local & regional economy	No impact on GDP & local economy
Mitigated	Moderate	Moderate	N/A

6.3.2. Impact on Employment

The construction of the proposed development will result in several jobs being created on site which includes bricklayers, foreman, painters, tilers, plumbers, engineers, construction vehicle drivers, electricians, architects, and planners, etc. Additionally**,** indirect jobs will also be created due to the multiplier effect in the economy and the need to supply additional goods and services. It is important that most of the employment opportunities created as part of the development are allocated to the local communities to increase the positive benefits.

Table 6.3: Impact on employment during the construction phase

Assessment			
	Preferred Alternative		**No Go Alternative**
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Regional	Regional	N/A
Intensity	High	High	N/A
Duration	Short-term	Short-term	N/A
Consequence	Short-term employment (1 328 jobs)	Short-term employment	Opportunity cost of 1 328 jobs
Probability	Definite	Definite	N/A
Significance	High	High	N/A
Cumulative impacts	Medium	Medium	N/A
Avoidance	Unavoidable	Unavoidable	N/A
Residual Impact	Improved living standards of the directly and indirectly affected households	Improved living standards of the directly and indirectly affected households	N/A
Mitigated	Moderate	Moderate	N/A

6.3.3. Impact on Household Income

The development would have a positive impact on the household income levels in the study area. This increase in household income levels is due to the anticipated increase in unskilled to skilled employment opportunities (construction workers, site managers, security, engineers, painters, machine architects). Although temporary, this increase in household earnings would have a positive effect on nutrition, living conditions, access to better health care, access to more options regarding education, and improved ability to make economic choices.

Table 6.4: Impact on household income during the construction phase

Assessment			
	Preferred Alternative		**No Go Alternative**
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Regional	Regional	N/A
Intensity	Medium	Medium	N/A
Duration	Short term	Short term	N/A
Consequence	Improvement in household income of people employed for the proposed development (R 136 million)	Improvement in household income of people employed for the proposed development	Opportunity cost of R 136 million
Probability	Probable	Highly probable	N/A
Significance	High	High	N/A
Cumulative impacts	Medium	Medium	N/A
Avoidance	Partly	Partly	N/A
Residual Impact	None foreseen as impact would dissipate post construction	None foreseen as impact would dissipate post construction	N/A
Mitigated	Moderate	Moderate	N/A

6.3.4. Impact on Rates and Taxes

The Mossel Bay Local Municipality earns an income from charging rates and taxes for services that are provided to the local communities within its borders including the supply of water; collecting and disposing of sewage; refuse removal; supplying electricity and gas; stormwater drainage; street lighting; and establishment of external bulk infrastructure.

The municipality will charge levies/tariffs/rates for the mentioned services during the construction of the proposed development. The earnings will be distributed by the government to cover public spending such as maintenance of transport infrastructure, health, education, and other public goods.

Table 6.5: Impact on rates and taxes during the construction phase

Assessment			
	Preferred Alternative		No Go Alternative
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Regional	Regional	N/A
Intensity	Medium	Medium	N/A
Duration	Short-term	Short-term	N/A
Consequence	Generation of revenue	Generation of revenue	No impact on the generation of revenue from rates and taxes
Probability	Definite	Definite	N/A
Significance	Moderate	Moderate	N/A
Cumulative impacts	Medium	Medium	N/A
Avoidance	Unavoidable	Unavoidable	N/A
Residual Impact	Improvement of local economy	Improvement of local economy	N/A
Mitigated	Not mitigated	Not mitigated	N/A

6.3.5. Impact on the Sense of Place

The area surrounding the proposed development is peri-urban in nature. This means that that the current area has a sense of nature and open space and any rapid change occurring with respect to one or more of the characteristics that define the area's the sense of place could have a negative impact on it. Concerns of increased traffic in the form of construction vehicles which will cause possible disruption of daily living activities and mobility of surrounding residents. Noise and visual intrusion of construction vehicles and activities on the site, etc, could also affect the surrounding areas. These impacts, however, will cease at the conclusion of the construction phase.

Table 6.6: Impact on sense of place during the construction phase

Assessment		
	Preferred Alternative	No Go Alternative

	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Negative	Negative	N/A
Extent	Local	Local	N/A
Intensity	Low	Low	N/A
Duration	Short term	Short term	N/A
Consequence	Increase traffic, noise, loss of tranquillity	Increase traffic, noise, loss of tranquillity	No negative influence on surrounding area
Probability	Probable	Probable	N/A
Significance	Moderate	Low	N/A
Cumulative impacts	None foreseen at this stage	None foreseen at this stage	N/A
Avoidance	Unavoidable	Partly	N/A
Residual Impact	None foreseen at this stage	None foreseen at this stage	N/A
Mitigated	Moderate	Moderate	N/A

6.3.6. Impact on Surrounding Property Values

Concerns could be raised that the proposed development could negatively impact the property values in the area by resulting in a loss of peacefulness, increased noise, the attraction of criminal elements and visual intrusions in the short-term (i.e. during the construction phase). This is attributed to the construction vehicles and activities occurring both on and off site. Should these issues arise, mitigation measures proposed by relevant specialists would reduce the influence of the negative impacts.

Table 6.7: Impact on surrounding property values during the construction phase

Assessment			
	Preferred Alternative		**No Go Alternative**
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Negative	Negative	N/A
Extent	Local	Local	N/A
Intensity	Low	Low	N/A
Duration	Short term	Short term	N/A
Consequence	None foreseen	None foreseen	None foreseen
Probability	Improbable	Improbable	N/A
Significance	Low	Low	N/A
Cumulative impacts	None foreseen	None foreseen	N/A

Avoidance	Partly	Partly	N/A
Residual Impact	None foreseen	None foreseen	N/A
Mitigated	Moderate	Moderate	N/A

6.4. Operational Phase Impacts

6.4.1. Impact on Production and the Local Economy

The total impact on production in the country as a result of the development's ongoing operations will equate to R 3.9 million in per annum. Aside from the trade sector, industries that will experience the greatest stimulus from the development will include financial and business services, insurance, and transport service.

Due to the annual spending on labour and procurement of local goods and services required to maintain the development, almost all of these new business sales will be generated on an annual basis in the Mossel Bay Local Municipality through the multiplier effects. Only a very small proportion of the annual production resulting from the proposed development operations will be accounted for in other parts of the country.

It is estimated that the project will directly generate R 1.7 million of value add per annum. Through indirect and induced effects, an additional R2.1 million of production will be generated per annum, which means that the total impact of the project on the national production will equate to R 3.9 million per annum. This will translate into a R 1.8 million annual increase in national GDP.

Table 6.8: Impact on production and local economy during the operational phase

Assessment			
	Preferred Alternative		**No Go Alternative**
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Regional	Regional	N/A
Intensity	High	High	N/A
Duration	Long-term	Long-term	N/A
Consequence	Increase in production (R 3.9 million) and GDP (R 1.8million)	Increase in production and GDP	Opportunity cost of R3.9 million for production and R1.8 million for GDP contribution
Probability	Highly probable	Highly Probable	N/A
Significance	High	High	N/A
Cumulative impacts	Medium	Medium	N/A

Avoidance	Unavoidable	Unavoidable	N/A
Residual Impact	Improved local & regional economy	Improved local & regional economy	No impact on local economy
Mitigated	Moderate	Moderate	N/A

6.4.2. Impact on Employment

The ongoing operation the proposed development will directly create an estimated 3 FTE employment position all of which will be retained for the lifespan of the development. Aside from the direct employment opportunities, the proposed development will support a further estimated 5 FTE employment positions created through the production and consumption induced effects. Due to the spatial allocation of procurement spending and direct employment created, most of the indirect and induced positions will also be created outside of the local area.

It is important to note that these employment opportunities will be sustainable, compared to the employment opportunities created during construction that will cease once construction is completed. The employment opportunities created during the operational phase will be for unskilled, semi-skilled and skilled individuals. Where possible, local labour should be considered, this will increase the positive impact of the local economy. There will also be indirect jobs created when households moving into the proposed development employ landscapers/gardeners, domestic workers, interior designers, security etc.

Table 6.9: Impact on Employment during the operational phase

Assessment			
	Preferred Alternative		**No Go Alternative**
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Regional	Regional	N/A
Intensity	Medium	Medium	N/A
Duration	Long-term	Long-term	N/A
Consequence	Creation of long-term employment (6 jobs)	Creation of long-term employment	Opportunity cost of 6 jobs
Probability	Highly probable	Highly probable	N/A
Significance	Moderate	High	N/A
Cumulative impacts	High	High	N/A
Avoidance	Unavoidable	Unavoidable	N/A
Residual Impact	Improved living standards of the	Improved living standards of the	N/A

	directly and indirectly affected households	directly and indirectly affected households	
Mitigated	Moderate	Moderate	N/A

6.4.3. Impact on Household Income

The creation of 6 FTE employment positions throughout the country will generate an estimated R0.3 million of additional household income annually, which will be sustained for the entire duration of the proposed developments lifespan. Given the average household size in affected local municipality and nationally, this increases in household earnings will support up to 7 additional people across the country. The sustainable income generated as a result of the development's operation will positively affect the standard of living of all benefitting households.

Table 6.10: Impact on household income during the operational phase

Assessment			
	Preferred Alternative		**No Go Alternative**
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Regional	Regional	N/A
Intensity	Benign	Benign	N/A
Duration	Long term	Long term	N/A
Consequence	Improvement in household income of people employed for the proposed development (R0.3 million)	Improvement in household income of people employed for the proposed development (R0.3 million)	Opportunity cost of R0.3 million
Probability	Highly	Highly	N/A
Significance	High	High	N/A
Cumulative impacts	High	High	N/A
Avoidance	Unavoidable	Unavoidable	N/A
Residual Impact	Improved standard of living of those employed within the development	Improved standard of living of those employed within the development	N/A
Mitigated	Moderate	Moderate	N/A

6.4.4. Impact on Rates and Taxes

The proposed development would contribute to the revenue of the Mossel Bay Local Municipality through payments for utilities used in the operational phase of the development. The proposed development would contribute rates and taxes through payments made by individuals living in the proposed development.

Table 6.11: Impact on rates and taxes during the operational phase

Assessment			
	Preferred Alternative		No Go Alternative
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Regional	Regional	N/A
Intensity	Medium	Medium	N/A
Duration	Long-term	Long-term	N/A
Consequence	Generation of revenue	Generation of revenue	No impact
Probability	Definite	Definite	N/A
Significance	High	High	N/A
Cumulative impacts	High	High	N/A
Avoidance	Unavoidable	Unavoidable	N/A
Residual Impact	Long term improvement of the local economy	Long term improvement of the local economy	N/A
Mitigated	Not mitigated	Not mitigated	N/A

6.4.5. Impact on the Sense of Place

While the area surrounding the proposed development site is peri-urban in nature, the area has been designated in the municipality's SDF for medium to high density residential developments. At the conclusion of the construction phase, many of the elements that adversely impacted the sense of place – construction vehicles, visual and noise intrusions, will cease. Some disturbances would remain such as increased traffic linked to the additional houses established as part of the development. These elements, however, would not significantly alter the areas peri-urban sense of place and could be mitigated against.

Table 6.12: Impact on sense of place during the operational phase

Assessment			
	Preferred Alternative		No Go Alternative
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Negative	Positive	N/A
Extent	Local	Local	N/A
Intensity	Medium	Low	N/A
Duration	Long term	Long term	N/A
Consequence	Negative influence on surrounding area	Positive influence	No negative influence the site remains as is
Probability	Probable	Probable	N/A

Significance	Moderate	Low	N/A
Cumulative impacts	Low	Low	N/A
Avoidance	Partly	Partly	N/A
Residual Impact	Low	Low	N/A
Mitigated	Moderate	Moderate	N/A

6.4.6. Impact on Surrounding Property Values

Property values are impacted by several factors such as the image of the area, the features of the property (i.e. uniqueness), convenient location of the property (i.e. proximity to retail, schools, employment opportunities, etc.), the security of the property, etc. Considering the facilities proposed it is likely that further investment would be attracted into the area, making the area more appealing. The proposed development could improve on local real estate values. Due to the activities on the site, employment opportunities will be created, and additional investment could be attracted to the area.

Table 6.13: Impact on surrounding property values during the operational phase

Assessment			
	Preferred Alternative		**No Go Alternative**
	Without Mitigation	With Mitigation	With & Without Mitigation
Nature	Positive	Positive	N/A
Extent	Local	Local	N/A
Intensity	Low	Low	N/A
Duration	Short term	Short term	N/A
Consequence	None foreseen	None foreseen	None foreseen
Probability	Improbable	Improbable	N/A
Significance	Low	Low	N/A
Cumulative impacts	None foreseen	None foreseen	N/A
Avoidance	Partly	Partly	N/A
Residual Impact	None foreseen	None foreseen	N/A
Mitigated	Moderate	Moderate	N/A

6.5. Needs and Desirability

Table 6.14 outlines the need and desirability of the proposed development from a locational perspective. It informs the justification of the proposed development.

Table 6.14: Needs and desirability of proposed development

NEED	
Aspect	**Comment**
Is the land use (associated with activity being applied for) considered within the timeframe intended by the existing approved Spatial Development Framework agreed to by the relevant environmental authority?	The site is on privately owned land and is currently unused. The Mossel Bay Local Municipality's SDF (2022) highlights the Tergniet / Fraaiuitsig area for intensive development (both residential and business and residential densification over the coming years. It also identifies the vicinity around the proposed development as a critical high density business node.
Should development, or if applicable, expansion of the town/area concerned in terms of this land use (associated with the activity being applied for) occur here at this point in time?	The Mossel Bay Local Municipality's IDP (2022-2027) promotes a more inclusive and integrated development. The IDP also plays emphasis on job creation and investment facilitation. The proposed development would support both outcomes. Additionally, several employment opportunities will be created by the proposed development.
Does the community/area need the activity and the associated land use concerned? (is it a societal priority)	The proposed development will provide employment during the construction and operation phases.
Are the necessary services with appropriate capacity currently available, or must additional capacity be created to cater for the development?	Please refer to relevant specialist studies.
Is the development provided for in the infrastructure planning of the municipality, and if not what will the implication be on the infrastructure planning of the municipality (priority and placement services and opportunity costs)?	Please refer to relevant specialist studies.
Is this project part of a national programme to address an issue of national concern or importance?	The proposed development does not fall part of a national programme however, it would promote economic growth through employment opportunities and poverty alleviation. It could contribute to the growth and development of the area, create an integrated and inclusive

	communities with higher socio-economic returns.
DESIRABILITY	
Aspects	**Comment**
Is the development best practicable environmental option (BPEO) for this land/site?	Please refer to relevant specialist studies.
Would the approval of this application compromise the integrity of the existing approved municipal IDP and SDF as agreed to by the relevant authorities?	The proposed development is situated in an area demarcated for medium to high density residential development in the SDF. The proposed development concept aligns with this purpose. The IDP promotes investment and job creation both of which would be supported by the proposed development
Would the approval of this application compromise the integrity of the existing environment management priorities for the area, and if so, can it be justified in terms of sustainability considerations?	Please refer to the relevant specialist studies.
Do location factors favour this land use (associated with the activity applied for) at this place? (relates to the contextualisation of the proposed land use on this site within its broader context)	The proposed development site is located within the preexisting residential area and can be readily accessed via Rooikat Road. The development concept aligns to the planned future nature of the area as set out in the SDF and associated precinct plan.
How will the activity or the land use associated with the activity applied for, impact on sensitive natural and cultural areas?	Please refer to relevant specialist studies.
How will the development impact on people's health and wellbeing (e.g. noise, odours, visual character, etc.)?	Social Impacts: The proposed development would benefit the surrounding community by providing employment opportunities both during construction and once the development is fully operational. It would also help to attract new investments into the area. Noise/Visual Impacts: Please refer to relevant specialists. However, during the construction phase there may be possible noise and visual concerns.

Will the proposed activity or the land use associated with the activity applied for, result in unacceptable opportunity costs?	Should the development not occur, the land would remain in its current state. The proposed development would allow for better optimisation of the land and provide a higher level of social and economic benefits than when the site remains undeveloped.
Will the proposed land use result in unacceptable cumulative impacts?	From a socio-economic perspective, the proposed development is not envisioned to result in unacceptable cumulative impacts.

6.6. Synthesis

The purpose of this chapter was to identify potential social and economic impacts that could occur as a result of the proposed development activities during the construction and operational phases. The proposed development would have many positive impacts, but also some limited negative impacts most of which could be successfully mitigated. Impacts such as increase in production, employment household income, rates and taxes as well as the creation of linkages between spatially divided areas are positive. However, the development could have a negative impact on the sense of place primarily during the construction phase even though there is a positive aspect because the development will provide accommodation once established. It is important to adhere to the proposed mitigation measures to assist with reducing the impact of identified potential negative impacts and further enhancing positive impacts.

Table 6.15 provides sets out the mitigation measures that should be implemented to enhance the positive impacts and mitigate the negative impacts.

Table 6.15: Mitigation Measures

Impact	Mitigation Measures: Construction Phase	Mitigation Measures: Operation Phase
Impact on Production and Local Economy	• Developer should encourage contractor to procure local goods & services and employ local people from the communities as far as is feasible to do so.	• Operator should procure materials, goods, products required for operation from local suppliers to increase the positive impact on the local economy.
Impact on Employment	• Recruit local labour as far as feasible. • Sub-contract to local construction companies where possible.	• Local labour should be considered first for employment where possible to increase the

	• Provide on the job training & development where feasible for all the service contractors working on the development.	positive impact on the local economy. • Procure goods & services from local small business to stimulate indirect job creation.
Impact on Household Income	• Employ local labour to increase the benefits to the local households. • Sub-contract to local construction companies where possible. • Use local suppliers for goods and services.	• Local labour should be considered to increase the positive impact on the local economy. • Local procurement of goods and services should be implemented to further increase the benefit of local communities.
Impact on Sense of Place	• Adhere to mitigation measures proposed by relevant specialists. • Ensure the architectural design of the development fits in with the rest of the area. • Engage with local associations and local property owners.	• Adhere to mitigation measures proposed by relevant specialists.
Impact on Rates and Taxes	• Adhere to the municipality guidelines.	• Adhere to municipality guidelines.
Impact on Surrounding Property Values	• Adhere to mitigation measures proposed by relevant specialists.	• Adhere to mitigation measures proposed by relevant specialists.

7. Conclusion & Recommendations

This report contains the analysis of the socio-economic impact assessment for the residential development planned for Erf 998. The development is proposed for the town of Mossel Bay within the Mossel Bay Local Municipality, in the Western Cape.

The purpose of the socio-economic impact assessment was to determine, and where possible, quantify the potential socio-economic impacts that could result from the proposed development. It compared the various alternatives and, based on these, provided recommendation in respect of the most beneficial option. The study made use of the economic modelling technique to quantify the potential positive and negative impacts of the project where feasible and applicable.

Table 7.1 below provides a summary of the social and economic impacts identified that could arise during both the construction and operational phases of the proposed development.

Table 7.1: Nature of Impacts during construction and operation phase

Evaluation Criteria	Nature of the impact	
	Before Mitigation	**After Mitigation**
CONSTRUCTION PHASE		
Impact on Production and Local Economy	Positive	Positive
Impact on Employment	Positive	Positive
Impact on Household Income	Positive	Positive
Impact on Rates and Taxes	Positive	Positive
Impact on Surrounding Property Value	Negative	Negative
Impact on Sense of Place	Negative	Negative
OPERATION PHASE		
Impact on Production and Local Economy	Positive	Positive
Impact on Employment	Positive	Positive
Impact on Household Income	Positive	Positive
Impact on Rates and Taxes	Positive	Positive
Impacts on Surrounding Property Values	Positive	Positive
Impact on Sense of Place	Negative	Positive

Based on the assessments of impacts the proposed development is acceptable. The proposed development will have a positive socio-economic benefit on the community and will help to increase investment and create employment in the Mossel Bay Local Municipality.

The No Go Option would result in significant opportunity cost for the local economy. From a socio-economic perspective the proposed development should be accepted, and it is

recommended that the mitigation measures are essential in rendering the proposed development acceptable.

Alternate Development Scenario: The alternate development schema, in which the existing 40m buffer zone is expanded to 80m, has been reviewed and the economic impact of this scenario compared to the base case scenario. This report has determined that the expansion of the buffer zone will result in significant losses of economic benefits to the local economy. This includes annual losses of business, employment, and wage income because of the reduced GLA of the development. As the vicinity of the development is earmarked by the Mossel Bay Local Municipality as an area for intensive business development, reduction of the developable area will thus go against the spatial vision laid out in the Spatial Development Framework and undermine the municipality's efforts to promote urban densification and limit urban sprawl. The recommendation is thus made to not expand the existing buffer zone.